City of Sarnia

Affordable Housing Community Improvement Plan (CIP) Background Study & Best Practices Review

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Contents

Executive Summary 1
1 Introduction 1
1.1 Note on Data 2
2. What Does "Affordable Housing" Mean? 2
2.1 The Housing Continuum 4
3. Housing Needs Assessment 5
3.1 Demographic Analysis 5
3.1.1 Population 5
3.1.2 Age 5
3.1.3 Households 6
3.1.4 Demographic Analysis 7
3.2 Income Analysis 8
3.2.1 Income Distribution 8
3.3 Income Analysis: Housing Tenure and Core Housing Need 9
3.4 Rental Market Indicators 9
3.4.1 Rental: Units 9
3.4.2 Alternate Average Rents and Housing Income 10
3.5 Housing Market Indicators 13
3.5.1 Housing starts and completions 14
3.5.2 Sarnia Building Permits 15
3.5.3 Sarnia Market Housing Absorption 17
4. Jurisdictional Scan of Affordable Housing CIPs 18
4.1 Best Practices 18
4.1.1 Best Practices 18
4.1.2 Recommendations 19
4.2 Jurisdictional Scan of Similar CIPs 20
4.2.1 Selecting Grants 25
5. Preliminary Considerations and Recommendations 25
6. Legislative and Policy Context 26
6.1 Legislative and Policy Context 27
6.1.1 Geographic Boundaries of Community Improvement Project Area 27
6.1.2 Objectives 28

6.1.3 Agreements 28
6.1.4 Monitoring 29
6.1.5 Incentive Programs 30
6.1.6 Tax Increment Grants 30
6.1.7 Municipal Fees 31
6.1.8 Development Charges Refunds 31
6.1.9 Additional Units 32
Appendix A. Key Informant Interview Summary Report 33
Appendix B. Affordable Housing Definitions 36
1 Provincial Policy Statement (2020) 36
1.1 County of Lambton Official Plan (2020) 36
1.1.1 Sarnia Official Plan (2014 and 2022) 36
1.2 CMHC 37
1.3 Affordable Housing Definition per Housing Programs 37
Appendix B. Legislative Authority 38
2 Planning Act 38
2.1 Provincial Interest 38
2.2 Additional Residential Units 38
2.3 Community Improvement 39
2.3.1 Community Improvement Project Area 39
2.3.2 Community Improvement Plan 39
2.3.3 Buildings and Land 40
2.3.4 Incentives 40
2.3.5 Registration of an Agreement 40
2 Municipal Act 41
2.1 Exemptions Regarding Financial Assistance 41
3 Development Charges Act 41
4 Recent Changes to the Development Charges Act and Planning Act 42
5 Bill 23 - Further Changes to the Development Charges Act and Planning Act 42
Appendix C. Policy Framework 44
1. Provincial Policy Statement, 2020 44
1.1 Housing Policies 44
1.1.1 Affordable Housing: Defined 44
2. County of Lambton Official Plan (Office Consolidated, 2020) 45

2.1 Improving Quality of Life 45
2.2 Housing 46
2.3 Affordable Housing 47
3. City of Sarnia Official Plan 48
3.1 Current Official Plan (2014) 48
3.1.1 Guiding Principles 50
3.1.2 City Structure 50
3.1.3 Intensification Target 51
3.1.4 Greenfield Areas 51
3.1.5 Urban Land-Uses 51
3.1.6 Stable Residential Areas 51
3.1.7 Parks and Open Spaces 52
3.1.7.1 Mainstreet and Commercial Areas 52
3.1.7.2 Employment Areas 53
3.1.7.3 Prime Agricultural Areas 54
3.1.7.4 Natural Heritage 54
3.1.7.5 Chris Hadfield Airport 54
3.1.7.6 Affordable Housing 54
4. New Official Plan (2022) 56
4.1 Fundamental Planning Principles 56
4.2 Policies for a Healthy City 58
4.2.1 Growth Management and Forecasts 58
4.2.2 City Structure 59
4.2.3 Intensification and Housing 59
4.2.4 Greenfield Development 60
4.2.5 Built-Form Specific Policies 60
4.2.6 Urban Land Use Designations and Policies 63
4.3 Greenlands System 65
4.3.1 Area 2 Secondary Plan 66
4.3.2 Future Urban Community Overlay 67
4.4 Community Improvement Plans 68
5. Zoning By-Law 68
5.0 General Provisions 68
5.0.1 Secondary Dwelling Units 68
5.1 Zone Provisions 69

5.1.1 Rural Zones 69
5.1.2 Residential Zones 69
5.1.3 Commercial Zones 72
5.1.4 Industrial Zones 74
5.1.5 Institutional and Open Space Zones 74
6. Current CIPs in Sarnia 74
6.1 Sarnia CIP 74
7. Lambton County Integrated Community Sustainability Plan 76
8. City of Sarnia Accessibility Design Standards 76
9. Development Charges Background Study, Update Study, and By-law 77
Appendix D. Affordable Housing Funding Programs 79

Executive Summary

The City of Sarnia is facing new challenges from rising housing costs and seeks to improve social and economic outcomes. They intend to introduce an Affordable Housing Community Improvement Plan (CIP) with a focus on providing financial assistance to encourage new affordable housing developments. This report represents the findings of the first phase in preparation for this CIP.

To note, the recent amendments to the *Development Charges Act* include definitions for affordable rental and ownership residential units, which differ from those provided in the PPS and/or could be used for CIP program incentive eligibility requirements or used to determine grant amounts or duration. It is worth noting that the mandatory development charge exemptions include the requirement to enter into an agreement that requires the affordable residential units will be maintained as affordable for 25 years.

1 Introduction

The City of Sarnia (City) recognizes the need for affordable housing to ensure a decent quality of life, and to support the continuing economic development and prosperity of the community. Housing prices in Sarnia have risen dramatically over the past few years and rents have also continued to increase, making it challenging for many residents to find housing that is affordable, suitable, and safe.

The City's new Official Plan (2022) set out a 30% affordable housing target for all new dwelling units built over the horizon of the Plan, an increase from the 25% affordable housing target in the previous Official Plan (2014). This represents the City's commitment to supplying various affordable housing options and tenures. The City has already adopted the Sarnia Community Improvement Plan (SCIP) which provides incentives for affordable housing, including a grant of up to $20,000 for additional units, in the Downtown and Mitton Village communities.

To further address housing challenges and improve social and economic outcomes, the City would like to introduce an Affordable Housing Community Improvement Plan (CIP) with a focus on providing financial assistance for new affordable housing developments.

This report represents the findings of the first phase in preparation for this CIP. This includes a demographic analysis of the municipality outlining projected population and housing needs, a detailed assessment of affordable housing needs in the community, a review of similar affordable housing CIPs and best practices from across the province, an environmental scan of an existing policy to establish a CIP, and a summary of the City's strengths, weaknesses, threats, and opportunities.

1.1 Note on Data

The following data sources have been used throughout this report:

- Statistics Canada Census and Housing Statistics Program data
- Canadian Mortgage and Housing Corporation (CMHC) data
- Sarnia Real Estate Association (CREA) data
- Sarnia Official Plan
- Metroeconomics

All efforts have been made to ensure the data is as up-to-date as possible, however, the changing nature of house prices and rents means numbers cited in this report may differ from current market prices and rents.

2. What Does "Affordable Housing" Mean?

There are many ways of defining affordable housing. Some definitions exist in federal, provincial, and municipal policies, different definitions exist in housing programs, and, for many people, there is a very personal definition of affordability based on their incomes. Table 1 presents a comparison of these definitions. Appendix I presents a fuller description of each.

Definitions of affordability generally fall into one of two categories: income-based or market-based. The income-based definition defines affordability concerning one's income such that housing is considered affordable if it costs less than a certain percentage of annual household income (typically 30%). For example, monthly housing costs (rent or mortgage payments) of $1,250 would be considered affordable for a household earning $50,000 based on spending 30% of their income on housing[1]. Monthly housing costs of $2,500 would not be considered affordable for a household earning $50,000 but would be considered affordable for a household earning $100,000[2].

The market-based definition defines affordability concerning average or median rents and ownership prices in a market area such that housing at or below average or median market rents/prices is considered affordable. This definition helps contextualize housing costs in a community; however, it does not take into consideration what households can pay based on their incomes. For example, a household earning $35,000 per year living in a city with an average monthly rent of $1,250 would have to spend 43% of its income on housing to live in an "affordable" unit[3]. Many government definitions of affordability include both income and market-based calculations, with the least expensive of the two being deemed affordable.

[1] Maximum monthly housing costs = ($50,000 x 30%) / 12 months = $1,250 per month

[2] Maximum monthly housing costs = ($100,000 x 30%) / 12 months = $2,500 per month

[3] ($1,250 per month x 12 months) / $35,000 = 43%

It is important to note that though "affordable" often has a connotation of social and/or subsidized housing, it is possible for market housing to meet definitions of affordable as well. As such, while social and/or subsidized housing is designed to be affordable, not all housing that is considered affordable is social and/or subsidized. There is a significant need for housing that is affordable for persons working at, or just above, the minimum wage in the retail and service sector, for example. This is sometimes referred to as "workforce housing" or "attainable housing."

Table 1. Summary of "Affordable" Definitions

	Ownership	Rental
Provincial Policy Statement	• annual accommodation costs do not exceed 30% of gross income for low- and moderate-income households • the purchase price is at least 10% below the average purchase price of a resale unit	• monthly rent does not exceed 30% of gross annual household income for low- and moderate-income households • a unit that rents at or below the average market rent of a unit in the regional market area
Lambton County Official Plan	• costs at least 10% below average purchase prices in the regional market area • annual accommodation costs do not exceed 30% of household income	• rent that does not exceed 30% of household income • rent that is no more than the regional market area average
Sarnia Official Plan	• annual accommodation costs that do not exceed 30% of gross annual income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution in the County of Lambton) • at least 10% below the average purchase price of a resale unit in the County of Lambton	• does not exceed 30% of gross annual household income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution for rental households in the County of Lambton) • is at or below the average market rent for a unit in the County of Lambton
CMHC	• spending less than 30% of gross income on housing	• spending less than 30% of gross income on housing
OPHI (Ontario Priorities Housing Investment) current federal-provincial new housing capital funding program)	N/a	• rents at or below 80% of CMHC Average Market Rent (AMR) in the service manager's area
National Co-investment Program	N/a	• rents less than 80% of the Median Market rent for the market and unit type in question

Source: Provincial Policy Statement (2020), Lambton County Official Plan (2020), Sarnia Official Plan (2014), CMHC, OPHI

2.1 The Housing Continuum

The Housing Continuum (Figure 1) is both a model that describes the range of housing options based on income and the form of housing, from homelessness to market housing, as well as a tool to evaluate the state of housing in a community. Individuals may move along the continuum at different points in their lives based on life circumstances, this is not necessarily a linear path. Ideally, a community will have housing options available at all points on the continuum to meet the varying needs of its current and future residents. In instances where the existing housing supply does not provide appropriate housing options, the Housing Continuum can be used to identify these gaps.

Things that may influence the ability of a municipality to provide housing along the continuum include population, demand, available funding, zoning, and neighbourhood opposition.

Figure 1: The Housing Continuum

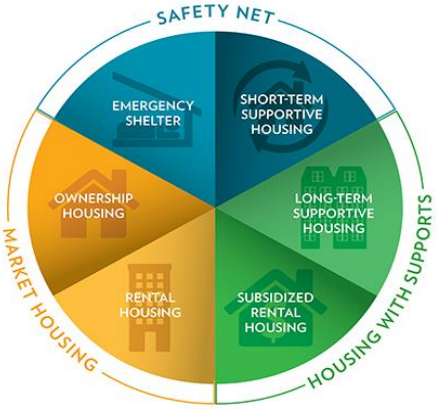


Source: CMHC

The Wheelhouse Model

Developed by the City of Kelowna, the Wheelhouse model (Figure 2) is an alternative way of looking at housing options where housing needs are organized circularly. While the Housing Continuum suggests a linear progression towards market homeownership, the Wheelhouse recognizes that housing needs can move in any direction depending on one's life circumstances. It also recognizes that ownership may not be an end goal nor achievable for certain individuals, and the importance of a variety of housing options for a diverse and inclusive housing system.

Figure 2: The Wheelhouse



Source: City of Kelowna

3. Housing Needs Assessment

3.1 Demographic Analysis

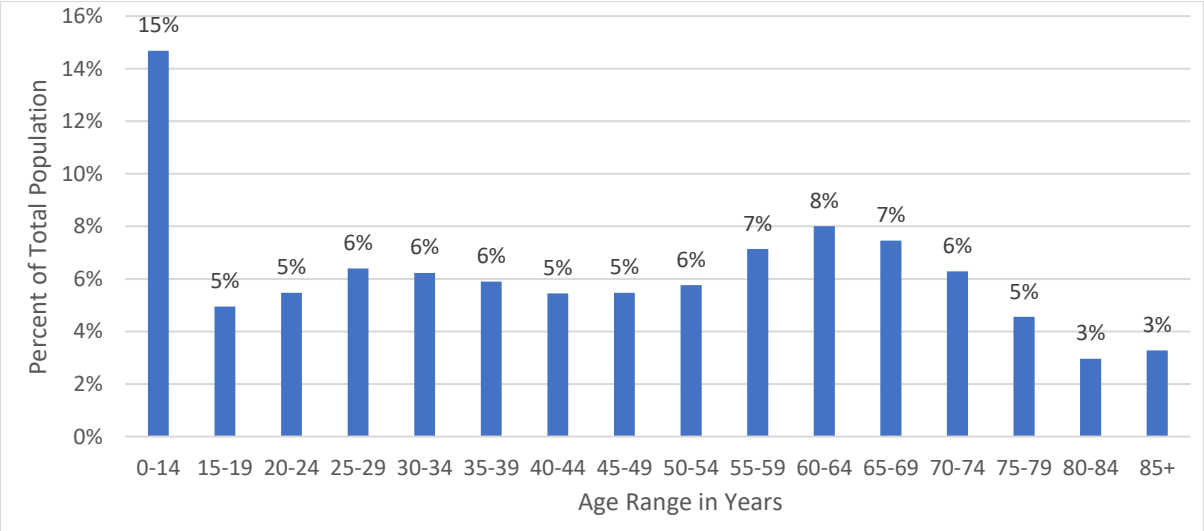
3.1.1 Population

The City has seen 25 years of minor population fluctuation from a high of 72,738 in 1996, a low of 70,876 in 2001 to 71,594 in 2016. As of 2021, the population is 72,047 (representing a growth of 0.6% since 2016). Projections (based on 2016 data) found on the City of Sarnia's official community engagement site, state that the population would increase to 85,118 in 2041 from its 2021 population of 72,045, an increase of 18% in 20 years. The population estimate from the Ontario Ministry of Finance for Lambton County shows a lower rate of growth (135,942 by 2039, or an increase of 3% from 2019). Suggesting that much of the region's growth will be in the City of Sarnia rather than in the County of Lambton.

3.1.2 Age

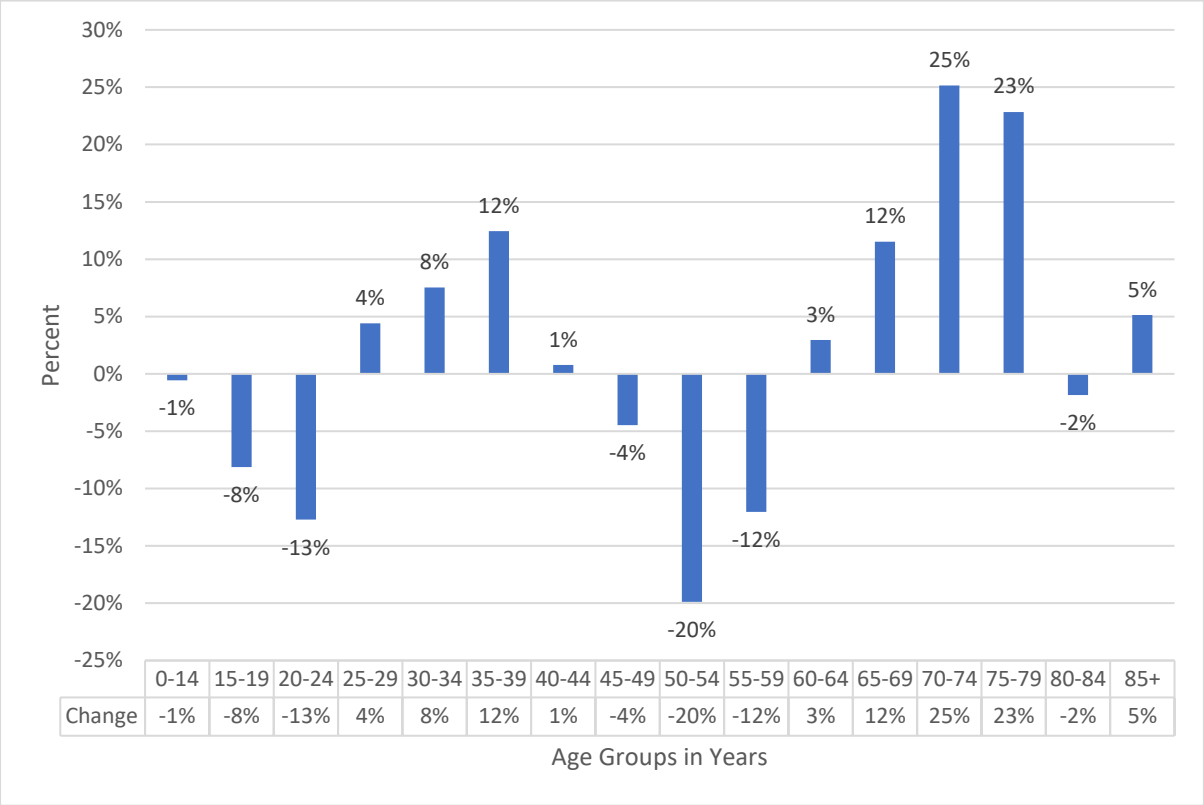
Nearly half of the population of Sarnia (45%) is aged 50 or above pointing to a need for seniors' housing, with accessibility considerations in design, as this population continues to age. Sarnia is seeing an increase in the proportion of both younger and older residents, with notable increases in residents between the ages of 25 and 39 and 60 to 79 (Figure 3).

Figure 3: Age Distribution in the City of Sarnia (2021 census)



Source: Statistics Canada 2021 Census

Figure 4: Percent Change in Age Distribution in the City of Sarnia (2016 to 2021 Census)



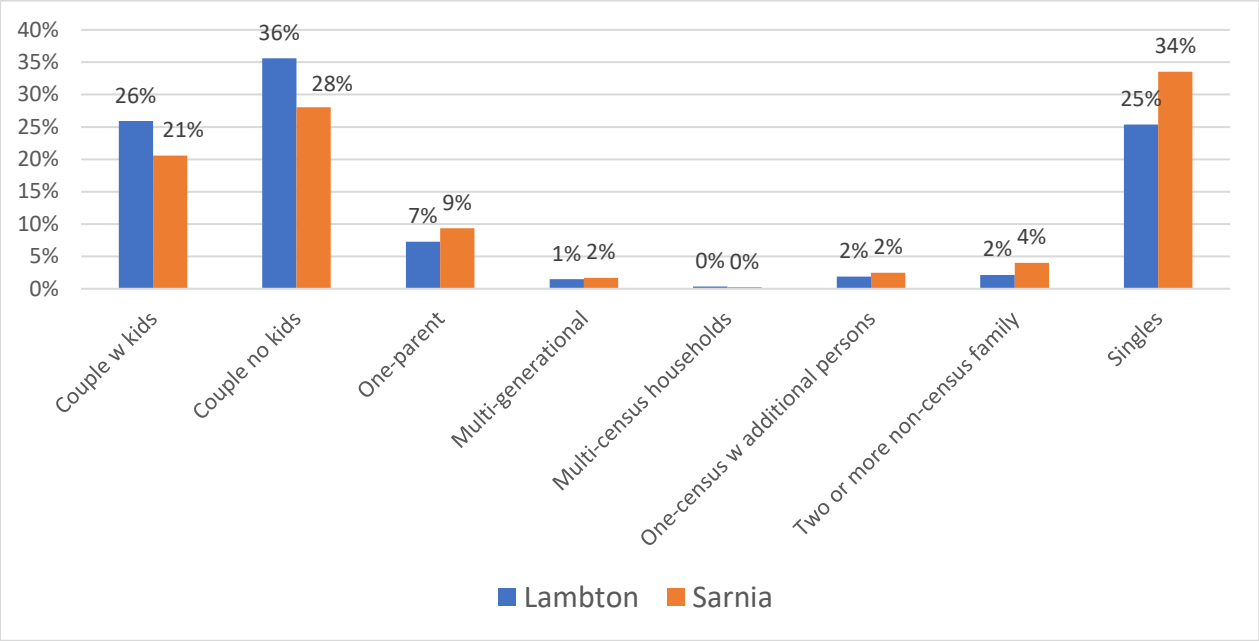
Source: Statistics Canada 2016 and 2021 Census

3.1.3 Households

In some cases, comparing the City to the County can assist in a better understanding of disproportionate incomes and the location where persons live. Lower-income households may not have transportation readily available for day-to-day activities/access to family or friends and so may choose to live in a city. Typically, singles and single-parent families are in lower-income brackets (especially, female-led).

Sarnia was home to 32,185 households as of the 2021 Census. Households in the City of Sarnia are largely comprised of one-person households (34%), couples without children (28%), and couples with children (21%); Figure 5. One-parent households make up a further 9% with other non-family households and multiple-family households making up the remaining 8%. The current household mix suggests demand for smaller houses and bachelor, one-, and two-bedroom apartments.

Figure 5: Distribution of Household Types in the City of Sarnia and Lambton County* (2021)



Source: Statistics Canada 2021 Census
*Excluding the City of Sarnia

3.1.4 Demographic Analysis

In 2021, the City of Sarnia's census population was 72,047 (a rise of 0.6% or 71,594 from 2016) and is expected to increase to 88,702 in 2051. This will be an increase of 16,925 or 18.4%. In 2022, the City of Sarnia Official Plan estimates that the City's population will grow to 86,950 people by 2046. This growth represents a need to accommodate 12,650 more residents by 2046. Regionally, StatsCan estimates that much of the region's growth will be in Sarnia (75%) while 25% will be focused on other regional communities.

As for an aging population, it is important to take both a regional and city approach to analysis. Seniors in outlying communities will access most, if not all, health and social support services in the City of Sarnia. Sarnia and Lambton County generally, are seeing an aging population. The City of Sarnia's and the region's population of 'over 65' increased from 15,455 to 17,680 and 20,452 to 23,535, respectively. By 2031, for the City of Sarnia, this category of the population will reach 22,106. This will have a two-fold effect: 1) the 'empty-nesters' will look to downsize and the demand for seniors housing will grow. 2) individuals entering this category will be 'leaving' or aging out of the labour sector.

The 2022 City of Sarnia official plan estimates the City will grow from an estimated 28,150 jobs in 2021 to a projected 35,400 jobs by 2046. This growth represents a need to accommodate 7,250 more jobs by 2046. In the City of Sarnia, the share of the census population that is of working age (20-64) fell from 48,365 in 2006 to 41,530 in 2016 to 40,230 in 2021. The change from 2006 to 2021 is 8,135 or 16.8%. However, the working age category is expected to increase to 45,557 by 2041.

3.2 Income Analysis

Overall, the income has increased fairly consistently for households in the City of Sarnia. Those with a total income of over $100,000 per year grew from 9,555 in 2015 to 11,690 in 2020. While the number of households earning less than $30,000 per year fell from 6,390 in 2015 to 4,225 in 2020.

Table 2. Income of Households for the City of Sarnia, 2015 vs. 2020

Household Type	2015		2020	
	Average	Median	Average	Median
Singles	$46,517	$35,042	$52,200	$41,200
Couples	$107,709	$85,974	$120,900	$100,00
Total (Couples and Singles)	$87,384	$66,050	$97,900	$77,500

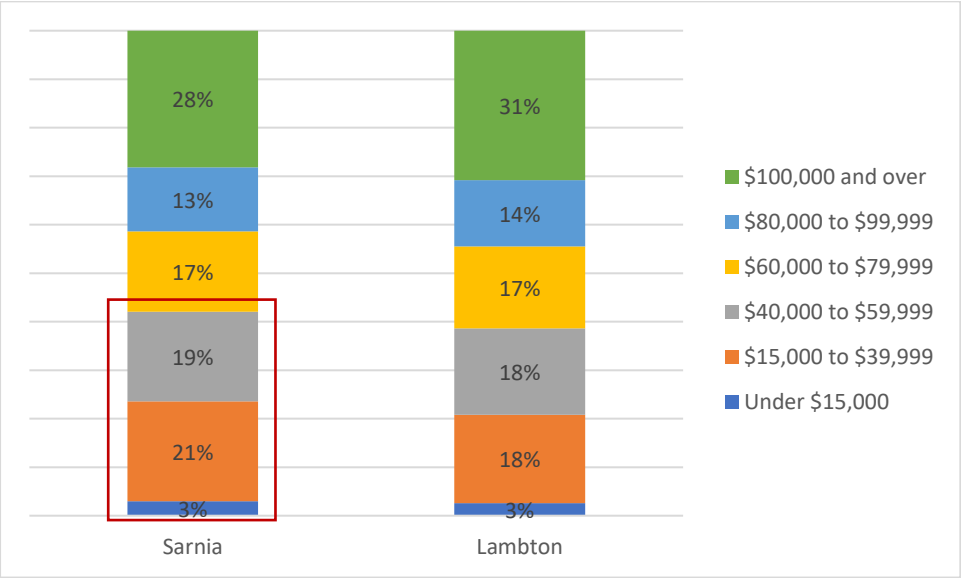
Statscan 2021, 2016 Census

To note, half of the singles or 17% of all households earn $41,200 or less and could be considered the key households in need of affordable and workforce housing.

3.2.1 Income Distribution

The City of Sarnia has a larger share of lower-income households compared to Lambton County with over 42% of households earning less than $60,000 per year after tax (Figure 6). Average and median household incomes are also lower in Sarnia compared to Lambton County. Incomes have implications for the cost of housing that will be considered affordable.

Figure 6: Income Distribution (2021)



Source: Statistics Canada 2021 Census

3.3 Income Analysis: Housing Tenure and Core Housing Need

Housing by tenure has remained fairly stable between 2016 and 2021. However, there has been a change in the types of household tenure; mostly in core housing needs.

Table 3. Housing Characteristics for the City of Sarnia by Tenure, 2016 vs. 2021

Housing Tenure	2016		2021	
	Number	Percentage (%)	Number	Percentage (%)
Total households	31,935	100	32,190	100
Owner	21,740	68.1	21,935	68.1
Renter	10,195	31.9	10,255	31.9

Statscan 2021, 2016 Census

A household is said to be in "core housing need" if its housing falls below at least one of the adequacy, affordability, or suitability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards). Housing standards are defined as follows: Adequate housing is reported by their residents as not requiring any major repairs. Affordable housing has shelter costs equal to less than 30% of total before-tax household income. Suitable housing has enough bedrooms for the size and composition of resident households according to National Occupancy Standard (NOS) requirements. Only private, non-farm, non-reserve, and owner- or renter-households with incomes greater than zero and shelter-cost-to-income ratios less than 100% are assessed for "core housing need."

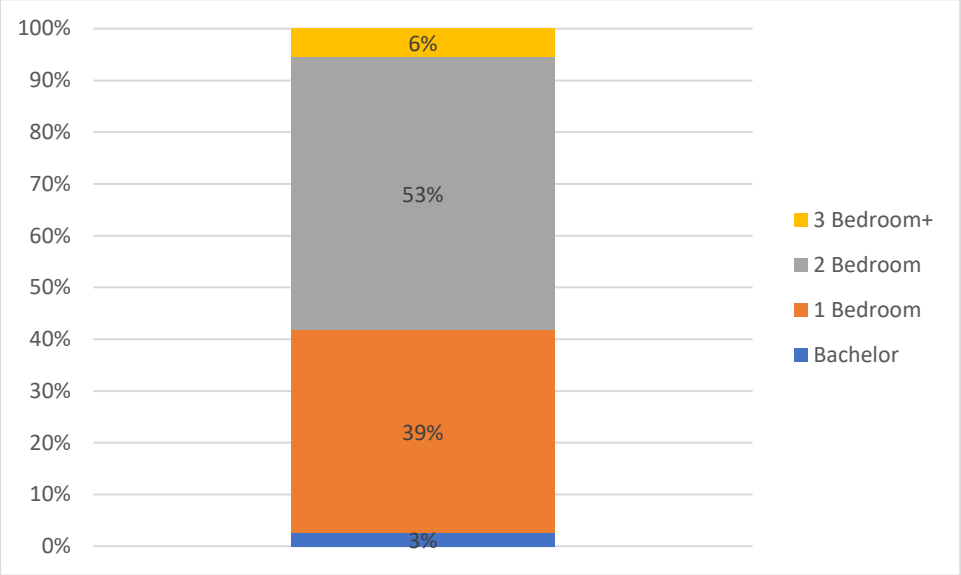
The total number of owners and renters spending more than 30% of their income on shelter was 5,750 in 2021. This is down from 7,240 in 2016. This is a significant change and probably not due to sampling error in StatsCan census methodology (i.e., sampling of 25%). Further, in 2016, 10.9% of owner households were spending 30% or more of their income on shelter costs versus 8.7% in 2021. Likewise, 37.8% of tenant or renter households in 2021 spent more than 30% of their income on shelter versus 47.9% in 2016 – a decrease of 10.1%. Note, there is a significant difference between the number of renters and homeowners spending more than 30% of their income on shelter. It should also be noted that many lower-income households in 2022 had access to additional income benefits, albeit temporarily, such as CERB.

3.4 Rental Market Indicators

3.4.1 Rental: Units

Sarnia had a total of 6,135 private apartment units, the majority of which are 2-bedroom, according to the CMHC Primary Rental Market Statistics Report as of October 2021 (Figure 7). Table 4 shows that the number of units of each size has seen very little change over time.

Figure 7. Sarnia Apartments by Unit Size, 2021



Source: CMHC Primary Rental Market Statistics

Table 4. Number of Sarnia Private Apartment Units, 2018-2021

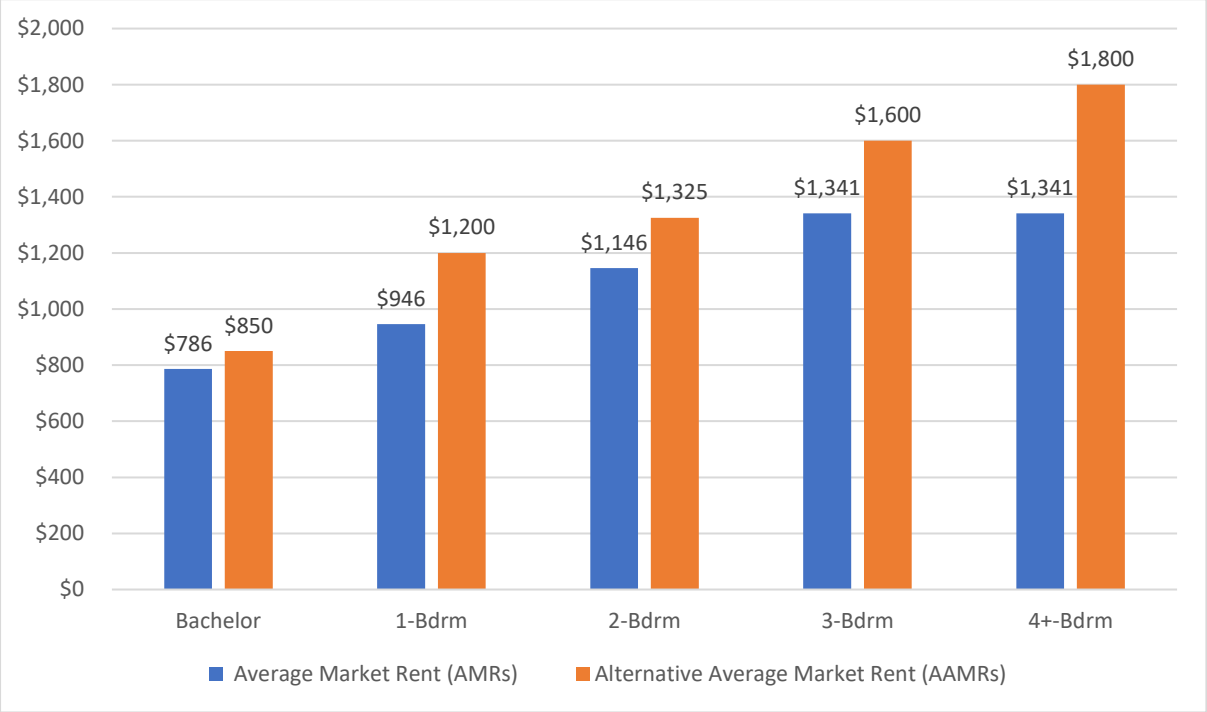
	Oct-18	Oct-19	Oct-20	Oct-21
Bachelor	185	177	162	157
1 Bedroom	2,404	2,435	2,386	2,406
2 Bedroom	3,278	3,281	3,321	3,233
3 Bedroom +	349	343	338	339
Total	6,216	6,236	6,117	6,135

Source: CMHC Primary Rental Market Statistics

3.4.2 Alternate Average Rents and Housing Income

Canada Mortgage and Housing Corporation (CMHC) publishes Average Market Rents (AMRs) annually that are used by various Ministry of Municipal Affairs and Housing (MMAH) funded programs. Per the Investment in Affordable Housing (IAH) for Ontario (2014 Extension) and the Ontario Priorities Housing Initiative (OPHI) program guidelines, Service Managers may request alternate AMRs (AAMRs) if CMHC AMRs are not available in certain communities and/or if the AMRs published by CMHC does not reflect the actual rental market in the region.

Figure 8. Average Market Rent Compared to Alternative Average Market Rent (2020-21)



AMRs are set by the Ministry of Municipal Affairs and Housing
Source: Lambton County

Housing Income Limits (HILs) represent the maximum gross household income for eligibility in many affordable housing programs. The HILs are based on figures established by CMHC and are intended to reflect the minimum income required to afford appropriate accommodation in the private market. The HILs determine eligibility for all households applying for Rent-Geared-to-Income and Rent Support programs administered by the Consolidated Municipal Service Manager (CMSM) and its housing providers.

Figure 9. Sarnia Alternate Average Rent and Housing Income Limits

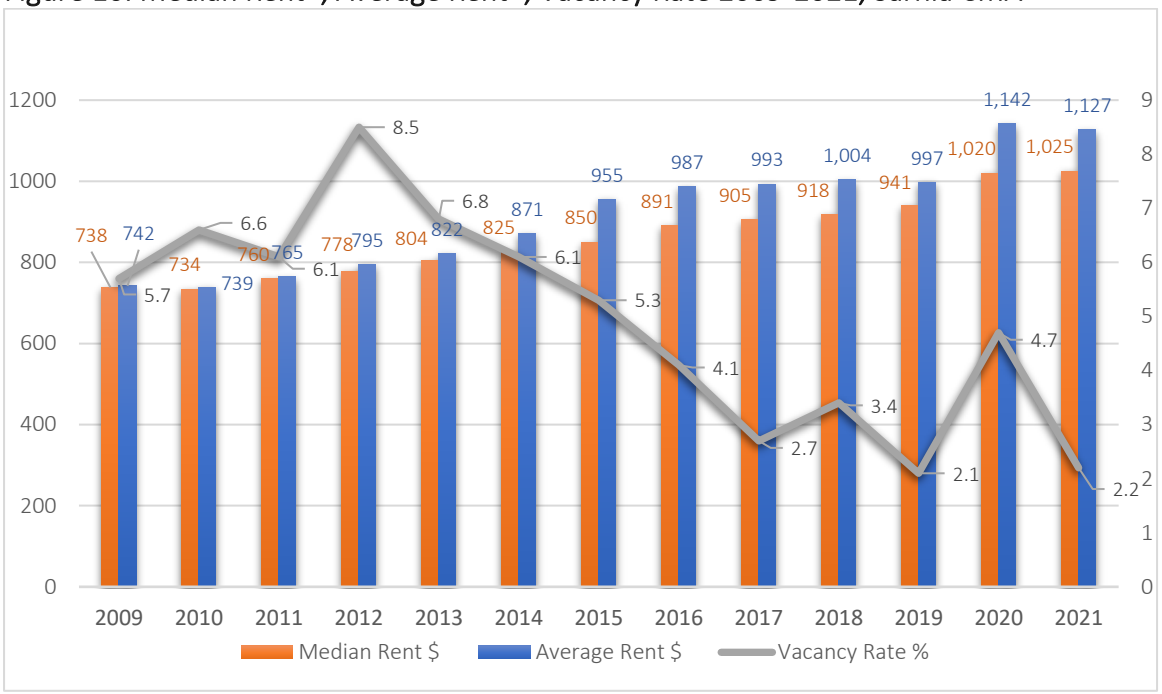


Table 5. Rent-Geared-to-Income eligible applicants comparing 2021 to 2022.

RGI Applicants/Wait Times	2021	2022
Bachelor/1-Bdrm	424	467
2-Bdrm	70	73
3-Bdrm	55	50
4+-Bdrm	38	41
Total	561	631
Average Minimum Wait Time for Rent-Geared-to-Income (RGI) Placement		
Bachelor/1-Bdrm	31 months	48 months
2-Bdrm	20 months	36 months
3-Bdrm	12 months	36 months
4+-Bdrm	13 months	36 months

Typically, when a rental market is considered healthy when the vacancy rate is at or near 3%. Over, this, rental rates will flatten or decrease. Under 3%, rental rates will accelerate. As the Figure below indicates, rental rates (both median and average) increased year-over-year, even when vacancy rates were significantly above 3%.

Figure 10. Median Rent*, Average Rent*, Vacancy Rate 2009-2021, Sarnia CMA

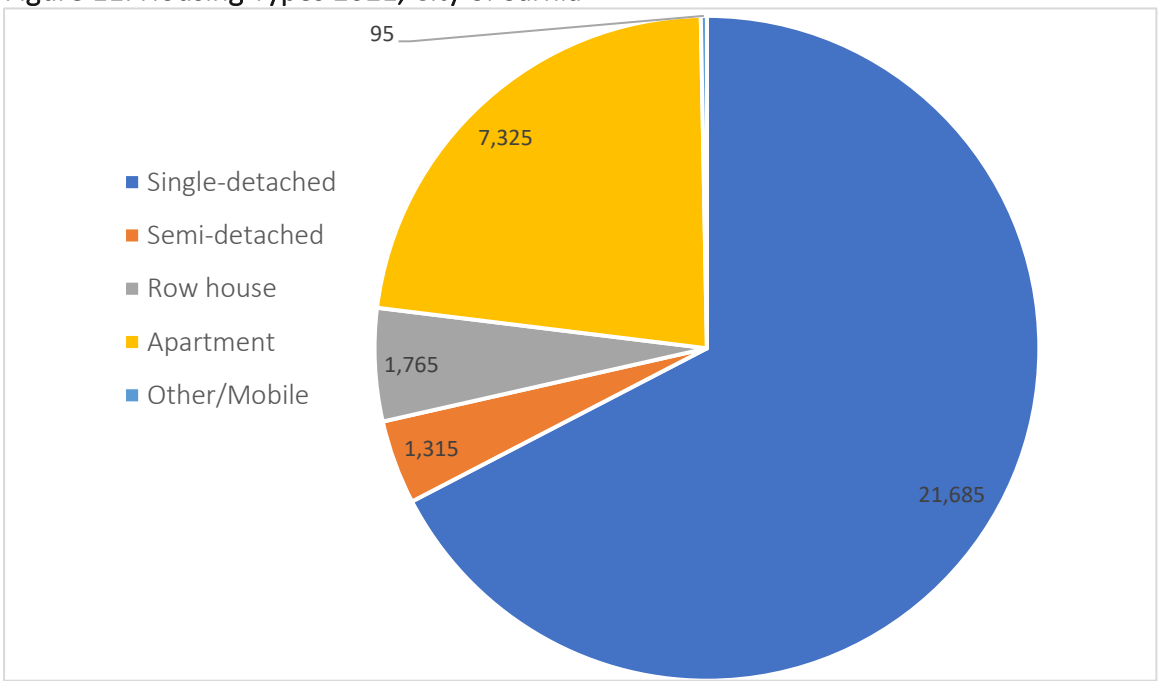


CMHC Primary Rental Market 2009-2021
*2-bedroom

3.5 Housing Market Indicators

As of the 2021 Census, Sarnia had a total of 32,190 private dwellings, of which two-thirds (67%) are single-detached houses. Housing starts have been uneven, year over year, not only in number but also in type.

Figure 11. Housing Types 2021, City of Sarnia



StatsCan Census, 2021

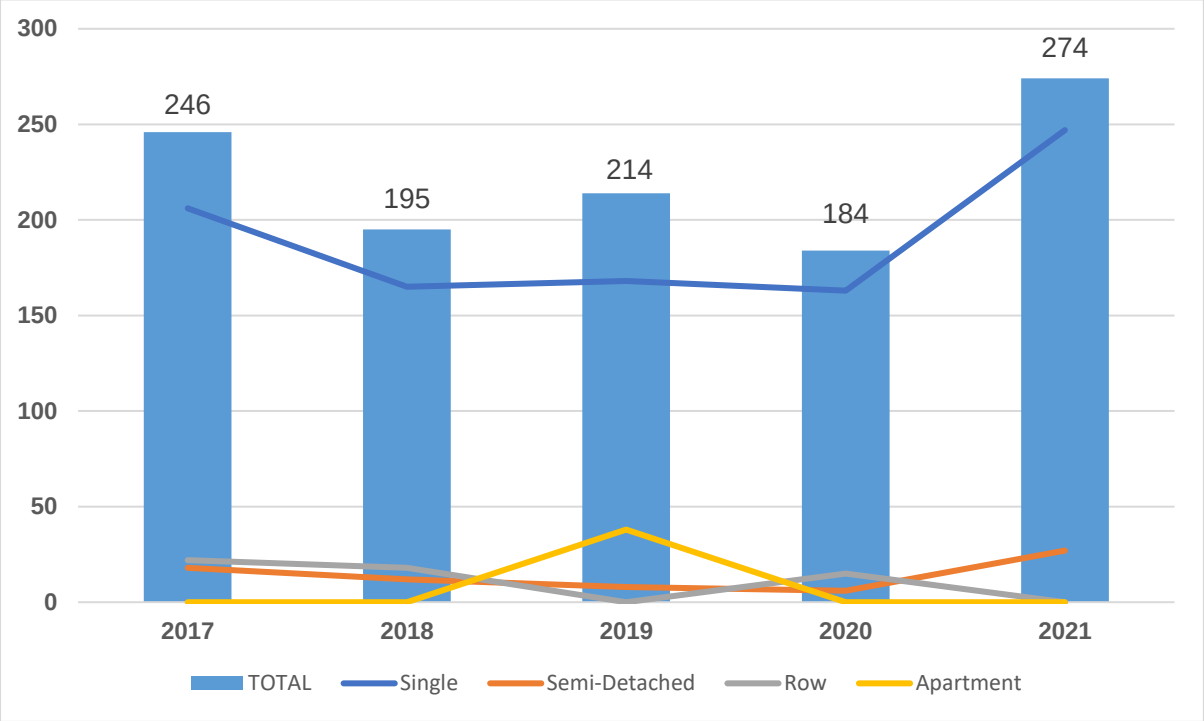
3.5.1 Housing starts and completions

The CMHC conducts Starts and Completions Surveys through site visits to confirm new residential units that have reached certain stages in the construction process. A Start, by CMHC's definition, is the beginning of the construction of a building, typically marked by the pouring of concrete for the structure's footing. A Completion, by CMHC's definition, is the stage where most if not all proposed construction work has been completed.

However, the City of Sarnia keeps track of building permits issued for new dwelling units in the municipality. For the Environmental Scan, it is more appropriate to rely on the City's building permit data, which are discussed in section 3.2.4, when discussing the start of housing construction activities, than the CMHC's Housing Starts statistic. As there is a time gap between the issuance of a building permit and the completion of construction activities, the CMHC's Housing Completion data are still relevant when discussing the completion of housing construction activities. Further, it is recommended to use *completion*s data, rather than *starts* data because *starts* data may bridge across reporting years and result in double-counting.

According to CMHC's Starts and Completions Survey, housing construction completion in Sarnia dipped slightly between 2017 to 2020 and increased in 2021. In 2017, construction work on 246 dwelling units was completed, but the number of completed dwelling units decreased to 184 in 2020. The number of completed dwelling units increased to 274 dwelling units in 2021. Construction activity associated with single detached dwellings dominated the last five years, with apartment units accounting for the lowest number of units constructed, at only 38 units in the past 5 years.

Figure 12. Sarnia Housing Completions by Dwelling Type (2017-2021)



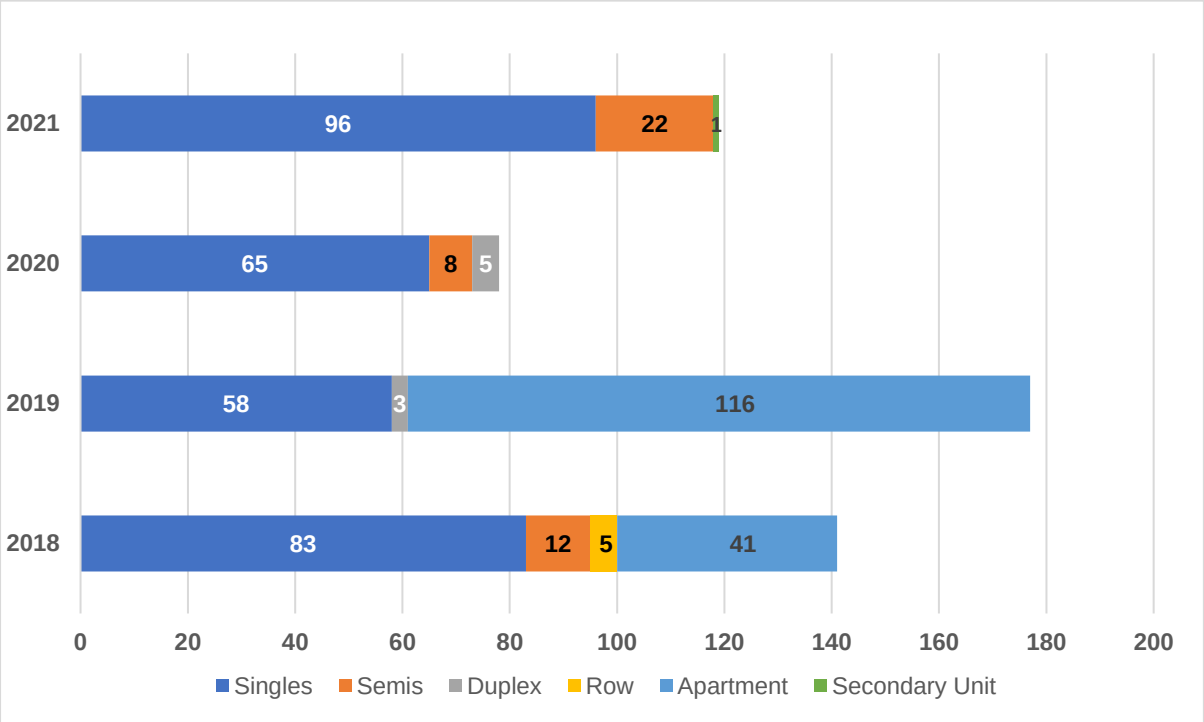
Source: CMHC

3.5.2 Sarnia Building Permits

There was a fluctuating trend in the number of dwelling units that received building permits in the City of Sarnia between 2018 and 2021. In 2018, 141 dwelling units received building permits. The number of building permits issued dropped to 78 in 2020, but this figure increased again to 119 in 2021. Single-detached dwelling units are the most dominant dwelling type to be issued building permits within the four years, although there are slight increases in the number of units for semi-detached units and apartment units within this period. Semi-detached units saw an increase from 12 permits issued in 2018 to 22 permits issued in 2021. While apartment units saw an increase from 41 permits issued in 2018 to 116 building permits issued in 2019, the number of permits declined significantly as zero permits were issued between 2020 and 2021. Within this timeframe, there has only been one new secondary unit amongst all dwelling types in 2021.

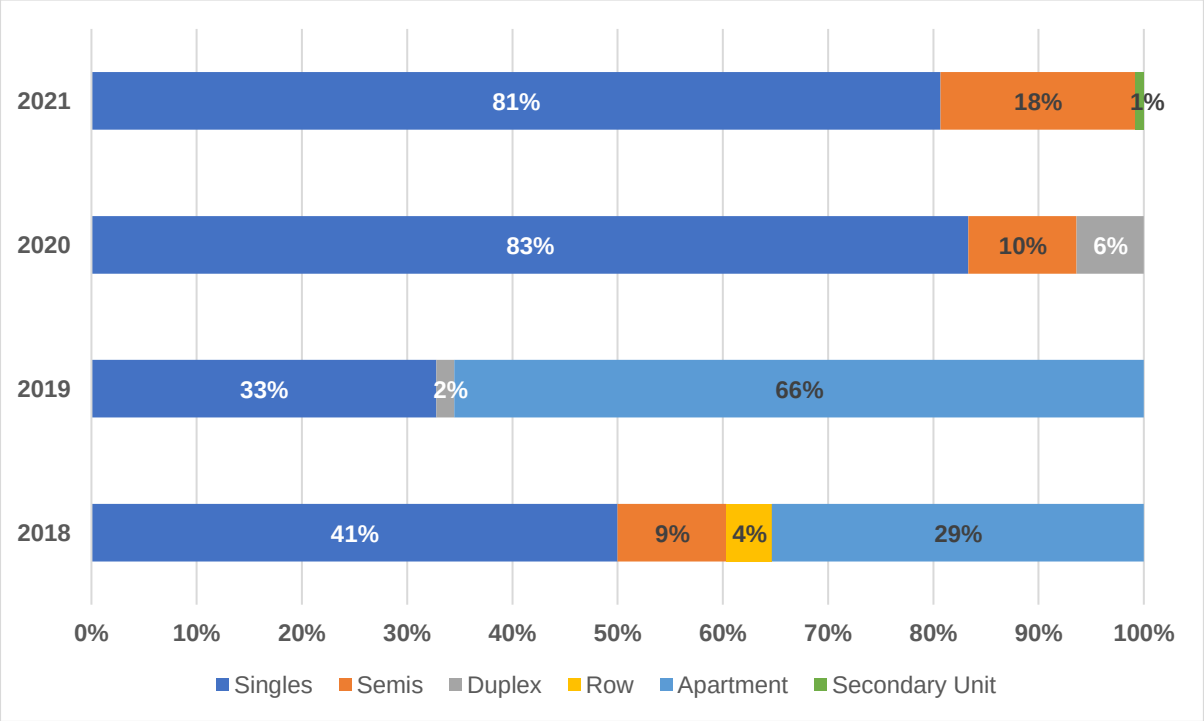
Not including rental starts, in the last four years, the share of single-detached dwellings increased from 83 permits in 2018 to 96 permits in 2021. In comparison, the number of multi-dwelling units (semis, duplexes, rows, apartments, and secondary units) decreased from 58 building permits in 2018 to 23 building permits in 2021. Although the number of building permits issued for multi-dwelling units increased significantly from 58 to 119 permits between 2018 and 2019, they began to decline significantly from 2020 onwards. This illustrates the fluctuating trend in both building activity and the mix of dwelling types constructed in the past four years. In 2021, single-detached dwellings remained dominant among dwelling types at 81% of the total share of dwelling units permitted, and 19% for multi-dwelling units.

Figure 13. Number of New Dwelling Units in Sarnia, by Dwelling Type (2018-2021)



Source: City of Sarnia

Figure 14. Percentage of New Dwelling Units in Sarnia, by Dwelling Type (2018-2021)

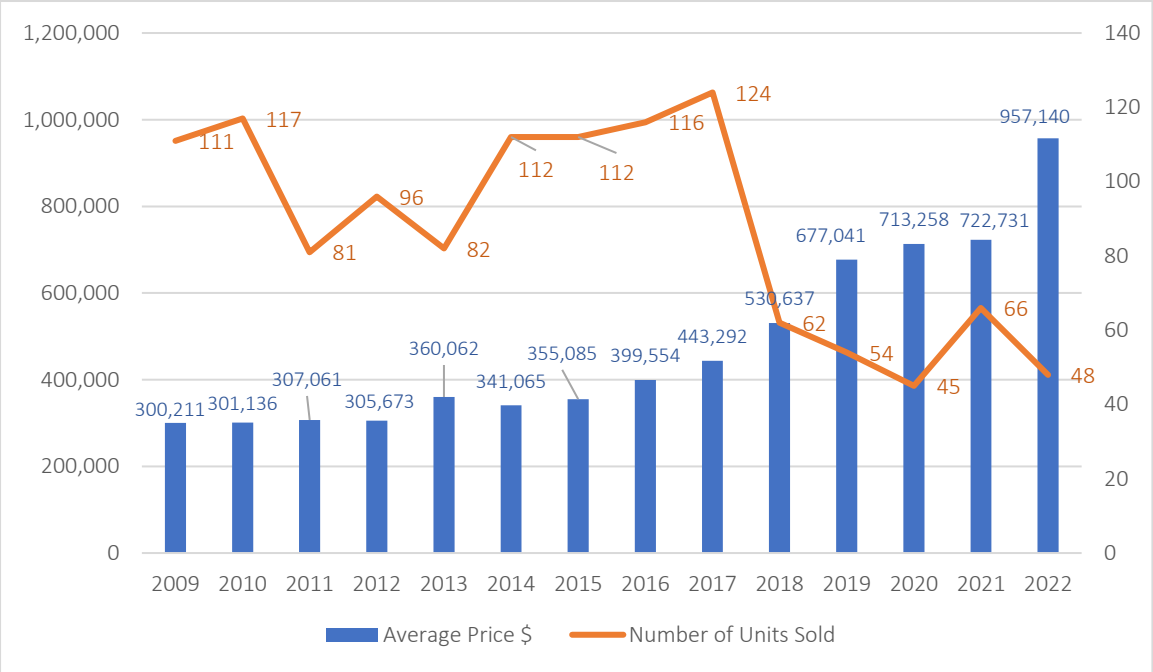


Source: City of Sarnia

3.5.3 Sarnia Market Housing Absorption

The number of homes sold hit historic lows between 2020-2022. The fewer number of homes sold corresponds to the historically high average sale prices. This is a direct depiction of supply-demand, whereby short supply can push prices to irrational or unsustainable levels. Changes by the Federal Government (mortgage stress test, increasing over-night borrowing rate, etc.) and Provincial Government (foreign ownership, speculation, etc.) have made an impact on the primary and secondary housing real estate market. These changes will continue to have a noticeable impact through to 2023 when the market is expected to 'normalize'.

Figure 15. Number of Absorbed Units and Average Prices (single and semi-detached)



CMHC, Absorbed Unit Prices (single and semi-detached)

Section 5.10 of the 2014 Official Plan sets out the City's support for the provision of a full range of housing forms, types, densities, and tenures. Section 5.10.1 states the intent of the Official Plan to achieve a target of 25% affordable units (now 30% affordable in the 2022 Official Plan) in all new developments, to be supported through height and/or density incentives. The following policies outline the provisions for affordable housing developments and rental housing conversion as follows:

- Ownership housing for which the purchase price:
    - represents annual accommodation costs that do not exceed 30% of gross annual income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution in the County of Lambton); or
    - is at least 10% below the average purchase price of a resale unit in the County of Lambton.
- Rental housing for which the annual rent:

- does not exceed 30% of gross annual household income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution for rental households in the County of Lambton); or
- is at or below the average market rent for a unit in the County of Lambton.

Based on changes in the private homeownership and rental market, pricing has driven unaffordability levels to historic levels.

4. Jurisdictional Scan of Affordable Housing CIPs

This environmental scan has been informed by a review of existing CIPs from other municipalities across Ontario. Specifically, Affordable Housing CIPs or CIPs with affordable housing incentive programs for Blue Mountains, Cambridge, Goderich, London, Peterborough, St. Catharines, and St. Thomas were reviewed.

Most CIPs share common elements but vary in terms of the specifics and level of detail they provide, as well as their scope or coverage. Affordable Housing CIPs can address public and private sector investment, as well as non-profit investment. They may be focused on the development of affordable housing units as a primary goal, but include as part of their evaluation framework criteria intended to encourage or reward projects that provide high-quality architecture and urban design or enhanced environmental sustainability, etc.

Best practices are those aspects or features of the CIPs reviewed that should be incorporated and/or emulated in CIPs where appropriate. The discussion below identifies and summarizes best practices in the context of the common or typical elements included in a CIP, with a focus on what is transferable from the affordable housing CIPs reviewed.

4.1 Best Practices

4.1.1 Best Practices

Affordable Housing CIPs or CIPs with affordable housing incentive programs for Ontario municipalities were reviewed for best practices to incorporate or emulate in the City of Sarnia's CIP. The following practices are considered transferrable to the development of the current CIP:

Geographic Boundaries	Community Improvement Project Areas ("CIPA") often cover the whole of the municipality, which is appropriate for incentive programs that are not intended to encourage or steer development into specific areas within a municipality. Where appropriate and desirable in the local context area specific CIPAs can be delineated or evaluation/eligibility criteria used to limit incentive program eligibility spatially or favour applications in specific areas. It may be appropriate and desirable to have affordable housing located throughout Sarnia, for example, but determine it would be preferrable that most CIP funds for affordable

	housing be directed to projects located near existing infrastructure, public transit, services, and amenities.
Objectives	The primary objective of an affordable housing CIP should be to facilitate the development of affordable housing to ensure current and future housing needs of low- and moderate-income households are met. Secondary objectives could include providing a continuum of housing options, urban design excellence, public realm improvement, and enhanced sustainability/energy efficiency.
Agreements	Recipients of funding from an Affordable Housing CIP are generally required to enter into an agreement with the municipality. General requirements for agreements can be outlined in CIPs, including for which incentive programs they are required. They may include special requirements such as ensuring that affordable units receiving funds will not be used for short-term rental accommodation and specifying how long affordable units are to remain "affordable". The duration a funded affordable unit must remain "affordable" is typically based on the specifics of a project (i.e., the type of housing involved), as well as the incentive program and level of funding provided.
Monitoring	CIPs typically outline a framework for monitoring and evaluation of incentive programs, including: • A database to collect and store data relevant to the CIP. • Performance indicators to evaluate incentive programs and funding • An annual report card that summarizes applications received, funded projects, and outcomes attributable to the incentive program funding.
Incentive Programs	The following incentive programs are commonly found within CIP programs: • tax increment grants. • development charge waivers, deferrals, or reductions. • rebate or waiver of planning and/or building permit fees. • targeted grants to assist with renovation/construction costs for additional residential dwellings and/or secondary dwelling units Some Affording Housing CIPs include additional incentive programs, specifically loan programs and municipal land-banking.
Selecting Grants	Determining application submission and review processes, including: • Eligibility, scope, timing, and suitability criteria for evaluation. • Regular intakes for incentive programs targeting funds for larger projects and a first come, first serve basis for smaller projects. • Transparent processes and communication for application review.

4.1.2 Recommendations

Moving forward, some preliminary considerations and recommendations to consider include:

1. Consider geographical boundaries for the new CIP before adopting a By-law establishing a Community Improvement Project Area. The entire urban area is recommended for the new Community Improvement Project Area.

2. The Provincial Policy Statement (PPS) definition of affordability is recommended as the foundation for determining affordability for the new CIP. Provide the discretion to fine-tune the thresholds used to determine affordability for different project types and/or incentive programs to ensure that affordability criteria can respond and adapt as needed to achieve the objectives of the Plan. Bill 23 will define affordable rent levels and exempt affordable housing from development charges and parkland levies.
3. Employ a collaborative approach to develop a transparent process for reviewing applications. Involve City staff who will implement the Plan, representatives of the development industry, and other stakeholders in the process of developing the evaluation framework employed.
4. Consider how the Affordable Housing CIP will work with the objectives, geographic focus, and incentives of existing CIPs, which though geographically targeted, include an Additional Residential Unit Program Grant, Affordable Housing Grant, and generally applicable Tax Increment Grant.
5. Employ a mix of financial incentives to ensure different affordable housing forms and types of development are encouraged. Consider allowing multiple incentives to be stacked where that is appropriate and would assist in achieving CIP objectives.

4.2 Jurisdictional Scan of Similar CIPs

Overview of Select CIP Incentive Programs

Municipality	Incentive Program	Select Features
Blue Mountains	1. Attainable – definition provided	• Home ownership: purchase price results in annual accommodation costs that do not exceed 30% of gross income for households within 50-130% of median income for Blue Mountains. • Rental housing: housing provided at least 20% below area median rent. • The most recent census was used for income and rent data.
	2. Attainable Housing Feasibility Grant Program	• Covers: market analysis, business development-related studies, and plans; building condition report; and/or capital replacement plan. • Must be linked to an actual development proposal providing 2 or more attainable units.
	3. Development Charges Grant Equivalent Program	• The total value of the grant is calculated based on the number of attainable units provided.
	4. Tax Increment Equivalent Program	• May be administered as a loan or grant based on a property tax increase. Starts at 100% of the tax increment and decreases annually until it reaches 0% • Grant issued after completion on an annual basis for 10 years.

Municipality	Incentive Program	Select Features
		• A loan may be issued before construction at the discretion of the municipality. • A minimum of 25% of units in development must be new attainable housing units to be eligible. • Grant does not necessarily transfer if the property is sold.
	5. Municipal Fees Grant or Loan Equivalent Program	• Covers planning applications and building permit fees. • Professional services by an engineer, architect, or planner to a maximum of 15% of all eligible costs. • A grant is paid after the completion of eligible works. • A loan may be issued before construction.
	6. Downtown Apartment Rehabilitation or Conversion Program	• Applies only to existing floor space above the first storey or in the rear portion of a mixed-use building. • Covers: works related to OBC or Fire Code compliance, accessibility improvements, permanent finishing materials and decorative elements (up to 25% of eligible costs), and costs of a professional engineer or architect (up to 15% of eligible costs). • A grant is paid after the completion of eligible works. • A loan may be issued before construction.
	7. Additional Residential Unit Program	• Applies to single detached dwellings, semi-detached dwellings, duplexes, or townhouse dwellings. • Covers: works related to OBC or Fire Code compliance, accessibility improvements, permanent finishing materials and decorative elements (up to 25% of eligible costs), and costs of a professional engineer or architect (up to 15% of eligible costs). • The maximum value of the grant is 50% of eligible costs up to $15,000 • The maximum value of the loan is 50% of eligible costs up to $30,000). • A grant is paid after the completion of eligible works. • A loan may be issued before construction.
	8. Surplus Land Grant Program	• Where the municipality determines a property surplus, it may be offered through a Request for Proposals process for development purposes. As part of that process, the surplus land may be granted at a significantly reduced

Municipality	Incentive Program	Select Features
		value or no cost, to develop attainable housing.
	9. Land-banking Policy	• Council at its discretion may acquire, sell, or lease lands to achieve the goals of the municipality's Official Plan and the objectives of the CIP.
Cambridge	1. Affordable – provided as definition and/or eligibility requirement(s)	• each unit in the housing project shall meet the definition of affordable, which is no more than the average ownership sale price and no more than CMHC's average market rents for the Region of Waterloo.
	2. Affordable Housing Incentive Program	• Covers planning application, building permit, and sign permit fees. • Exempts fees for planning applications. • Provides grants equivalent to the value of the building permit, including sign permits. • This applies to affordable housing projects (i.e. all units must be affordable).
	3. Development Charges Deferral Program	• Development charge paid 20 years after the issuance of a building permit, but due immediately should the project no longer be affordable housing. • The city is responsible for confirming the project is affordable and that development charges are paid in full after the 20-year deferral. • This applies to affordable housing units (i.e., can be pro-rated to apply to units that qualify as affordable within a housing development).
	4. Tax Increment Grant Program	• The incentive program is applied for over 20 years. • The grant covers 100% of the increase in the City's portion of the taxes paid in years 1 to 15, then decreases to 20% each year until full taxes are paid in year 20. • This applies to affordable housing projects (i.e. all units must be affordable).
Goderich	1. Affordable – provided as definition and/or eligibility requirement(s)	• Rental housing: a unit for which the rent does not exceed 30 percent of gross annual household income for low- and moderate-income households; or a unit for which the rent is at or below the average market rent of a unit in the regional market area. Note: CIP general eligibility requirements are based on attainable rental units. Attainable is defined in the glossary as an individual making living wage spending not more than 30% of their income on housing (living wage determined by

Municipality	Incentive Program	Select Features
		United Way Perth-Huron's Social Planning and Research Council in 2021 as $17.95/hr).
	2. Design and Study Grant	• 50% of eligible costs or up to $10,000 per project/property. • Studies/plans/designs must provide new site-specific information in support of the project. • Studies/plans/designs must be completed by licensed and/or qualified professionals. • The studies/plans/design work that qualifies is listed. • Grant is paid when the study/plan/design is completed. The completed work becomes shared property of the municipality and applicant.
	3. Planning and Building Permit Fee Grant	• 50% of eligible fees required by the municipality up to $5000 per project/property. • Covers: OPA, ZBA, Site Plan Control, Building Permits, Cash-in-lieu of parkland dedication or parking requirements. Other fees are identified through the Municipality's fee schedule/by-law. • Grant is paid following substantial completion of the project/development.
	4. Development Charges Grant	• DC fee waiver based on the value of DCs applicable to the number of attainable dwelling units in development (100% grant). • Covers: development or redevelopment or adaptive reuse or major additions involving mixed-use or multi-residential buildings with new attainable units.
	5. Tax Increment Equivalency Grant	• Generally, the value of the grant starts at 100% and shrinks by 10% per year. Lasts 10 years. • If a project meets the intent of the urban design guidelines of the CIP and the definition of sustainable building the grant is provided for 15 years. 100% years 1-5, then for 6-15 it is equal to the % used for the 10-year TIG for non-sustainable buildings (i.e. decreases by 10% per year). • The project needs to increase the assessment. Definition of tax increment provided with sample calculation. • Grant is paid after full taxes are paid.
London	1. Affordable – provided as definition and/or eligibility requirement(s)	• For the CIP, "affordable housing" is the range of housing targeted to be developed by the market and not-for-profits, and targets the development of housing that costs less than or equal to "average market" rent or price, but

Municipality	Incentive Program	Select Features
		does not include the "income security" aspect of housing associated with City programs. • The definition intends to encourage more units to be built for rent "at or below" average market rent to address the gap between municipal housing program eligibility and the income required to pay market rents. • CIP allows for the refinement of definitions for specific incentive programs.
	2. Affordable Housing Development Loan Program	• Targeted at private and non-profit developers. Loan terms are subject to municipal council direction.
	3. Additional Residential Unit Loan Program	• Targeted at homeowners. Loan terms are subject to municipal council direction.
Peterborough	1. Affordable – provided as definition and/or eligibility requirement(s)	• Ownership: the lesser purchase price results in annual accommodation costs that do not exceed 30% of gross income for low- and moderate-income households, or the purchase price is at least 10% below the average purchase price of the resale of the unit in the regional market area. • Rental housing: lesser of rent does not exceed 30% of gross income for low- and moderate-income households or rent is at or below the average market rent of a unit in the regional market area.
	2. Municipal Incentive Program	• Applies to planning application fees, parkland fees, and cash in lieu of parking fees. • Waives fees for new development or redevelopments. • Applicable to affordable housing projects.
	3. Development Charges Grant Program	• Grant to cover DCs for new affordable housing units. • Does not apply to projects being developed as municipal capital facilities.
	4. Affordable Housing Tax Increment-Based Grant Program	• The grant covers 100% of the increase in the municipal portion of the taxes in years one to five of the program, decreasing to 80% in year six, 60% in year seven, 40% in year eight, 20% in year nine and with the owner paying the full amount of taxes in year ten. • The property owner pays the full amount of taxes and then the City rebates back the tax increment grant as per the previous bullet. • Eligibility requirements cover how to determine the tax increment that applies.

4.2.1 Selecting Grants

CIPs require applications but few provide much detail on the application process to be followed or outline how applications will be reviewed and successful applications chosen. Best practices, however, can be gleaned across CIPs and include the following:

- Require a pre-application consultation meeting with municipal staff to determine program eligibility, scope, timing, and the general suitability of the proposal. Staff should provide clear feedback on eligibility requirements and supporting documentation that must be submitted as part of an application.
- Some CIPs require applications to be submitted before the commencement of any works or studies to which incentive programs would apply.
- Have semi-annual or quarterly intakes for incentive programs directed at larger development projects and use first come, first serve while funds are available for incentive programs that target smaller projects such as those intended to assist in the creation of additional or second residential units.
- Employ a clear and transparent process for reviewing applications, including grading or scoring them against an evaluation rubric. Use eligibility requirements and a minimum score to screen applications to ensure they provide a minimum desired benefit to the municipality.

It is expected that once the city council approves a CIP with the criteria for eligibility for affordable housing CIP applications, decision-making authority on those applications should be delegated to staff with regular reporting to Council on projects approved for CIP incentives. An exception would be decisions related to the disposition of municipally owned land would as those decisions would be reviewed and made by City Council.

5. Preliminary Considerations and Recommendations

The development of an Affordable Housing CIP is still in its early stages. The following preliminary recommendations and items for consideration should be considered as the development of the Affordable Housing CIP moves forward:

1. The City of Sarnia should determine whether an Official Plan Amendment is required to adopt a By-law to designate a CIPA, under Section 28 (2) of the *Planning Act.* The City of Sarnia has previously adopted By-laws related to the establishment of a CIPA under Section 28(2) of the *Planning Act.* Unless as part of this process it is determined that the CIPAs for Downtown and Mitton Village are sufficient for the Affordable Housing CIP, the City will need to establish a new CIPA after consideration of the geographical boundaries required. It is recommended the City of Sarnia consider designating its entire urban area as the CIPA for the Affordable Housing CIP and employ locational criteria as part of an evaluation framework or eligibility requirements for applications.
2. The Provincial Policy Statement and the current City of Sarnia Official Plan (2014) and the new Sarnia Official Plan (2022), awaiting final approval define Affordable Housing.

Bill 23 recently amended the *Development Charges Act* to provide definitions of affordable residential units (rented and ownership) for the purposes of exempting qualifying units from development charges. The Affordable Housing CIP Plan will need to include a definition of Affordable Housing. The definition of Affordable Housing will be used for determining incentives eligibility. The Affordable Housing CIP, however, should allow for fine-tuning "affordable" to ensure that affordability criteria can respond and adapt as needed to achieve the objectives of the Plan.

3. The Affordable Housing CIP should include a clear and transparent process for reviewing applications, including grading or scoring them against an evaluation rubric. This should be developed collaboratively with the City of Sarnia staff who will implement the Plan, as well as, if possible, representatives of the development industry and other stakeholders.
4. As indicated, the City of Sarnia already has a CIP with two (2) CIPAs designated. It is anticipated that the geographical boundaries of the Affordable Housing CIP will entail overlapping with existing CIPs which are geographically focused on Downtown and Mitton Village. Where incentive programs offered also overlap consider how they might integrate to achieve multiple CIP and/or program objectives.
5. Numerous financial incentives exist that could potentially facilitate the development of affordable housing. It is suggested that a CIP include a suite of incentive programs that address different types of development and forms of housing in Sarnia that could provide affordable housing. Stacking of incentives within the Affordable Housing CIP (e.g., allowing a project to receive funds from more than one incentive program) is recommended subject to ensuring funding provided does not exceed eligible costs.

6. Legislative and Policy Context

The legislative authority related to the preparation of an Affordable Housing CIP and the programs outlined in this document is derived from the *Planning Act*, the *Municipal Act,* and the *Development Charges Act*. Of note, the provision of affordable housing is considered to be a matter of provincial interest under the *Planning Act*. CIPs are one of many tools under the *Planning Act* that can support the provision of affordable housing in Ontario and thus can be used by the City of Sarnia. The process for developing and establishing a CIP is provided for in Section 28 of the *Planning Act*. The authority for the provision of financial incentives is provided by Sections 28(6) and (7) of the *Planning Act,* Section 106 of the *Municipal Act*, and Section 5(1) of the *Development Charges Act.*

A full summary of Provincial legislation relevant to the development of an affordable housing CIP can be seen in Appendix B. This is followed by a full summary of provincial, regional, and local municipal policies, plans, and studies in Appendix C.

6.1 Legislative and Policy Context

Provincial, county, and local municipal policy and legislation were reviewed to establish the context for an affordable housing CIP. CIPs are one of many tools under the *Planning Act* that can support the provision of affordable housing in Ontario and thus can be used by the City of Sarnia. The legislative authority related to the preparation of an Affordable Housing CIP and the programs outlined in this document is derived from the *Planning Act*, the *Municipal Act,* and the *Development Charges Act*.

In terms of policy, the PPS provides that, "Planning authorities are encouraged to permit and facilitate a range of housing options, including new development as well as residential intensification, to respond to current and future needs." At the sub-provincial level, the Lambton County Official Plan, the County's Housing and Homeless Plan and Affordable Housing Plan, the Sarnia Official Plan and Zoning-By-Law, the existing CIP in Sarnia, and the Development Charges (DC) Background study in preparation for a new DC By-Law all provide policy relevant to the preparation of a CIP for affordable housing. Additional plans and studies reviewed include the Lambton County Integrated Community Sustainability Plan and the City of Sarnia Accessibility Design Standards.

6.1.1 Geographic Boundaries of Community Improvement Project Area

The *Planning Act* requires municipal councils to designate a CIPA by By-law before preparing a CIP. For affordable housing CIPs, broad geographical coverage is generally regarded as most appropriate for incentive programs. For this reason, most affordable housing CIPs designate the whole municipality or a municipality's entire urban area as a CIPA. This can reflect a desire to avoid concentrating on affordable housing in specific areas. It may also simply recognize that the provision of affordable housing should be supported wherever there is a willingness and ability to create affordable units and that certain types of affordable housing, such as additional dwelling units, can be provided throughout a municipality. Depending on the specific incentive program and local context it can also be appropriate and desirable to encourage the development of affordable housing in specific areas, such as where it will be proximate to existing or planned infrastructure and services, including public transit.

For municipalities that include both urban and rural areas, affordable housing incentive programs are generally directed at encouraging development in urban areas, also known as settlement areas. In designating the CIPA it is crucial to ensure the geographic boundaries include all areas of a municipality where incentive programs are intended to apply. Where it is considered appropriate and desirable to target or gear incentives toward certain areas within a municipality, a couple of approaches are typically employed:

- designate an entire municipality or the urban area of a municipality as the CIPA and then use locational criteria as part of the evaluation of applications to target incentive programs spatially; or

- designate multiple CIPAs and specify in the CIP which incentive programs apply to which of the CIPAs.

St. Catharines designates the urban area as its CIPA and includes locational criteria in its evaluation framework for scoring applications. Alternatively, St. Thomas's CIP designates a City Wide CIPA, Primary CIPA, and Secondary CIPA, with the Primary CIPA identifying three sub-areas within it. The incentive programs included in the St. Thomas CIP are specific about which CIPAs they apply to. If a property or project is located outside the CIPA associated with an incentive program it is ineligible for that program. Though more complicated to implement, the St. Catharines' approach has the advantage of treating location within a priority or targeted sub-area as a positive attribute that increases a project's score. The St. Catharines approach allows a project to be eligible to receive funding if its merits concerning other criteria allow it to achieve the minimum score required.

6.1.2 Objectives

Identifying goals, purpose, guiding principles, and objectives is a common element of CIPs. As a best practice, identifying goals and objectives provides a basis for monitoring and evaluating the effectiveness of the CIP.

The primary objective of an affordable housing CIP should be to facilitate the expansion of affordable housing stock in a municipality to ensure current and future housing needs of low- and moderate-income households are met. An affordable housing CIP can include secondary objectives, including:

- providing a continuum of housing options, e.g., encouraging the development of an appropriate mix of affordable dwelling units by size and number of bedrooms;
- promoting high-quality design and environmental sustainability; and,
- addressing any area-specific needs or priorities.

6.1.3 Agreements

Affordable housing CIPs typically require successful applicants to agree to ensure units will not be used for short-term rental accommodation and require the units to remain "affordable" for an appropriate length of time. The duration a funded affordable unit must remain "affordable" should be determined based on the nature of the project and the incentive being provided. Where agreements are required, they should be registered on title to ensure they are binding and transferred to subsequent owners should a property be sold.

Note: agreements generally seek to ensure compliance after funds have been dispersed to an applicant. Depending on the specific incentive program or project type, where compliance can be addressed by inspection or by requiring proof of completed work (photographic or other acceptable documentation) before funds or relief are granted an agreement may not be necessary. Where agreements are necessary, it is desirable to structure the incentive program,

particularly via the timing of funding payments, to encourage ongoing compliance and reduce the administrative burden of the CIP.

6.1.4 Monitoring

CIPs typically outline a framework for monitoring and evaluation of incentive programs. Such a framework should include:

- Development of a database to collect and store data relevant to the CIP.
    - At a minimum, the database should record information on the application received if funding was provided, and outcomes associated with the application.[4]
    - The database could also record interactions related to potential application submissions such as any emails, phone calls, or consultation meetings even if they do not result in an application being submitted.
- Performance indicators to evaluate incentive programs and funding against the objectives of the CIP.
    - Affordable housing CIP performance indicators typically include the number of affordable units developed, the type of new affordable units, the location of new affordable units, and information on the duration units will be maintained as affordable and when units can be converted to market rent or price.
    - Generic CIP performance indicators capture the approved value of grants concerning the total value of construction they are associated with, average rents or sale prices of affordable units, and funding utilization rate for incentive programs.
    - Demographic and economic indicators that relate to the definition of affordable housing for the CIP.
    - Indirect indicators that might be useful in contextualizing the performance of the CIP such as broad economic indicators or indicators that measure contributors to quality of life in the municipality or region.
- An annual report card on the CIP that summarizes applications received, funded projects, and outcomes attributable to the incentive program funding. The annual report should also speak to funding opportunities for affordable housing from the senior levels of government and other sources, including how they relate to CIP incentive programs.

Monitoring and evaluation of the CIP are dependent on the quality of data collected. CIPs rely on primary data collected directly as part of the administration of the CIP, data or indicators that are derived from this data, other primary data collected by the municipality, and data from secondary sources, including from CMHC or Statistics Canada. CIPs typically guide the need to collect data and develop performance indicators. They do not provide detailed advice or guidance on implementation. The CIP should identify in descriptive terms the primary data that

[4] Outcomes associated with an application could include housing units provided (type,

needs to be collected and the derived indicators that will be used for monitoring and evaluation purposes. The monitoring section should consider the ability and capacity of the City of Sarnia to collect and analyze the data.

Monitoring and evaluation should inform reviews of the CIP at regular, specified intervals to adjust CIPAs, incentive programs, and program funding. Section 28 of the *Planning Act* prescribes the process that must be followed for amending a CIPA and/or CIP. Changes to program funding do not require amendments to the CIP, however.

6.1.5 Incentive Programs

The Town of Lincoln in the Niagara Region recently completed a comprehensive review of 28 CIP programs to identify best practices. Lincoln Report AD-02-22 provides a summary of best practices for incentive programs. Their review included identifying among these CIPs the incentive programs used specifically to encourage affordable housing development and how many plans they were so utilized:

- tax increment grants – 14
- development charge reductions – 10
- planning and/or building permit fees – 11
- additional residential dwellings and/or secondary dwelling units – 9

For affordable housing, the Town of Lincoln's findings on best practices includes requiring funded projects to meet environmental sustainability and design criteria, requiring a minimum percentage of affordable units, and specifying a minimum term for affordable units to remain affordable (with duration determined by grant type).

The Town of Lincoln's findings has been incorporated into the review of best practices for incentive programs below. Some Affordable Housing CIPs include additional incentive programs, specifically loan programs and municipal land-banking. Loan programs can simply function as a substitute for grants, while the inclusion of a land-banking program allows a municipality to acquire property and dispose of property to achieve the goals of a CIP, including those related to affording housing. Land-banking as part of the CIP suite of incentive programs could also allow the City to lease land for affordable housing development, rather than sell land at below-market cost.

6.1.6 Tax Increment Grants

- Reduces property taxes for a time period after completion of a project using a grant to cover a specified percentage of the increased property taxes attributable to the project. The duration the tax increment grant is provided should match the period of time the funded affordable residential units are expected to be maintained as affordable. The percentage of the tax increment covered by the grant typically decreases over the specified time period or a portion thereof. As the incentive is based on increased property taxes, only developments subject to property taxes are eligible.

- The percentage reduction and duration of tax increment incentives should be larger/longer for affordable housing projects. For example, the Downtown Windsor Enhancement Strategy and Community Improvement Plan include the ability for the Council to extend the duration of a tax increment grant by up to 5 years if at least 20% of the dwelling units are affordable. It is also worth noting that for CMHC mortgage financing, property tax reductions or offsetting grants should last at least ten years to increase the amount of the potential CMHC low-interest mortgage.
- Employ a semi-annual or quarterly intake period for applications to allow for applications to be evaluated and ranked against each other.
- Use a combination of minimum eligibility criteria and a scoring system to prioritize/rank applications to direct funding to the best projects.
- Affordability housing units might be included in the scoring system for tax increment financing to encourage their inclusion in development projects. In such cases, affordability/affordable housing units may be one scoring factor among others, including quality of architecture and urban design, sustainability, walkability, contributions public realm, etc.
- Combining tax increment financing with other incentives, such as the waiving or reduction of municipal fees, may also be considered, where appropriate, for the affordable housing units in a larger project.

6.1.7 Municipal Fees

- Provide a higher grant in terms of the percentage of fees for affordable housing developments.
- Specify a maximum total grant per development. Consider how the maximum grant relates to the overall project cost. Application fees are more of a barrier for small-scale projects and many non-profits and the creation of additional dwelling units.
- Eligible municipal fees that could be waived or refunded may include planning and building permit application fees, and parking (the latter if charged), which create a significant upfront financial burden on development projects.
- Providing relief from municipal fees via CIP incentive grant programs is a best practice because it allows municipalities to require successful applicants to enter into agreements that specify the duration affordable units receiving funding need to remain “affordable”.

6.1.8 Development Charges Refunds

- Development charge grants may be used instead of providing discretionary exemptions in a DC By-law. This approach provides the municipality greater control through minimum eligibility criteria, approving an annual funding amount as part of the municipal budget process, and having the ability to assess and prioritize funding applications. Using a grant program to provide relief from development charges also provides the municipality with the ability to require the recipient to enter into a binding agreement that specifies the duration affordable housing units must remain affordable.

- Development charge grants allow municipalities to limit grants for development charges to affordable rental housing and use deferral of development charge payments for affordable homeownership projects. It should be noted that due to the recently implemented provincial law Bill 23, municipal development charges, as of November 28, 2022, are no longer levied against new non-profit and co-operative housing nor affordable private sector rental housing.

6.1.9 Additional Units

- The intent is to encourage adding rental units in existing or new low-rise residential dwellings. Grants/funding needs to be scaled appropriately for small projects. A waiving or reduction of municipal fees and development charges is a suitable approach given the higher percentage cost such fees often represent for small projects such as creating additional units. Municipal fees to consider waiving or reducing include planning and building permit fees, inspection costs, and cash-in-lieu of parkland or parking.

Appendix A. Key Informant Interview Summary Report

Interviews with key informants provide a special depth of expertise and/or experience to share about an issue being studied. Their insights can make a major contribution to the framing of the issue (what is the problem?); to an understanding of the history of the issue (how did we get here?); and to our analysis of current dynamics concerning the issue (what is happening now and why?). As well, key informants often have valuable ideas about workable and unworkable solutions to the challenges of affordable housing supply and housing across the spectrum.

The consultants for this study conducted separate interviews with the key informants who were chosen to represent a range of perspectives relevant to Sarnia's current affordable housing situation. The interviews were structured around a pre-set interview guide, but they allowed for flexibility in responses. The headings in this section reflect the main questions we asked the key informants in their interviews.

Key informant interviews were conducted with:

- Sarnia non-profit housing and long-term care provider (Vision Nursing Home)
- Sarnia shelter – Inn of the Good Shephard
- Habitat for Humanity
- County of Lambton – Manager Social Services
- County of Lambton – Manager of Planning and Development Services
- County of Lambton – Manager of Housing Services
- Private developer
- Chamber of Commerce

Most interviewees took the perspective that an adequate supply of affordable housing is essential to Sarnia and was in agreement that the problem of lack of affordable housing is the result of a significant mismatch between affordable rent, vacancy rates, and homeownership costs. Other factors that contribute to the lack of accessible affordable housing according to the key informants were:

- lack of zoned land;
- lack of capacity to apply for government funding for affordable housing and no funding (e.g., SEED funding) for initial soft costs; and
- lack of capacity in the community to provide programming/tenant support to house mid- to high-acuity tenants.

The responses were nearly unanimous that the lack of market and affordable housing options is a crisis facing Sarnia. Groups facing significant housing affordability challenges include:

- professionals who want to become full-time residents of the community

- young families with children
- singles who want or need to rent
- those who want to get into the market (first-time buyers)
- employees who work at minimum wage,
- vulnerable populations such as low-income singles and those with multiple barriers to employment – i.e. those with the fewest resources in our society.

In general, there was greater emphasis in these interviews on the lack of options for renters than for buyers.

Findings from key informant interviews have been placed in a SWOT (strengths, weaknesses, opportunities, and threats).

Strengths:

- City has the authority to mandate mixed housing to counter NIMBY-ism of affordable housing projects.
- County and City are wanting to build more affordable housing in the City of Sarnia.

Weaknesses:

- Lack of land (zoned or not) and cost of land.
- Lack of capacity among non-profits, City and County staff to apply for funding. Furthermore, there is no project management capacity among non-profits to manage a new build.
- If non-profits were to increase the number of managed units, the non-profits agencies currently do not have the property management staff and have difficulty attracting/retaining property management staff. This is especially the case if tenants are medium to high-acuity and require supports.

Opportunities:

- Prioritize and/or incentivize the creation of units for singles.
- Incentivize housing across the spectrum to provide singles, couples, and families options to move to the next stage.
- SEED funding to cover initial costs for planning and development.
- Prioritize land for affordable housing or require a percentage of lots/new units to be affordable.
- The city can offer SEED money to non-profits to cover the cost of applying for funding and 'early' soft costs.
- The city wants to ensure a CIP for the development of new affordable housing is not focused solely in the downtown core. Rather, the City would prefer to have affordable units scattered throughout the city.
- Work with the college to alleviate the student demand for market rental units.

- Encourage secondary suite development or conversion of homes into multiple rental suites that are either targeted for affordability or for student housing.
- A grant of $75,000/unit is needed to incentivize affordable rental development or conversion.
- Habitat for Humanity is interested in offering multi-residential, smaller units to families and couples.

Threats

- Nimby-ism – the concern that an affordable housing project will develop a core affordable housing neighbourhood.
- Developers are building detached and semi-detached homes for the private market. There are no developers in the City or County interested or have the capacity to build multi-residential buildings. Expertise would need to come from Toronto or other large cities.

Appendix B. Affordable Housing Definitions

1 Provincial Policy Statement (2020)

Section 6.0 of the Provincial Policy Statement defines "affordable" as:

1. in the case of ownership housing, the least expensive of the:
    a. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate-income households; or
    b. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;
2. in the case of rental housing, the least expensive of the:
    a. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate-income households; or
    b. a unit for which the rent is at or below the average market rent of a unit in the regional market area.

1.1 County of Lambton Official Plan (2020)

Per Section 2.4.3 of the County of Lambton Official Plan, "affordable" is defined as the following:

1. in the case of ownership housing, housing that:
    a) costs at least 10% below average purchase prices in the regional market area; or
    b) with annual accommodation costs not exceeding 30% of household income.
2. in the case of rental housing, affordable housing means:
    a) rent that does not exceed 30% of household income, or
    b) rent that is no more than the regional market area average.

1.1.1 Sarnia Official Plan (2014 and 2022)

The current Sarnia Official Plan (2014) defines affordable housing as the following:

1. ownership housing for which the purchase price:
    a) represents annual accommodation costs that do not exceed 30% of gross annual income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution in the County of Lambton); or
    b) is at least 10% below the average purchase price of a resale unit in the County of Lambton.
2. rental housing for which the annual rent:
    a) does not exceed 30% of gross annual household income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution for rental households in the County of Lambton); or
    b) is at or below the average market rent for a unit in the County of Lambton.

The City adopted a new Official Plan on July 25th, 2022, which has been sent to the County for approval. The new Official Plan (2022) does not define the definition of affordable housing. However, Section 1.4 h) provides the following concerning interpreting the Plan:

> *h) For the purpose of interpreting this Plan, the definitions in the Planning Act, the Ontario Heritage Act, the Provincial Policy Statement, and other applicable Provincial legislation, plans, and guidelines shall apply. In all other instances, terms shall be defined in accordance with the definitions included within the Zoning By-law and, if no other definition is provided, reference to the Canadian Oxford Dictionary.*

Therefore, the PPS definition of affordable housing applies throughout the Official Plan (2022).

1.2 CMHC

Although the definition of affordable housing can differ from one area to another, traditionally within the housing industry and according to the Canadian Mortgage and Housing Corporation (CMHC), housing is affordable for a given household if it costs less than 30% of gross (before-tax) household income. However, it is worth noting that a significant number of current CMHC programs that support the creation of new affordable housing define that term concerning median market rents rather than concerning household incomes.

1.3 Affordable Housing Definition per Housing Programs

Ontario Priorities Housing Initiative (OPHI)

This is a capital funding program administered by the Municipal Service Manager where rents for the new housing are at or below 80% of CMHC Average Market Rent (AMR) in the service manager's area (County of Lambton) at the time of occupancy. The County of Lambton also may offer rent supplements, offered with both provincial and municipal funding, for some of the units in these types of developments to ensure affordability by very low-income households.

National Co-investment Program (CMHC)

At least 30% of the rental units in a development supported by Co-investment must charge rents at or below 80% of the local Median Market Rental Rate (as described in the most recent CMHC Rental Market Survey) for the unit type in question.

Appendix B. Legislative Authority

2 Planning Act

2.1 Provincial Interest

Section 2 of the *Planning Act*, R.S.O. 1990, c. P.13 requires that Planning authorities, "in carrying out their responsibilities under the *Planning Act*, shall have regard to, among other matters, matters of Provincial interest." Included as a matter of Provincial interest is "(j) the adequate provision of a full range of housing, including affordable housing…"
The Affordable Housing CIP for the City of Sarnia would encourage the provision of a full range of housing including affordable housing, consistent with the matters of Provincial interest in the *Planning Act*.

2.2 Additional Residential Units

On November 28, 2022, Bill 23, the *More Homes Built Faster Act* received Royal Assent. Among the changes made to the *Planning Act*, Section 16(3) now requires that the Official Plan not contain policies that would prohibit the use of:

> (a) two residential units in a detached house, semi-detached house, or rowhouse on a parcel of urban residential land, if all buildings and structures ancillary to the detached house, semi-detached house, or rowhouse cumulatively contain no more than one residential unit;
> (b) three residential units in a detached house, semi-detached house, or rowhouse on a parcel of urban residential land, if no building or structure ancillary to the detached house, semi-detached house, or rowhouse contains any residential units; or
> (c) one residential unit in a building or structure ancillary to a detached house, semi-detached house, or rowhouse on a parcel of urban residential land, if the detached house, semi-detached house, or rowhouse contains no more than two residential units and no other building or structure ancillary to the detached house, semi-detached house or rowhouse contains any residential units.

Note that (b) and (c) apply to parcels of urban residential land, which essentially limits circumstances permitting 3 residential units to lands zoned for residential use within settlement areas where municipal water and sanitary services are available.

Sections 16(3.1) and (3.2) further stipulate that Official Plans and Zoning By-laws may not require more than one parking space to be provided and maintained in connection with these residential units, nor specify a minimum floor area for them.

Changes to Section 42 of the *Planning Act* about Parkland exempt additional residential units from parkland dedication. Specifically, Section 42(1.3) provides that a By-law passed under Section 42 of the *Planning Act* does not apply to a second or third residential unit in a detached house, semi-detached house or rowhouse, or a building or structure ancillary to a detached house, semi-detached house or rowhouse.

Bill 23 also amends the *Development Charges Act* to exempt additional (i.e., second and third) residential units from development charges as discussed in Section 5 of this Appendix.

CIPs provide the opportunity to enhance municipal requirements regarding additional units by providing financial assistance to improve, convert, legalize, or construct new attainable dwelling units that may otherwise be cost-prohibitive.

2.3 Community Improvement

The *Planning Act* provides municipalities the authority to prepare CIPs for community revitalization, provided there are enabling policies in the local Official Plan. CIPs are intended to facilitate community revitalization and rehabilitation initiatives and may also include incentive programs to encourage development. Section 28(1) of the *Planning Act* provides the following relevant definitions:

> *"community improvement" means the planning or replanning, design or redesign, resubdivision, clearance, development or redevelopment, construction, reconstruction, and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable or other uses, buildings, structures, works, improvements or facilities, or spaces therefore, as may be appropriate or necessary;*
> *"community improvement plan" means a plan for the community improvement of a community improvement project area;*
> *"community improvement project area" means a municipality or an area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings, or for any other environmental, social or community economic development reason.*

Subsection 28(1.1) further provides that "community improvement" includes the provision of affordable housing.

2.3.1 Community Improvement Project Area

Section 28(2) of the *Planning Act* provides:

> *(2) Where there is an official plan in effect in a local municipality or in a prescribed upper-tier municipality that contains provisions relating to community improvement in the municipality, the council may, by by-law, designate the whole or any part of an area covered by such an official plan as a community improvement project area. R.S.O. 1990, c. P.13, s. 28 (2); 2006, c. 23, s. 14 (3).*

The City of Sarnia's current Official Plan (2014) contains policies related to community improvement. In particular, Policy 5.3.2 of the City of Sarnia Official Plan (2014) includes policies regarding establishing New Community Plan Areas. These policies are included in Section 5.3 of the City of Sarnia Official Plan and discussed in Section 4.1 of this report. As such, the City of Sarnia may adopt a By-law designating a community improvement project area. While the City of Sarnia's new Official Plan (2022) does not contain specific policies pertaining to the preparation of a CIP, Policy 8.7 a) provides that the City may use Community Improvement Plans as a tool to implement the policies of the Plan and may apply it throughout the entire City and/or specific geographic areas.

Section 28(3) of the *Planning Act* provides:

> *(3) When a by-law has been passed under subsection (2), the municipality may,*
> *(a) acquire land within the community improvement project area;*
> *(b) hold land acquired before or after the passing of the by-law within the community improvement project area; and*
> *(c) clear, grade, or otherwise prepare the land for community improvement. R.S.O. 1990, c. P.13, s. 28 (3); 2001, c. 17, s. 7 (3); 2015, c. 26, s. 25.*

2.3.2 Community Improvement Plan

Section 28(4) of the *Planning Act* states:

> *(4) When a by-law has been passed under subsection (2), the council may provide for the preparation of a plan suitable for adoption as a community improvement plan for the community improvement project area, and the plan may be adopted and come into effect in accordance with subsections (5) and (5.1). 2006, c. 32, Sched. C, s. 47 (1).*

2.3.3 Buildings and Land

Section 28(6) of the *Planning Act* provides Council with special powers regarding lands under the City's ownership, as follows:

> *(6) For the purpose of carrying out a community improvement plan that has come into effect, the municipality may,*
>
> > *(a) construct, repair, rehabilitate, or improve buildings on land acquired or held by it in the community improvement project area in conformity with the community improvement plan, and sell, lease, or otherwise dispose of any such buildings and the land appurtenant thereto;*
> >
> > *(b) sell, lease or otherwise dispose of any land acquired or held by it in the community improvement project area to any person or governmental authority for use in conformity with the community improvement plan. R.S.O. 1990, c. P.13, s. 28 (6); 2001, c. 17, s. 7 (6).*

Community Improvement Plans often focus on financial incentives to achieve their objectives. However, subsection 28(6) enables alternate policy mechanisms to achieve its objectives. Some examples include land banking which would give the City discretion to acquire, sell, lease, prepare, or dispose of property at or below fair market value to further achieve the affordable housing goals and objectives of the City. Alternatively, surplus land grant programs could identify lands that are surplus and determine the best use for those lands, with priority being given to developments that include affordable housing units. Under this program, the land would be awarded at a reduced cost or no cost at all. The eligibility criteria would be developed on a case-by-case basis and established through a request for proposals.

2.3.4 Incentives

Section 28(7) of the *Planning Act* further provides legislative authority to issue grants and loans as follows:

> *Grants or loans are eligible costs*
>
> *(7) For the purpose of carrying out a municipality's community improvement plan that has come into effect, the municipality may make grants or loans, in conformity with the community improvement plan, to registered owners, assessed owners, and tenants of lands and buildings within the community improvement project area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the community improvement plan. 2006, c. 23, s. 14 (8).*
>
> *Eligible costs*
>
> *(7.1) For the purposes of subsection (7), the eligible costs of a community improvement plan may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction, and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy-efficient uses, buildings, structures, works, improvements or facilities. 2006, c. 23, s. 14 (8).*

As part of the process of preparing an Affordable Housing Community Improvement Plan, the implications of a range of financial incentives to encourage the provision of affordable housing will need to be evaluated.

2.3.5 Registration of an Agreement

Section 28(11) of the *Planning Act* also enables municipalities to enter into agreements about any issued grants or loans, and the disposition of lands and enables these agreements to be registered against the title of the land.

2 Municipal Act

2.1 Exemptions Regarding Financial Assistance

Subsection 106 (1) of the *Municipal Act* provides that a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for that purpose. As per subsection (2), this includes:

(a) giving or lending any property of the municipality, including money;
(b) guaranteeing borrowing;
(c) leasing or selling any property of the municipality at below fair market value; or
(d) giving a total or partial exemption from any levy, charge or fee.

As per subsection (3), subsection (1) does not apply to a Council exercising its authority under subsections 28 (6), (7), or (7.2) of the *Planning* Act within a community improvement project area.

3 Development Charges Act

The *Development Charges Act* enables municipalities to impose development charges to pay for growth-related capital costs for municipal services. A municipality is not required to enact a Development Charge ("DC") By-law, nor is it required to impose development charges on development. The Act does outline what development charges can be charged for and what municipal services can be included in the calculation of the development charge to be imposed.

The *Development Charges Act* also identifies statutory exemptions that must be provided. These include exempting from development charges: enlargement of existing dwelling units, creation of additional dwelling units, creation of second dwelling units in new residential buildings, and non-profit housing developments, as examples. Should a municipality impose development charges, Section 5(1) of the Act prescribes how they are to be determined and allows for full or partial exemptions for types of development to be provided (see provision 10). A municipality can, through its DC By-law, provide discretionary exemptions. However, as is discussed in Section 16 of this Environmental Scan, using grant programs to provide full or partial relief from development charges offers a municipality greater flexibility and control. A grant program as part of a CIP is recommended over providing discretionary exemptions via a DC By-law.

To enact a Development Charge ("DC") By-law, Section 10(1) of the *Development Charges Act* requires the Council of a municipality to complete a Development Charge Background Study, which as per Section 10(2) of the Act, must include:

- estimates of the anticipated amount, type, and location of development;
- calculations for each service to which the DC By-law would relate;
- examination for each service, of the long-term capital and operating costs for the capital infrastructure required;
- consideration of the use of more than one DC By-law to reflect different needs for services in different areas;
- an asset management plan; and,
- such other information as may be prescribed.

Note: The Development Charges Background Study prepared for the City of Sarnia is discussed in Appendix C of this report. Bill 23 made changes to *the Development Charges Act* which came into force when the Bill received Royal Assent on November 28, 2022. Certain changes approved as part of Bill 23, specifically those about affordable and attainable residential units, will not come into force until the Lieutenant Governor issues a proclamation—these changes are discussed in more detail in Section 8 below.

4 Recent Changes to the Development Charges Act and Planning Act

Since 2019, the provincial government passed several omnibus bills that included important changes to the *Development Charges Act* and *Planning Act.* These include Bill 108 (*More Homes, More Choice Act, 2019*), Bill 138 (*Plan to Build Ontario Together Act, 2019*), Bill 197 (*COVID-19 Economic Recovery Act, 2020*), and Bill 213 (*Better for People, Smarter for Business Act, 2020*).

The combined outcome of these Bills, as they relate to the *Development Charges Act* and affordable housing, is as follows:

- Rental housing developments pay any development charges imposed in 6 equal annual payments commencing at occupancy, while non-profit housing developments pay development charges over 21 equal annual payments.
- Development charge eligible services are listed, whereas previously the *Development Charges Act* listed only ineligible services. If a service does not fall under those listed by the Act a development charge cannot be imposed for it.
- Services listed as development charge eligible may be included in a Community Benefits Charge ("CBC") under the *Planning Act*. However, Section 37(5) clarifies that capital costs intended to be funded by the CBC cannot be capital costs intended to be funded under a DC by-law.

In summary, the framework has been adjusted to provide the flexibility to use a CBC and development charges in combination, subject to limitations set out in the legislation. For an affordable housing CIP, it is important to note that separate parkland dedication provisions, including the ability to accept cash-in-lieu, were ultimately retained and remain in Section 42 of the *Planning Act*. Density bonusing, previously covered under Section 37 of the *Planning Act*, has been replaced by CBCs, which are capped at 4% of the land value and may only be imposed on developments or redevelopments that are five storeys or more and include 10 or more residential units.
Similar to development charges, before imposing a CBC on development or redevelopment a community benefit charge by-law must be passed by the municipal Council following the preparation of a community benefits strategy that identifies facilities, services, and matters to be funded by a CBC. These changes should be considered as part of the selection and development of incentive programs to include in an Affordable Housing CIP.

5 Bill 23 - Further Changes to the Development Charges Act and Planning Act

On October 23, 2022, the provincial government introduced Bill 23 (*More Homes Built Faster Act, 2022*). After some minor revisions, Bill 23 was approved and given Royal Assent just over a month later, on November 28. Bill 23 amended the *Development Charges Act* to provide new mandatory exemptions from development charges for:

- the creation of residential units in existing rental buildings with 4 or more units to the greater of one residential unit or 1% of the existing residential units in the building;
- the creation of a second or third residential unit within a new or existing detached house, semi-detached house, or rowhouse;
- the creation of one residential unit in a building ancillary to a new or existing detached house, semi-detached house, or row-house on a parcel of an urban residential land provided the new or existing detached house, semi-detached house, or rowhouse contains not more than two residential units;
- affordable and attainable residential units; and,
- non-profit housing developments, including non-profit co-operatives;

Note: the exemption for affordable and attainable residential units will come into force at an unspecific future date when a proclamation is issued by the Lieutenant Governor.

The Bill 23 amendments to the *Development Charges Act* include definitions for affordable rental and ownership of residential units, which differ from those provided in the PPS. These definitions will need to be considered when drafting CIP program incentive eligibility requirements or used to determine grant amounts or duration.

Specifically, the definition of an affordable residential unit provided in the *Development Charges Act* for the exemption from development charges is rent no greater than 80% of the average market rent or average purchase price—with the average market rent or purchase price identified in "Affordable Residential Units for the *Development Charges Act, 1997* Bulletin". Once in force, units meeting the definition of affordable residential units (rental or ownership) would automatically be exempted from paying development charges. However, a grant program covering all or a portion of development charges for development or residential units that are "affordable" but not as deeply affordable as required for the mandatory exemption could be provided if desired. Also, it is worth noting that the mandatory exemptions introduced by Bill 23 include a requirement to enter into an agreement that the affordable residential units will be maintained as affordable for 25 years.

Mandatory exemptions for the creation of second and third residential units in the *Development Charges Act* are mirrored by similar changes to the *Planning Act.* Specifically, changes to allow either three residential units in a new or existing detached house, semi-detached house, or rowhouse, or two residential units in a new or existing detached house, semi-detached house, or rowhouse and one residential unit in a building or structure ancillary to a new or existing detached house, semi-detached house, or rowhouse.

Bill 23 also makes changes to the *Planning Act* pertaining to parkland dedication and CBCs to apply a discount for affordable or attainable housing units. The proposed changes also would exclude from parkland dedication requirements non-profit housing developments, as well as second or third residential units in a detached house, semi-detached house, or rowhouse, or one residential unit in a building or structure ancillary to a detached house, semi-detached house, or rowhouse that does not contain more than two residential units. The proposed changes also reduce the maximums allowed for the alternative requirement and cash-in-lieu payments for development subject to parkland dedication. Bill 23 received Royal Assent on November 28, 2022, after this Housing Needs Assessment and Environmental Scan was drafted. Incentive programs will need to be drafted to accommodate and/or reflect changes enacted by Bill 23, particularly the expansion of mandatory DC exemptions to include affordable and attainable units as defined in the *Development Charges Act* and/or by subsequent regulations.

Appendix C. Policy Framework

1. Provincial Policy Statement, 2020

The Provincial Policy Statement provides policy direction on matters of provincial interest related to land use planning and development. As a key part of Ontario's policy-led planning system, the Provincial Policy Statement sets the policy foundation for regulating the development and use of land. It also supports the provincial goal to enhance the quality of life for all Ontarians.
Part IV of the Provincial Policy Statement includes a Vision. Included as Part of the Vision, the Provincial Policy Statement provides that "Planning authorities are encouraged to permit and facilitate a range of housing options, including new development as well as residential intensification, to respond to current and future needs." The Vision of the Provincial Policy Statement further encourages "land use patterns [that] promote a mix of housing, including affordable housing…"

1.1 Housing Policies

Housing policies are included in Section 1.4 of the Provincial Policy Statement. Policy 1.4.3 states:

> *1.4.3 Planning authorities shall provide for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by:*
>
> *a) establishing and implementing minimum targets for the provision of housing which is affordable to low- and moderate-income households and which aligns with applicable housing and homelessness plans. However, where planning is conducted by an upper-tier municipality, the upper-tier municipality in consultation with the lower-tier municipalities may identify a higher target(s) which shall represent the minimum target(s) for these lower-tier municipalities;*
>
> *b) permitting and facilitating:*
>
> *1. all housing options required to meet the social, health, economic, and well-being requirements of current and future residents, including special needs requirements and needs arising from demographic changes and employment opportunities; and*
>
> *2. all types of residential intensification, including additional residential units, and redevelopment in accordance with policy 1.1.3.3;*
>
> *c) directing the development of new housing towards locations where appropriate levels of infrastructure and public service facilities are or will be available to support current and projected needs;*
>
> *d) promoting densities for new housing which efficiently uses land, resources, infrastructure, and public service facilities, and supports the use of active transportation and transit in areas where it exists or is to be developed;*
>
> *e) requiring transit-supportive development and prioritizing intensification, including potential air rights development, in proximity to transit, including corridors and stations; and*
>
> *f) establishing development standards for residential intensification, redevelopment, and new residential development which minimize the cost of housing and facilitate compact form, while maintaining appropriate levels of public health and safety.*

The Affordable Housing Community Improvement Plan is a land use planning tool that works toward the implementation of an appropriate range and mix of housing options including affordable housing options.

1.1.1 Affordable Housing: Defined

Section 6.0 of the Provincial Policy Statement defines affordable as follows:

Affordable: means

a) in the case of ownership housing, the least expensive of:

1. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low- and moderate-income households; or

2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;

b) in the case of rental housing, the least expensive of:

1. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate-income households; or

2. a unit for which the rent is at or below the average market rent of a unit in the regional market area.

The Provincial Policy Statement provides the following definitions:

Low and moderate-income households mean:

a) in the case of ownership housing, households with incomes in the lowest 60 percent of the income distribution for the regional market area; or

b) in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.

The Provincial Policy Statement's definition of affordable will need to be incorporated into agreements that relate to incentives for affordable housing.

2. County of Lambton Official Plan (Office Consolidated, 2020)

The County of Lambton Official Plan (CLOP) is the long-range, community planning document used to guide the physical, economic, and social development of Lambton County. It contains objectives, policies, and mapping that implement the County's approach to managing growth, growing the economy, protecting the natural environment, resources, and agricultural land, and providing infrastructure. Local policies are required to conform with the CLOP. The current CLOP was adopted by Council on September 17th, 2017, and declared by LPAT to be in full force and effect on September 18th, 2020.

The current CLOP contains policies related to the development of an Affordable Housing CIP:

2.1 Improving Quality of Life

Section 2.1 of the CLOP contains policies regarding the quality of life in Lambton County. This section recognizes the importance of multiple interconnected factors that support a high quality of life. One of many key factors is the provision of stable housing, a basic need for individuals to build and sustain a high quality of life.

The following goal applies to affordable housing:

To ensure that communities are places where people of all ages, backgrounds, and capabilities can meet their individual needs for human development throughout the various stages of their lives by providing opportunities for secure long-term housing, access to healthy food, employment, entrepreneurship, learning, culture, recreation, and physical, social, emotional, and spiritual well-being in a manner that is environmentally sound.

Section 2.1 provides the following policies about housing:

2.1.3 Government efforts and expenditures shall focus on delivering quality public services and building community capacity through empowering local people and nongovernment institutions to produce healthy communities and strengthening community assets. Such assets include municipal services and affordable housing, as examples.
2.1.7 Growth will be managed so as to provide communities with a range of opportunities for work and recreation, and a choice of housing. A diverse range of activities, based on the needs of the community, including learning, health, arts, cultural, spiritual, and recreational activities are promoted by this Plan.

2.2 Housing

Section 2.3 of the existing CLOP provides policies about housing:

Policy 11. A.
2.3.1 An adequate supply of housing will be ensured by:
a) maintaining the ability to accommodate residential growth for a minimum of 10 years through intensification and redevelopment, and if necessary, lands designated for residential development; and,
b) maintaining a minimum 3-year supply of residential units available through lands available for intensification and redevelopment and draft approved and/or registered plans.
2.3.2 The County encourages the construction of an adequate supply of dwelling units to meet the needs of the local housing market. This is expected to average 449 dwelling units per year in the beginning portion of the planning period.
2.3.3 The supply, production, and affordability of housing will be monitored by the County in cooperation with the local municipalities to assess the effectiveness of these policies and to ensure an adequate supply of land, appropriately designated for housing, in accordance with Sections 2.3.1 and 2.3.2.
2.3.4 Local municipal official plans will include provisions that allow for a range and mix of housing forms, types, sizes, and tenures to meet local and County housing needs.
2.3.5 Local municipal zoning provisions will be flexible enough to permit a broad range of housing forms, types, sizes, and tenures, including accessory apartments where feasible.
2.3.6 Proponents of residential development are encouraged to provide a broad mix and range of lot sizes, dwelling types, and tenure choices suited to the needs and desires of the residents of the community.
2.3.7 This Plan supports the Lambton County Housing and Homelessness Plan - 2014-2023. The demographic projections contained in Chapter 3 and the possibility of future housing surpluses should be taken into consideration when determining land needs and desirable housing types and mix.
2.3.8 The County and local municipalities will consider the demographics and projected demographics of the local population as part of any application to designate, zone, or subdivide lands for residential purposes.
2.3.9 Future age distribution and the possibility of a decline in the demand for new dwelling units towards the end of the planning period or even a surplus of housing stock shall be taken into consideration. Medium density and apartment development and dwelling unit types and designs that can be readily consolidated with other dwelling units or converted to other appropriate uses are encouraged.
2.3.10 Residential developments, including proposals that would result in the creation of affordable housing will be located to have access to community services and facilities including public transit facilities where available, and should be in proximity to downtown hubs and cultural nodes when possible.

2.3.11 Non-profit housing developments will be dispersed throughout the County, with preference for locations that provide accessibility to the employment opportunities, services, and facilities necessary for the type of housing proposed.
2.3.12 Local municipalities are encouraged to provide opportunities for the intensification of housing. Techniques may include permitting second units in existing dwellings or detached accessory buildings, encouraging the creation of infill lots, directing housing to vacant lots in existing residential areas, the conversion of existing buildings for residential purposes, redevelopment of sites not previously used or underutilized for residential purposes, and higher densities in new development. Rooming, boarding, and lodging houses may be permitted where appropriate. It is a goal of this Plan that 20% of the new housing units provided in the County be provided through intensification and redevelopment.
2.3.13 Municipalities should develop local policies and zoning regulations that establish criteria for infill lots to protect neighbourhood character and enjoyment of abutting properties.
2.3.14 Municipalities shall permit an accessory second dwelling unit in a residential area on a residential lot occupied by a single detached, semi-detached, or townhouse dwelling, or an accessory building if a second unit does not exist within the principal dwelling. Municipalities shall develop local policies and zoning regulations that establish appropriate standards, which protect neighbourhood character, public health and safety, and enjoyment of abutting properties without unduly restricting the creation of such dwelling units.
2.3.15 Local municipalities are encouraged to use the bonusing provisions of the Planning Act to facilitate the protection of the natural heritage system and features of cultural significance when considering development proposals.
2.3.16 Suitability for housing shall be considered first for any surplus County-owned land and/or buildings. Other levels of government are encouraged to take the same approach when considering disposing of surplus lands and/or buildings. The use of surplus lands for housing will only be supported at appropriate locations.
2.3.17 Housing for senior citizens or persons with disabilities, low mobility, mental illness, or special needs should be located in proximity to community services and facilities and constructed to a standard of accessibility suitable to the potential needs of the intended occupants.

An Affordable Housing CIP would implement policies of the CLOP concerning Housing. Through the CIP, consideration will be given towards waiving, exempting, or providing grants-in-lieu of residential development charges, planning fees, and building permit fees for new affordable housing.

2.3 Affordable Housing

Section 2.4 of the CLOP provides policies about affordable housing, as well as the development of a CIP to implement affordable housing plans:

2.4.1 Affordable housing proposals will conform to all relevant policies of this Plan, particularly the housing policies in Section 2.3.
2.4.2 Community education is encouraged with respect to creating awareness of the need for affordable housing and addressing potential stigmas. Community consultation is encouraged in order to identify needs for affordable housing.
2.4.3 Affordable housing, in the case of home ownership, means housing that costs at least 10% below average purchase prices in the regional market area or with annual accommodation costs not exceeding 30% of household income. In the case of rental housing, affordable housing means rent that does not exceed 30% of household income or that is no more than the regional market area average.

2.4.4 The development of Community Improvement Plans (CIPs) is an encouraged means of implementing affordable housing plans in local municipalities.
2.4.5 To facilitate the provision of affordable and innovative housing by the private sector market, the County will support local municipalities who wish to evaluate and where appropriate adopt incentive programs and/or alternative site-development standards that reduce the cost of construction and maintenance of services. Such incentives include lower building and development charges when affordable housing is included in developments. The County may participate in local incentive programs consistent with Section 5.1.14.
2.4.6 The County encourages the creation of affordable housing provided by community-based private non-profit and co-operative groups.
2.4.7 Municipalities may participate in partnerships or assist in the creation of affordable housing or the rehabilitation of housing for low or moderate-income households.
2.4.8 Affordable housing shall be integrated within the existing community fabric and not segregated or concentrated with other affordable housing. Affordable housing shall be integrated in such a way as to minimize disruption and protect the physical character and vitality of established neighbourhoods.
2.4.9 Preference shall be for locations and communities that are accessible to municipal goods and services, healthy food retailers, commercial areas, employment, medical and health facilities, recreation, transit, trails, and non-motorized transportation. Locations within mixed-use developments are encouraged. Affordable housing units shall take into consideration accessibility needs.
2.4.10 A range of affordable housing is encouraged in proximity to cultural nodes and downtown centres to increase residents' mobility and accessibility.
2.4.11 To address the need for affordable housing at entry-level home ownership and tenancy, the County will encourage the construction of smaller apartment units and dwellings and/or the use of lower-cost furnishings.
2.4.12 Municipalities shall consider ways in which to encourage affordable housing through the utilization of existing housing stock and intensification of existing residential areas. Owners of surplus housing stock, including farm houses, should be encouraged to consider the potential for conversion to affordable housing rather than demolition.
2.4.13 It is a goal of this Plan that affordable housing units be created by conversion and or new construction in a number equal to 30% of the total number of new housing units constructed in the County. Local municipalities are encouraged to have regard for the Lambton County Housing and Homelessness Plan - 2014-2023 when setting targets in their local official plan.

3. City of Sarnia Official Plan

The City of Sarnia's Official Plan defines the community's vision for long-term growth and development in the City. To support this vision, the Plan contains goals, objectives, and policies to guide growth and development and promote a good quality of life for the citizens of Sarnia while considering important environmental, economic, cultural, and social factors. While the Official Plan is intended to be a long-term document with a 20-year horizon, it is generally viewed as a "living document" that may change as the City evolves and the plan is reviewed regularly.

The current Official Plan was adopted by Council on June 30th, 2014, and approved on February 6th, 2015, by the County of Lambton. Recently, the City of Sarnia adopted a new Official Plan on July 25th, 2022. The new Official Plan has been forwarded to the County of Lambton for approval.

3.1 Current Official Plan (2014)

Section 5.3 of the current Official Plan (2014) outlines the policies related to community improvement that will guide the City in identifying and prioritizing CIP areas and projects. Policy 5.3.1 provides the framework for Community Improvement Areas within the City:

> *1. Community Improvement Area*
> *The entire City shall be designated as a Community Improvement Area in order to:*
> *a) contribute to and enhance a sense of community;*
> *b) upgrade and improve municipal infrastructure where it is deficient;*
> *c) maintain and rehabilitate neighbourhoods;*
> *d) enhance social and recreational facilities;*
> *e) increase the economic potential of commercial districts;*
> *f) enhance the economic potential of the City's employment districts; and*
> *g) enhance environmental attributes.*
> *The Community Improvement Area may be designated, in whole or in part, by by-law, as one or more defined Community Improvement Project Areas for which detailed Community Improvement Plans shall be prepared.*

Policy 5.3.2 sets out the following criteria for CIP areas:

> *2. Community Improvement Project Area Criteria*
> *In order to achieve the objectives listed above, candidates for Community Improvement Project Areas shall be identified for areas exhibiting one or more of the following characteristics:*
> *a) the area is identified as a growth area on Map 1;*
> *b) the local building stock is in need of repair;*
> *c) there are conflicts between incompatible land uses and activities;*
> *d) public infrastructure and/or amenities, including parks, open spaces, beach access, community facilities, and streetscapes are deficient or deteriorated;*
> *e) public access to the Lake Huron waterfront is deficient;*
> *f) barriers to the improvement or redevelopment of vacant or underused land or buildings include contaminated soil, fragmented ownership, or financial disincentive to private investment; or*
> *g) social, environmental, and/or economic conditions are declining.*
> *The City may acquire and hold land within a Community Improvement Project Area and clear, grade, or otherwise prepare the land for community improvement.*

Policy 5.3.3 provides direction on how CIPs should be prepared:

> *3. Community Improvement Plans*
> *For Community Improvement Project Areas, Community Improvement Plans shall be prepared to provide direction for one or more of the following:*
> *a) strategic and co-ordinated public investment to repair or upgrade municipal infrastructure, community services, and/or public amenity;*
> *b) allocation of public funds, in the form of grants, loans, or other finance instruments, for the physical rehabilitation or improvement of private land and/or buildings including rehabilitation of contaminated properties;*
> *c) municipal acquisition of lands or buildings and any subsequent clearance, rehabilitation, redevelopment, or resale of these properties;*
> *d) municipal investment to complement projects sponsored by a Business Improvement Area or Employment Area Association; and*
> *e) other municipal actions, programs, or investments to stimulate the production of affordable housing, strengthen neighbourhood stability, facilitate local physical or economic growth, improve social or environmental conditions, or promote cultural development.*

Policy 5.3.4 notes the importance of identifying cultural heritage resources and ensuring their conservation in the preparation of a CIP:

> *4. Cultural and Natural Heritage in Community Improvement Project Areas*
> *Any community improvement plan shall identify cultural heritage resources and provide for their conservation. In addition to other measures described in this Plan, the City may make use of programs under the Ontario Heritage Act to support the preservation of historic buildings. In addition to other measures described in this Plan, the City may make use of and work with provincial or federal government programs to support the preservation and conservation of cultural and natural heritage in Community Improvement Project Areas.*

Lastly, Policy 5.3.5 highlights the importance of collaboration with community groups and consultation with the public during the preparation of a CIP:

> *5. Cooperation with Community Groups*
> *Local service clubs and organizations can help provide needed or desired community facilities, and organize and host special events, festivals, and promotions.*
> *During the preparation of a Community Improvement Plan and any subsequent amendments, the public will be kept informed and public input will be obtained in keeping with the policies for Public Notification contained in this Plan.*

3.1.1 Guiding Principles

In formulating the current Official Plan (2014), six key principles were identified that will help achieve Sarnia's vision as a sustainable city:

- *Strengthen the Existing City Structure*
- *Encourage Inclusive and Stable Neighborhoods*
- *Enhance the Protection of the Environment*
- *Pursue Economic Retention and Diversification*
- *Implement Good Community Design*
- *Improve Accessibility and Connectivity*

These principles form the basis of the Official Plan policies. The provision of Affordable Housing falls under Principle 2.2 – Encourage Inclusive and Stable Neighborhoods. This principle and its relevant objectives are as follows:

> *2.2 Encourage Inclusive and Stable Neighborhoods*
> - *support Sarnia as a complete community that provides a mix of land uses, including a balance of housing, shopping, employment, community services, and parks*
> - *ensure that residents have safe, stimulating, and inviting surroundings, and live comfortably and securely in the city*
> - *support housing choices for people in their communities at all stages of their lives*

3.1.2 City Structure

Section 3 of the City of Sarnia's Official Plan (2014) provides that Sarnia's development patterns have been shaped by its geographical features and its historical pattern of settlement, leading to a structure that reflects areas of various functions and intensity (see Map 1: City Structure Plan). The City is composed of two distinct environments that are separated by an urban boundary: urban and prime agricultural areas. These are described as follows:

- Urban Area - The Urban Area is defined by the Urban Boundary which establishes the limits of urban development and provides private sector investors with development certainty, as this Boundary clearly demarcates the lands which are intended to be served with full municipal services (and those which are not) within the timeframe of this Plan.

Lands within this area are already serviced, or are intended to be serviced, with major roads, transit, and piped sewer and water services. This supply of land is comprised of two sub-areas: the Built-Up Area within the Built Boundary; and Greenfield Area.

  - Built-Up Area includes lands that are already developed within the Built Boundary. The Built Boundary is important for measuring and monitoring intensification rates, as all growth that occurs within the Built Boundary is considered to be "intensification". The Built-Up Area consists of Growth Areas and Stable Areas. Growth Areas consist of concentrated areas that are to be the focus of development, redevelopment, and intensification, which includes the downtown, centres, corridors, commercial hubs, and employment areas. Stable Areas are comprised of stable residential areas and parks and open spaces that are existing will develop, mature, and gradually adapt as the City evolves, with an emphasis on maintenance and enhancement of these areas.
  - Greenfield Areas are the lands within the Urban Boundary that are not built up and outside of the City's Built Boundary.

- Prime Agricultural Area is a non-renewable resource base that shall be protected for agriculture in the long term. These are resource areas to be protected and improved, intended for rural and agricultural activities in a stable and predictable environment.

3.1.3 Intensification Target

The Built-Up Area is intended to accommodate a significant amount of development in the City. Per Section 3.6, the City has set forth a minimum 40% intensification target for all new residential units within the period covered in this Official Plan, with monitoring carried out at the County and municipal level to ensure conformity with this target.

3.1.4 Greenfield Areas

Greenfield areas will accommodate a portion of new residential, non-residential, industrial, and commercial areas. Residential Greenfields areas are planned to accommodate long-range residential needs. They are to be consistent with the existing city structure and should be appropriately developed following a secondary plan to ensure orderly and efficient development that integrates with the surrounding urban areas.

3.1.5 Urban Land-Uses

Chapter 4 of the City's current Official Plan (2014) provides urban Land Use Policies and describes different designations that apply to lands within the City. An overview of these land-use designations is identified on Map 7 of the City's Official Plan (2014). Maps 8 to 11 provide further detail on these land-use designations. These are provided as follows:

3.1.6 Stable Residential Areas

Stable Residential Areas are areas in the City with existing residences and community functions such as schools, parks, places of worship, and community centres. These areas are intended to remain stable but not static and will require maintenance and enhancement to ensure a better quality of life for residents. Limited residential intensification will be permitted in a manner that respects and reinforces the existing and planned character of the area so that existing and future neighborhoods may be protected.

Designation	Planned Function	Permitted Housing Types

Urban Residential	Intended to provide lower-density residential uses as well as parks, and minor institutional, commercial, and recreational uses.	Single-detached dwellings, semi-detached dwellings, group homes, duplexes, triplexes, and townhouses.
Suburban Residential	Intended to maintain the historic cottage development along Lake Huron through low-density residential uses with a municipal water supply and private septic systems, as well as parks, and minor institutional, commercial, and recreational uses ancillary to the residential uses.	Low-density detached residential dwellings.
Apartment Residential	Intended to provide medium to higher-density residential uses in existing apartment neighborhoods in the City.	Apartment buildings, single-detached dwellings, semi-detached dwellings, group homes, duplexes, triplexes, and townhouses.
Private Residential	Intended to ensure proper maintenance and positive contribution to the City's character and amenities.	Single-detached dwellings (land-lease community homes), park model trailers, mobile homes.
Institutional	Intended to provide sufficient lands for large-scale institutional and educational facilities.	Medium- and high-density residential uses are permitted in locations that do not undermine large-format institutional and educational facilities.

3.1.7 Parks and Open Spaces

Section 4.5 of the City's Official Plan recognizes the importance of parks and open space in supporting the social well-being of residents while protecting, enhancing, and restoring links between parks and open spaces and the natural heritage system. This designation provides for a range of passive and active recreational activities for all ages while preserving and enhancing the natural features of the City's environment. No residential uses are permitted within this designation.

Designation	Planned Function	Permitted Housing Types
Parks	Provide various parks and public open space uses as well as conservation use, stormwater detention areas, and ancillary structures and buildings.	Not permitted.
Open Space	Provide private land and locations for recreational opportunities and physical linkages that enhance the community and neighborhood character.	Not permitted.

3.1.7.1 Mainstreet and Commercial Areas

Section 4.6 of the Official Plan sets out the commercial land-use designations, with policies supporting housing in locations that do not undermine large-scale retail opportunities while supporting renewal and regeneration through mixed-uses and integration with the existing neighborhood. A range of

housing types, including affordable housing, are permitted in all designations except the Highway Commercial designation.

Designation	Planned Function	Permitted Housing Types
Downtown	To recognize that the downtown is the highest priority growth area in the City and Lambton County by providing a range of uses that allow for access to housing, jobs, services, and recreation in proximity to each other.	A range of housing types including affordable and supportive housing, and specialized residential uses such as senior citizens apartments, in medium- and high-density mixed-use buildings.
Commercial Centre	To provide for major concentrations of shopping facilities that serve the City and broader regional community, as well as shopping for surrounding communities and neighborhoods.	A range of housing types in medium- and high-density mixed-use buildings.
Mixed Use	To provide for convenience retail, office, and service functions to serve the needs of surrounding communities and neighborhoods and revitalize existing commercial areas as focal points for pedestrian activity and transit routes.	A range of housing types in appropriate buildings to the rear or upper floors of commercial uses.
Highway Commercial	To serve the shopping needs of the City and the daily needs of residential areas.	Not permitted.

3.1.7.2 Employment Areas

Section 4.7 of the Official Plan provides the land-use policies for Employment Areas. These areas are intended to accommodate industrial growth in jobs and meet the needs of the City's key economic clusters. Due to their nature, residential uses are not permitted in these areas.

Designation	Planned Function	Permitted Housing Types
Heavy Industrial	To accommodate existing and future large-scale industrial uses that are inappropriate elsewhere in the City, requiring locations in proximity to a variety of transportation modes.	Not permitted.
Light Industrial	To permit a full range of non-noxious employment uses and	Residential uses are not permitted; however, a dwelling unit for a caretaker or watch person may be permitted provided that is structurally attached to the main permitted use on the lot.
Business Park	To accommodate the demand for employment areas and to enhance the City's competitiveness in attracting new businesses and retaining existing businesses.	Not permitted.

3.1.7.3 Prime Agricultural Areas

Section 4.2 of the City's Official Plan recognizes that prime agricultural areas are a non-renewable resource base characterized by good farmland and should be protected for the long term. Within the prime agricultural areas are two designations: agriculture and resource extraction. Accessory farm dwellings and temporary dwellings are permitted in the Agricultural designation; no residential dwellings are permitted within the Resource Extraction designation.

Designation	Planned Function	Permitted Housing Types
Agriculture	To protect farmland for agriculture and support a wide range of agricultural and related small-scale uses.	Associated on-farm buildings and structures including accessory farm dwellings and additional temporary dwellings for seasonal labour.
Resource Extraction	To provide for resource extraction opportunities.	Not permitted.

3.1.7.4 Natural Heritage

Section 4.3 of the Official Plan sets out the policies for the natural heritage system, which consists of core natural areas, linkages, landforms, and functions that are recognized as essential to the maintenance of the ecosystem's health, connectivity, and diversity. Land-use designations within the natural heritage system are intended to protect the significant natural heritage features; as such, no residential uses are permitted.

Designation	Planned Function	Permitted Housing Types
Natural Areas	To protect significant natural features and areas.	Not permitted.
Natural Hazards	To prevent damage and harm by directing developments away from natural hazards.	Not permitted.

3.1.7.5 Chris Hadfield Airport

Section 4.8 of the Official Plan recognizes the unique importance of the Chris Hadfield Airport and its economic role in the City. It is the intent of the Plan to protect this transportation asset from land-use conflicts and competing uses while ensuring that there are no negative impacts on the long-term function of the Airport. As such, no residential uses are permitted within this designation.

Designation	Planned Function	Permitted Housing Types
Airport	To permit airport and airport-related uses to protect the long-term operation and economic role of the Chris Hadfield Airport and provide a land base to attract firms that require access to airport facilities.	Not permitted.

3.1.7.6 Affordable Housing

Section 5.10 of the Official Plan sets out the City's support for the provision of a full range of housing forms, types, densities, and tenures. Section 5.10.1 states the intent of the Official Plan to achieve a target of 25% affordable units in all new developments, to be supported through height and/or density incentives. The following policies outline the provisions for affordable housing developments and rental housing conversion as follows:

1. Affordable Housing

Affordable housing is defined as:

a) ownership housing for which the purchase price:
i) represents annual accommodation costs that do not exceed 30% of gross annual income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution in the County of Lambton); or
ii) is at least 10% below the average purchase price of a resale unit in the County of Lambton.
b) rental housing for which the annual rent:
i) does not exceed 30% of gross annual household income for low- and moderate-income households (households with incomes in the lowest 60% of income distribution for rental households in the County of Lambton); or
ii) is at or below the average market rent for a unit in the County of Lambton.
This Plan sets a target of 25% affordable units for all new housing developments. In support of this target, the City may use height and/or density incentives in accordance with Section 7.2(8) of this Plan.

2. Rental Housing Conversion
The conversion of rental housing to condominium tenure refers to the change in status of purpose-built multi-unit rental housing units to condominium ownership. Existing rental housing buildings include those that are totally occupied, partially occupied, or unoccupied. The supply, availability, and quality of rental housing in the City should meet the housing requirements of current and future residents. Therefore, the City shall not support the conversion of multi-unit rental housing to condominium ownership unless all of the following criteria have been met to the satisfaction of the City:
a) the rental vacancy rate by dwelling structure/type for the City of Sarnia has exceeded 3.0% for the preceding four-year reporting period as defined and reported yearly through the Canada Mortgage and Housing Corporation (CMHC) Rental Housing Market Survey;
b) the existing market rents of the units proposed for conversion are above the average market rent levels for the City of Sarnia as reported yearly by the CMHC Rental Housing Market Survey for rental units of a similar dwelling/structure and bedroom type. The City may require applicants to submit rental rolls on a per-unit basis as proof of rental values in this regard;
c) the proposed conversion will not result in the loss of 10% or more of the existing rental stock of the same dwelling type within the City of Sarnia;
d) a community consultation and public meeting has been held on the proposed conversion, to which the owner and all tenants of the subject building(s) have been invited;
e) the building proposed for conversion meets the City's standards of maintenance and occupancy, and the requirements of the Ontario Building Code and the Ontario Fire Code or is proposed to be brought into full conformity in accordance with such standards as a condition of the conversion;
f) the applicant has agreed to dedicate lands for parkland purposes, or provide cash-in-lieu of parkland to the City in accordance with the requirements of the Planning Act as a condition of the conversion;
g) the proposed use of the land and building to be converted conforms, or will be brought into conformity, with the City's zoning regulations affecting such land(s) and building(s) as a condition of the conversion;
h) tenants of the building have the option to continue to lease their units following approval for conversion to condominium in accordance with the provisions of the Residential Tenancies Act or any successor legislation; and
i) tenants of the building are given the first right of refusal to purchase a condominium unit in the conversion in accordance with the provisions of the Residential Tenancies Act or any successor legislation.

4. New Official Plan (2022)

The City of Sarnia adopted a new Official Plan on July 25th, 2022. This new Official Plan is intended to provide a comprehensive framework for future development and growth management to 2046 while ensuring conformity with the County of Lambton Official Plan and consistency with the Provincial Policy Statement (PPS), concerning matters of provincial interest.
Unlike the City's current Official Plan (2014), the new Official Plan (2022) does not set out the criteria for the establishment of a CIP. An Official Plan Amendment will be required to set out the criteria for the establishment of a CIP.

4.1 Fundamental Planning Principles

Section 2 of the City's new Official Plan (2022) sets out five fundamental planning principles on which the policies of this Plan are to be based. These fundamental planning principles were informed by the results of the public consultation program associated with the City's new Official Plan (2022) and are outlined below:

1. A Sustainable/Resilient City
2. A Complete Community
3. A Beautiful and Well-Designed City
4. A Healthy City
5. A Viable City

Section 3 of the Official Plan (2022) sets out the policies that govern the basis of these planning principles. Section 3.2 contains policies for Principle 2: A Complete Community. Policies in this section pertain to the provision of a full range of housing, including but not limited to affordable housing. The applicable policies related to housing are set out as follows:

Elements of the Principle of a Complete Community

b) Elements of the principle of a complete community included within this Plan include:

ii. Encourage and support the provision of a full range and mix of housing options to meet the needs of all residents throughout their life-cycles, including the provision of affordable and accessible units;

Mixed-Use Centres and Corridors – The Strategic Growth Areas

c) The urban structure promoted in this Plan includes a focus on Downtown Sarnia and Mitton Village as well as the identification of a number of higher-intensity mixed-use centres and corridors. The policies of this Plan will support that urban structure by:

iii. Promoting the development of a full range and mix of housing types and tenures, including special needs housing and housing that is affordable in accordance with the affordable housing requirements identified in this Plan;

A Range and Mix of Housing Types

d) The City shall encourage a mix and range of market-based housing types, styles, tenures, and affordability characteristics to meet the needs of a growing and diverse population.

e) The City shall make best efforts to maintain:

i. A minimum 15-year supply of lands to accommodate growth through residential intensification and redevelopment, and greenfield lands which are designated and available for residential development; and,

ii. A minimum 5-year supply of residential units available through lands suitably zoned to facilitate residential intensification and redevelopment, and land in draft approved and registered plans.

f) Housing mix within the Greenfield Areas, identified on Schedule 1, including within the Area 2 Secondary Plan, may be regulated through the imposition of a minimum Greenfield Density Target.

Affordable Housing

g) The City shall promote the supply of new affordable housing in a variety of locations, dwelling types, and tenures throughout the City. The City's target shall be 30% of all new dwelling units built over the horizon of this Plan to be affordable.

h) The City may become directly involved in the supply of affordable housing through land acquisitions, development partnerships, and, potentially, financial incentives. Further, the following planning strategies may be considered by the City in an effort to achieve its affordable housing target:

i. Promote higher density housing forms, where housing is more affordable due to reduced per-unit land costs, within the identified mixed-use centres and corridors including Downtown Sarnia. Higher-density housing forms should include a range of unit sizes;

ii. Encourage the development of smaller dwelling units, where housing is considered more affordable due to lower construction costs;

iii. Encourage the inclusion of affordable housing units within subdivisions and larger-scale developments;

iv. Develop educational materials to increase awareness of innovative and non-traditional housing models that make homeownership more affordable;

v. Ensure that the provisions of the Zoning By-Law are sufficiently flexible to permit a range of innovative housing types and sizes, including Additional Residential Units, cohousing, communal housing, and life-lease housing; and,

vi. Encourage the creation of residential uses above commercial uses within the identified mixed-use centres and corridors - including in Downtown Sarnia.

i) The following strategies shall be considered by the City in an effort to incentivize barrier-free and/or affordable housing:

i. Consider affordable housing as a priority use for surplus City-owned land, and work with other levels of government to make surplus land available to providers of affordable housing at little or no cost;

ii. Provide targeted relief from development, planning, permit and other fees normally charged for projects that provide affordable housing;

iii. Apply for government grants and/or subsidies, including land dedication, that will reduce overall development costs;

iv. Inform the development community of government grants available to encourage the creation of affordable housing;

v. Streamline the approvals process for projects that provide affordable housing;

vi. Reduce parking requirements and/or parkland dedication requirements for projects that provide affordable housing; and,

vii. Identify affordable housing as a Community Benefit, to qualify for potential financial incentives provided under the Community Benefits By-law and/or carry out a Community Improvement Plan and provide financial incentive programs to qualifying projects.

j) The following agreements/partnerships and associated implementation tools may be considered by the City in an effort to achieve affordable housing objectives:

i. Coordinate and collaborate with local housing advocacy groups, community partners, government agencies, and the private sector to support the affordable housing policies of this Plan and to promote innovative housing forms, development techniques, and incentives that will facilitate the provision of affordable housing; and,

ii. Work with the County to provide planning support services to local housing advocacy groups and community service agencies who are interested in pursuing the provision of special needs housing, and/or affordable housing throughout the City.

Section 3.4 contains policies for Principle 4: A Healthy City. Policies in this section encompass support for physical, social, and mental well-being. Among these policies is the provision of affordable housing, with Policy 3.4 a) stating:

4.2 Policies for a Healthy City

a) The City is supportive of being a Healthy City that plans for public health, including physical, social, and mental well-being. The City shall ensure that public health considerations are a crucial part of decision-making and are fully integrated with requirements for equitable access to healthy food, clean air, and water, safe environments, and opportunities for physical activity. Elements of the principle of a Healthy City included within this Plan include:

ii. Inclusiveness, with a full range and mix of housing types, including affordable housing choices, and special needs housing and planning for age-in-place facilities within the community that anticipate changing housing needs for an aging population;

4.2.1 Growth Management and Forecasts

Section 3 of the City of Sarnia's Official Plan (2022) provides the City's Growth Management Strategy. The focus of the Strategy is to direct growth through a mix of intensification within the Built-Up Area and development within the Greenfield Areas in the designated Urban Area Boundary. The Growth Management Strategy also supports intensification and development within several strategic growth areas. Policy 4.3 b) provides that a minimum of 45% of all new residential development within the City should be identified as intensification and occur within the Built-Up Area.

The City of Sarnia Official Plan provides Growth Forecasts as part of its Growth Management Strategy, which is intended to be minimum growth targets to be achieved. The Growth Management Background Review provides relevant forecasts as follows:

Population and Employment Forecasts:

	2046	Change from 2021
Population Forecasts	86,950	+ 12,650
Employment Forecasts	35,400	+ 7,250

Section 4.3 of the Official Plan (2022) provides the following concerning the allocation of servicing for developments and the provision of affordable housing:

Phasing

h) All development approvals within Sarnia shall be explicitly linked to the ability of the City to provide municipal sewage treatment and water supply infrastructure, based on the capacity of both the wastewater treatment plant and the water filtration plant to accommodate growth. The City shall allocate capacity to individual development proposals on the basis of the following criteria:

i. Conformity with all of the relevant policies of this Plan, including, where applicable:
> Achievement of the required housing mix and Greenfield Density Target;
> Contribution to the Intensification Target; and,
> Contribution toward the Affordable Housing Targets.

j) Notwithstanding any other policies of this Plan, it shall remain the prerogative of Council to retain its options for choice in assigning capacity within the municipal service infrastructure systems to any development proposal that positively responds to changing community needs, specifically the extent to which any proposed development facilitates:

ii. The City as a complete community in terms of the provision of range and mix of land uses and housing types, including housing that is more attainable/affordable; and/or.

4.2.2 City Structure

Section 4.2 of the Official Plan provides the City's structure in supporting well-managed growth within the urban structure. Sarnia's current and future pattern is influenced by several large structural elements (see Schedule 1: City Structure Plan). The City is composed of an Urban Area, an Agricultural and Rural Area, and the Greenlands System. These are described as follows:

- Urban Area - The Urban Area is defined by the Settlement Area Boundary which establishes the limits of urban development and provides private sector investors with development certainty, as this Boundary clearly demarcates the lands which are intended to be served with full municipal services (and those which are not) within the timeframe of this Plan. Lands within this area are already serviced, or are intended to be serviced, with major roads, transit, and piped sewer and water services. This supply of land is comprised of two sub-areas: the Built-Up Area within the Built Boundary; and Greenfield Area.
    - Built-Up Area includes lands that are already developed within the defined Built Boundary. The Built Boundary is important for measuring and monitoring intensification rates, as all growth that occurs within the Built Boundary is considered to be "intensification". The Built-Up Area includes primarily lands that are already developed with urban land uses and some lands that are currently vacant.
    - Greenfield Areas are the lands within the Settlement Area Boundary that are not built up and are outside of the City's Built Boundary. The identified Greenfield Areas are intended to accommodate significant growth over the planning horizon of this Plan and include the Area 2 Secondary Plan, GA-Employment Areas, and GA-Strategic Growth Areas.
- Agricultural and Rural Area is comprised of lands outside of the Settlement Area Boundary and is not provided with municipal service infrastructure. It provides a land base where rural and agricultural activities can occur in a stable and predictable environment. The predominant activity in this area is farming, but other limited non-farm activities can occur within the Agricultural Area. It also includes the Greenlands System, which identifies existing public parks, open spaces, natural hazards, and natural heritage features where development is prohibited.

4.2.3 Intensification and Housing

Policy 4.3 b) of the Official Plan (2022) provides that a minimum of 45% of all new residential development within the City shall be through intensification on an annual basis until 2046. Residential intensification is to be directed to Existing Strategic Growth Areas, to accommodate higher-density, mixed-use developments that will support an efficient and integrated transit system. It is the intent of the Existing Strategic Growth Areas to connect different areas of the City to provide different communication functions and a mix of scales and land uses.

Per Policy 4.3 c), the following initiatives will guide residential intensification:

> *i. Intensification opportunities will be primarily accommodated within the Existing Strategic Growth Areas;*
>
> *ii. Intensification opportunities within the Existing Community Areas will be well managed, and will be primarily focused on the achievement of compatible development, including modest infill and redevelopment opportunities, and the development of Additional Residential Units, as defined in this Plan; and,*
>
> *iii. Intensification of the Existing Employment Areas within the Built-Up Area will be encouraged, where appropriate.*

4.2.4 Greenfield Development

A significant amount of growth is intended to be accommodated in Greenfield Areas as they develop as new Community Areas, new Strategic Growth Areas, and new Employment Areas. Notably, the Area 2 Secondary Plan will play a key role in accommodating growth to 2046.

Policy 4.3 e) provides that the Area 2 secondary Plan will achieve an overall minimum density of 55 residents and jobs per hectare. The Greenfield Density Target will be achieved through a mix of varying house forms. Furthermore, Policy 4.3 g) states that Strategic Growth Areas within Greenfield Areas will not have a minimum density target, although policies in this Plan will promote higher intensity, mixed-use development that will support the City's intensification target and support ongoing investments in transit.

4.2.5 Built-Form Specific Policies

Section 5.1.5 provides for specific land-use/built-form policies. The following sections outline the relevant built-form policies.

4.2.5.1 Low-Rise Buildings

5.1 .5.1 Policies for Low–Rise Buildings

a) Where Low-Rise Buildings are specifically identified as a permitted built form within any Designation in this Plan, the maximum building height shall be 3 storeys, or 11 metres in height, whichever is less. Built forms that are considered to be Low-Rise Buildings include:

i. Single detached, duplex, and semi-detached dwellings;
ii. Triplex and four-plex dwellings;
iii. Townhouse dwellings;
iv. Additional Residential Units;
v. Buildings with a mixture of uses; and,
vi. Any other use that is accommodated in a building that is 3 storeys, or 11 metres in height, whichever is less.

b) Low-Rise Buildings shall generally be located on Local Roads. New Low-Rise Buildings that are located adjacent to Highways, Arterial Roads, or Collector Roads will be required, wherever possible, to develop in a manner that will minimize direct access to such highways or roads.

4.2.5.2 Mid-Rise Buildings

5.1 .5.2 Policies for Mid-Rise Buildings

a) Where Mid-Rise Buildings are specifically identified as a permitted use within any Designation in this Plan, they shall be a minimum height of 3 storeys. Mid-Rise Buildings shall be a maximum height of 6 storeys, or 22 metres, whichever is less. Built forms that are considered to be Mid-Rise Buildings include:

i. Townhouses dwellings;
ii. Apartment buildings;
iii. Office buildings; and,
iv. Mixed-use buildings.

b) The City may identify sites for the development of Mid-Rise Buildings within the Zoning Bylaw. When a site-specific Zoning By-law is under consideration to permit a new Mid-Rise Buildings, the proposed development must meet the following criteria, to the satisfaction of the City:

i. Be on a site of suitable size for the proposed development, and provide adequate landscaping, amenity features, buffering, on-site parking, and garbage pickup and recycling services;
ii. Be located in proximity to parks, open space, and other public service facilities, services, and amenities;

iii. Have access to utilities and municipal service infrastructure that can adequately serve the proposed development;
iv. Have frontage on a Collector or Arterial Road; and,
v. Have convenient access to an existing or planned public transit stop (generally within 400m).

c) For a Mid-Rise Building to achieve the identified maximum height on any site, in any Designation in this Plan, the City shall be satisfied that the building is compatible with and can be sensitively integrated with the surrounding and abutting land uses. The key is the appropriate transition to adjacent uses and built forms and the City shall implement special measures in the Urban Design Guidelines and in the Zoning By-law, such as reduced building heights, angular planes, step backs, increased building setbacks or enhanced landscape buffers may be required to ensure sensitive integration.
d) The City shall encourage the use of structured parking facilities for Mid-Rise Buildings.

4.2.5.3 High-Rise Buildings

5.1 .5.3 Policies for High-Rise Buildings

a) Where High-Rise Buildings are specifically identified as a permitted use within any Designation in this Plan, they shall be taller than 6 storeys or 22 metres in height, whichever is greater. The maximum height shall be 12 storeys, or 45 metres, whichever is less.
b) When a site-specific Zoning By-law is under consideration to permit a new High-Rise Building, the proposed development must meet the following criteria, to the satisfaction of the City:

i. Be on a site of suitable size for the proposed development, and provide adequate landscaping, amenity features, buffering, on-site parking, and garbage pickup and recycling services;
ii. Be located in proximity to parks, open space, and other public service facilities, services, and amenities;
iii. Have access to utilities and service infrastructure that can adequately serve the proposed development;
iv. Have frontage on a Collector or Arterial Road; and,
v. Be located at highly accessible locations, generally within 250 metres of an existing or planned public transit stop and, where possible, within 500 metres of schools, commercial facilities and/or parks, open space, and/or other public service facilities, services, and amenities.

c) For a High-Rise Building to achieve the identified maximum height on any site, in any Designation in this Plan, the City shall be satisfied that the building is compatible with and can be sensitively integrated with the surrounding and abutting land uses. The key is the appropriate transition to adjacent uses and built forms and the City shall implement special measures in the Urban Design Guideline and in the Zoning By-law, such as reduced building heights, angular planes, step backs, increased building setbacks or enhanced landscape buffers may be required to ensure sensitive integration.
d) The City shall encourage the use of structured parking facilities for High-Rise Buildings.

4.2.5.4 Additional Residential Units

5.1 .5.4 Policies for Additional Residential Units

a) Where Additional Residential Units are specifically identified as a permitted use within any Designation in this Plan, they can be either within an existing dwelling and/or within an accessory detached building on a residential lot. Each specified residential property is permitted to have either an Additional Residential Unit (attached) or an Additional Residential Unit (detached), or one of each.
b) An Additional Residential Unit (attached) that is wholly enclosed within an existing single detached, semi-detached, and/or townhouse building is permitted, subject to conformity with the following policies:

i. The Additional Residential Unit (attached) shall only be created and used in accordance with the provisions of the Zoning By-law; and,

ii. The Additional Residential Unit (attached) shall have a maximum gross floor area of no more than 40% of the primary dwelling unit's gross floor area.

c) An Additional Residential Unit (detached) is permitted in a detached accessory building or structure on a lot that includes a primary single detached, semi-detached, and/or townhouse building, subject to conformity with the following policies:

i The Additional Residential Unit (detached) shall only be created and used in accordance with the provisions of the Zoning By-law;

ii. The creation of the Additional Residential Unit (detached) shall not require a second driveway on the property. However, an additional required parking space may be accommodated as a tandem parking space on the lot;

iii. The Additional Residential Unit (detached) shall have a maximum gross floor area of no more than 75 square metres;

iv. Land containing the detached accessory building in which the Additional Residential Unit (detached) is located will be prohibited from being severed from the property; and,

v. The Additional Residential Unit (detached) shall be connected to municipal service infrastructure, or if located in the Rural/Agricultural Area, can be provided with appropriate water and sewage services, to the satisfaction of the City.

4.2.5.5 Special Needs Housing

5.1 .5.5 Policies for Special Needs Housing

a) Special Needs Housing includes all types of residences licensed or funded under a federal or provincial statute for the accommodation of persons living under supervision and who, by reason of their age, emotional, mental, social, or physical condition, require, or desire a group living arrangement for their well-being.

b) Where Special Needs Housing is specifically identified as a permitted use within any Designation in this Plan, it shall conform to the associated criteria for Low-Rise, Mid-Rise, or High-Rise Buildings that are also identified as permitted within the Designation, subject to the provisions of the Zoning By-law.

c) Small-scale Special Needs Housing (accommodated within a Low-Rise Building) shall be subject to the provisions of the applicable Zoning By-law, and the satisfaction of the following criteria:

i. Any changes to a building resulting from the conversion to Special Needs Housing shall be in keeping with the physical form and character of the surrounding neighbourhood;

ii. Municipal property maintenance standards and all other relevant municipal regulations and standards shall apply to the Special Needs Housing; and,

iii. Special Needs Housing operators shall obtain a license in accordance with the requirements of the applicable authority.

d) Large-scale Special Needs Housing (accommodated within a Mid-Rise or High-Rise Building) shall be subject to the provisions of the applicable Zoning By-law, and the satisfaction of the following criteria:

i. The site is adjacent to and has direct access to an Arterial or Collector Road;

ii. The site is located with convenient access to public service facilities;

iii. The lot size and configuration is sufficient to accommodate the building, required parking, and amenity areas;

iv. Any changes to a building resulting from the conversion to Special Needs Housing shall be in keeping with the physical form and character of the surrounding neighbourhood;

v. Municipal property maintenance standards and all other relevant municipal regulations and standards shall apply to the Special Needs Housing; and,
vi. Special Needs Housing Facility operators shall obtain a license in accordance with the requirements of the applicable authority.

e) Large-scale Special Needs Housing, where the use includes specific health or life care services as the primary use, shall only be located within the Major Institutional Designation and shall be subject to specific regulations in the Zoning By-law, and provided that:

i. Adequate buffering, parking and amenity areas can be provided on-site;
ii. The proposed site is located with frontage onto a Collector or an Arterial Road; and,
iii. The proposed site is within 250 metres of an existing or planned public transit route and is in proximity to parks, public service facilities, and retail and service commercial facilities.

4.2.5.6 Live-Work Units

5.1 .5.6 Policies for Live-Work Units

a) Live-work units have the potential to integrate small-scale service commercial, retail or office uses at-grade. Live-work units are typically in a townhouse built-form (Low-Rise or Mid-Rise Building) and are subject to the associated development policies identified in this Plan. Where live-work units are specifically identified as a permitted use in any Designation in this Plan they shall provide the:

i. Amenity areas and buffering with planting and/or fencing from adjacent residential dwellings;
ii. Adequate parking and drop-off/pick-up facilities; and,
iii. Shall have frontage and direct access to a public road.

4.2.6 Urban Land Use Designations and Policies

Chapter 5 of the Official Plan (2022) provides the Land Use Designations that apply within the City's Urban Boundary.
Urban Area Land Use Policies and describes the different designations which apply to lands within the City's Urban Boundary. These land use designations are identified on Schedule 1 of the City's Official Plan. The urban land use designations provided in the City's Official Plan are as follows:

4.2.6.1 Community Areas

Community Areas are primarily comprised of residential land uses, with a diverse mix of historic neighborhoods recently constructed subdivisions to new neighborhoods that are still in the planning approval stage. There are two designations within the Community Areas: Existing Neighborhood and Major Institutional. Per Policy 5.2.1.4 c), the Existing Neighborhood designation is anticipated to experience modest levels of residential intensification. The two designations are outlined as follows:

Designation	Planned Function	Permitted Housing Types
Existing Neighborhood	intended to accommodate neighborhoods through a variety of residential forms as well as neighborhood facilities such as elementary schools, parks, places of worship, and convenience commercial uses integral and supportive of residential neighborhoods; opportunities for special needs housing will be encouraged	Residential dwelling units, additional residential units, special needs housing, live-work units within low-rise buildings and mid-rise buildings, and any accessory uses thereto.

Major Institutional	Accommodate institutional uses that are of a City-wide or regional scale within the City	Large-scale special needs housing in mid-rise and high-rise buildings, and any accessory uses thereto.

4.2.6.2 Strategic Growth Areas

Strategic Growth Areas are areas in the City that are expected to intensify over time, with an anticipated mix of residential, retail, office, and service commercial uses. These areas are to be the focus of mixed-use intensification and should be transit supportive. They are comprised of three designations which are outlined as follows:

Designation	Planned Function	Permitted Housing Types
Downtown Core	as the City's historical City-centre, the Downtown Core should act as an attractive regional designation for residents, tourists, and the traveling public while providing opportunities for arts and culture and housing options in Mid-Rise and High-Rise buildings in a mixed-use format.	residential apartments, including Special Needs Housing in Mid-Rise or High-Rise Buildings; additional residential units and residential uses in existing Low-Rise Buildings, and accessory uses thereto
Mixed-Use Corridor I	intended to facilitate the ongoing development of primary road corridors in the City and to develop as mixed-use and transit-supportive corridors within Mid-Rise to High-Rise buildings.	residential apartments, including special needs housing; additional residential units in existing Low-Rise Buildings, and accessory uses thereto
Mixed-Use Corridor II	intended to be destinations for surrounding neighborhoods and to develop as a transit-supported corridor through residential intensification, infill, and redevelopment in Low-Rise and Mir-Rise mixed-use buildings	residential apartments; townhouses; live-work units; additional residential units in Low-Rise Residential Buildings, and accessory uses thereto

Per Policy 5.3.1.3 a), the Downtown Core designation will support intensification and rehabilitation and is planned to accommodate significant intensification through redevelopment and rehabilitation with a focus on vacant or underutilized lands.

4.2.6.3 Employment Areas

Section 5.4 of the Official Plan identifies two distinct land use designations for Employment Areas, with a clear focus on heavy and light industrial uses, business parking opportunities, and office uses. They are identified as follows:

Designation	Planned Function	Permitted Housing Types
Prestige Employment	to provide areas for employment for industrial activities with a high standard of building design and landscaping, generally applied to lands with prime exposure	Not Permitted

Designation	Planned Function	Permitted Housing Types
	along a Provincial Highway, a County Road, or Arterial or Collect Roads	
General Employment	to accommodate employment uses that range in scale and are industrial, in nature	Not Permitted

4.2.6.4 Rural/Agricultural Area

Chapter 5.5 of the Official Plan (2022) provides Agricultural and Rural Area Land Use Policies. These lands are identified on Schedule B of the City's Official Plan. The broad categories of rural land use designations are as follows:

Designation	Planned Function	Permitted Housing Types
Agriculture	to recognize and support the continued use of lands for a range of agricultural and agriculturally supportive purposes, including opportunities that promote the long-term success of the agricultural economy	Single-detached dwellings on existing lots of record and additional residential units are permitted as an accessory use to the permitted agricultural uses
Sarnia Chris Hadfield Airport	to support the maintenance of air passenger and freight service to and from Sarnia, provide a land base for airport-related services, and protect from land-use conflicts, competing uses, and negative impacts on the long-term function of the Airport.	Not Permitted

4.3 Greenlands System

The Greenlands System is intended to provide a network of comprehensive and connected parks, open space, and natural features that are protected, maintained and enhanced. No residential forms are permitted within this system. The designations are as follows:

Designation	Planned Function	Permitted Housing Types
Parks and Open Space	to provide for a comprehensive and connected open space system of parks, multi-use pathways, and trails that increase opportunities for recreation and general enjoyment of a community	Not Permitted
Environmental Protection	to ensure the biodiversity, connectivity, and ecological and hydrological functions of the natural heritage and natural hazard land features are protected, maintained,	Not Permitted

Designation	Planned Function	Permitted Housing Types
	restored, or where possible, enhanced for the long term.	

4.3.1 Area 2 Secondary Plan

The area outlined as *"Lands Subject to the Area 2 Secondary Plan"* in Schedule 2 is located within the Settlement Area Boundary, with a portion of the lands also located within the Built Boundary. The purpose of the Secondary Plan is to provide for orderly residential development in the future.
5.8.2 a) sets out the following goal concerning affordable housing:

a) It shall be the goal of this Secondary Plan to:

ii. Recognize and conserve the natural features and attributes of the development area, adequately provide for the equitable distribution of a wide variety of affordable housing and educational, social, and recreational facilities, and adequately provide for the effective design and efficient use of transportation, sewer and water services; and,

The following objectives pertain to housing and affordable housing:

5.8.2 Objectives

b) It shall be the objectives of this Secondary Plan to:

iii. Provide for a broad range of low- and medium-density housing types that are suitable for the different age and income groups, lifestyles, and household structures of future residents, including the provision of a range of affordable housing opportunities;
iv. Locate medium-density housing types in locations that facilitate access to community facilities such as schools, commercial areas, parks, and open space systems;
v. Encourage innovative housing designs to control housing costs and encourage the provision of a range of affordable housing;

Development Area 2 is intended to be developed at a density not exceeding 9.5 units per gross hectare.
Policy 5.8.3 b) states the following concerning permitted built forms:

c) *Development Area 2 shall be composed of a mixture of low- and medium-density residential uses, including single detached dwellings, with mixed medium-density residential development in both the northerly portion of the area north of Perch Creek and in the southwest quadrant of Development Area 2. This development area shall also contain a broad range of support facilities and services including schools, parks, open space, institutional, commercial, and industrial facilities.*

4.3.1.1 General Residential Policies

Section 5.8.3.1 sets out the general residential policies for Development Area 2. The following policies apply to the development of affordable housing:

a) A wide range of housing densities and types shall be encouraged to accommodate the range of income groups expected in Development Area 2. An appropriate mix of housing densities and types shall provide for single detached uses at densities ranging between 7.5 and 10 units per hectare (3.5 - 4.0 units per acre), and mixed residential uses at densities up to 17.5 units per hectare (7.0 units per acre). These residential development forms shall generally be reflected as follows:

i. Single Detached Residential Uses: 50% - 55%; and,
ii. Mixed Residential Uses: 45% - 50%.

b) Gross residential density shall be measured in units per hectare and will include lot areas, roadways, parks, natural areas and floodplains, open space, schools, institutional uses, roads,

and commercial areas. The overall gross residential density in Development Area 2 shall not exceed 9.5 units per hectare (3.8 units per acre).
c) Net residential density shall be measured in units per hectare and will include lot areas for residential dwellings and local streets. The net residential density in Development Area 2 should not exceed an average of approximately 9.5 units per hectare (3.8 units per acre) for single detached dwellings and 17.5 units per hectare (7.0 units per acre) for mixed-unit development. The overall average net residential density should not exceed an approximate density of 12.5 units per hectare (5 units per acre). In no case shall net residential density on any lot or block exceed 30 units per hectare (12.0 units per acre).
d) Mixed-unit residential development shall include a mixture of unit types such as single detached, semi-detached, duplexes, triplexes, townhouses, street townhouses, and low-rise apartments.
f) Where appropriate, more innovative housing types, zoning standards, and subdivision designs shall be encouraged.
l) Senior citizens' housing and similar special residential uses shall be encouraged to locate close to commercial and institutional facilities and open space areas.

4.3.1.2 Affordable Housing Policies

Section 5.8.3.1 sets out the following policies concerning affordable housing in Development Area 2:

o) The review of residential development proposals for Development Area 2 shall be consistent with the Provincial Policy Statement, and in particular, the extent to which Development Area 2 can contribute to the supply of affordable residential lands.
p) In assessing development proposals, and in particular the mixture of housing forms proposed for the areas identified as Mixed Residential on Schedule 5, Council shall consider the housing needs (in terms of type and tenure) of low-, medium- and high-income groups.
q) The City shall encourage innovative housing designs when considering development proposals for affordable housing. Alternative zoning standards may be considered to permit development such as zero-lot-line residential development, provided that such development is subject to site plan control.
r) On average, at least 25% of the new residential units proposed for Development Area 2 shall be affordable units as defined by the Provincial Policy Statement and the bulletins periodically published in support of the Policy Statement. Any Provincial revision to the 25% affordable housing requirement will not require an Amendment to this Plan.

4.3.2 Future Urban Community Overlay

Schedule 2 in the Official Plan (2022) identifies the lands within the Settlement Area Boundary but outside of the Built Boundary along the northeastern side of Lakeshore Road as "*Lands Subject to the Future Urban Community Overlay.*" These lands intend to be subject to future Secondary Plans and Servicing and Transportation Master Plans to ensure a well-designed, attractive, and mixed-use community.

Policy 5.9.2 a) states the following regarding permitted uses:

a) Development on the identified developable lands within the Future Urban Community Overlay may include:

i. Opportunities for development within Low-Rise Buildings, Mid-Rise Buildings, and High- Rise Buildings; and,
ii. A full range and mix of housing types, parks, and open space features, and an array of community facilities, as well as appropriately scaled retail and service commercial uses. The Future Urban Community Overlay will prioritize mixed-use development forms and will include provisions for the establishment of Neighbourhood Centres.

Policy 5.9.3 c) states that the minimum density target for the contiguous area of land within the Future Urban Community Overlay shall achieve a minimum of 55 persons and jobs combined per gross developable hectare.

4.4 Community Improvement Plans

Unlike the current Official Plan (2014), the new Official Plan (2022) does not contain specific policies pertaining to the preparation of Community Improvement Plans. Policy 5.3.1.3 c) identifies the Downtown Sarnia CIP as an existing CIP that development and redevelopment in the downtown core should have regard for but does not contain specific policies regarding the Downtown Sarnia CIP.
Policy 8.7 a) of the Official Plan (2022) provides that according to Section 28 of the *Planning Act*, The City may use Community Improvement Plans to implement the objective, principles, and policies of the Plan and per Policy 8.7 b), may apply this tool throughout the entire City and/or to the specific geographic areas within the City.

5. Zoning By-Law

The City of Sarnia Zoning By-law 85 of 2002 ("Zoning By-law") implements the policies of the City's Official Plan by regulating the use and character of lands, buildings, and structures within the City in conformity with the policies of the Official Plan. The following is most relevant concerning the Affordable Housing CIP.

5.0 General Provisions

In its General Provisions, Section 3.1 (2)(k) of the Zoning By-law identifies that accessory buildings and uses shall not be established or used as dwelling units in the residential zone. However, one secondary dwelling unit may be permitted in any single-detached, semi-detached, multiple-attached, or street multiple-attached units in specific zones.

5.0.1 Secondary Dwelling Units

Section 3.10 (4) of the City of Sarnia Zoning By-law includes regulations pertaining to Secondary Dwelling Units, as follows:

> *Notwithstanding Subsection 3.10(3), a maximum of one secondary dwelling unit may be permitted in any single detached, semi-detached, multiple attached or street multiple attached dwelling unit located in any UR2, UR3, UR4, or UR5 Zone, and a secondary dwelling unit may be permitted in a single detached dwelling located in any UR1, SR1, RR1, and RU1 Zone in accordance with the following regulations:* ***(17/2017) (177/2019) (71/2020)***
>
> > ***1.*** *A secondary dwelling unit shall not be located in any area classified as `Natural Hazards', as shown on Zoning Map Parts 1-11, 15-19, 22-26, 31-38, 42, 46-52, 61-65, 70-72 and 74-83;*
> > ***2.*** *Secondary dwelling units shall have a minimum gross floor area of* ***35m²****;*
> > ***3.*** *The minimum lot frontage, lot area, and landscaped open space provided for a secondary dwelling unit shall be the minimum lot frontage, lot area, and landscaped open space required for the main dwelling, which shall include legal non-complying lot areas, lot frontages and landscaped open space in Section 3.29(1)(c) of this By-law;*
> > ***4.*** *Any additions to a dwelling that contains a secondary dwelling unit shall provide the minimum setbacks required for the main dwelling of the lot;*
> > ***5.*** *Secondary dwelling units shall conform to all applicable Ontario Building Code and Ontario Fire Code regulations and shall require a building permit;*
> > ***6.*** *In any single detached dwelling in a UR1 zone, the gross floor area of the secondary dwelling unit shall not be greater than 40% of the combined habitable room floor area*

of the primary dwelling unit and the secondary dwelling unit, with the exception that a secondary dwelling unit may occupy an entire basement; and ***(70/2017)***
7. *In any single detached dwelling in a UR1 zone no exterior alterations shall be permitted to the front or exterior side yard elevations of a primary dwelling to provide for entrance to a secondary dwelling unit. (70/2017)*

As per the *More Homes Built Faster Act, 2022, Bill 23,* which amended the *Planning Act*, municipalities are required to permit the use of three residential units for lands containing a detached house, semi-detached house, or rowhouse. The above provision will need to be updated to reflect up-to-date *Planning Act* requirements.

5.1 Zone Provisions

Sections 5 to 37 identify the uses that are permitted in each zone category. The effect of these zones is to only permit certain uses in various parts of the City. The only use permitted in a zone is those that are specified in the By-law. If a user is not specifically mentioned as a permitted use in a Zone, then it is not permitted. Sections 5 to 37 also contain several regulations that control the placement, bulk, and height of a building on a lot. This includes regulations such as minimum lot size, minimum frontage, maximum building height, or the maximum coverage of a building on a lot. The following are the Zoning Categories that apply to the City of Sarnia in which residential uses are permitted:

5.1.1 Rural Zones

Rural Zones are contained within Sections 5 and 6 of the Zoning By-law. There are two (2) of these zones, all of which permit residential uses. However, these uses are generally intended to be accessories to agricultural, agricultural-related, and rural employment type uses. These residential uses are as follows:

Permitted Uses	Rural 1 (RU1)	Rural Residential (RR1)
Single-Detached Accessory Dwelling Unit	X	
Existing Single-Detached Non-Farm Dwellings	X	
Group Home	X	X
Single-Detached Dwellings		X
Single-Detached Non-Farm Dwellings on Vacant Lots of Record Existing on January 1, 2002	X	

5.1.2 Residential Zones

Residential zones are contained within Sections 7 to 13 of the Zoning By-law. There are seven (7) residential zones in the City of Sarnia. These zones permit a large range of residential dwelling types:

Permitted Uses	Urban Residential 1 (UR1)	Urban Residential 2 (UR2)	Urban Residential 3 (UR3)	Urban Residential 4 (UR4)	Urban Residential 5 (UR5)	Suburban Residential 1 (SR1)	Private Residential Community 1 (PRC1)
Accessory Uses and Buildings	X	X	X	X	X	X	X
Apartment Dwellings					X		
Apartment Dwellings Containing not more than 12 Dwelling Units				X			
Converted Dwellings				X	X		
Converted Dwellings Containing not more than 3 Dwelling Units			X				
Group Homes	X	X	X	X	X	X	X
Homes for the Aged				X	X		
Multiple Attached Dwellings				X			
Mobile Homes							X
Modular Homes							X
Park Model Homes							X
Multiple Attached Dwellings			X				

Permitted Uses	Urban Residential 1 (UR1)	Urban Residential 2 (UR2)	Urban Residential 3 (UR3)	Urban Residential 4 (UR4)	Urban Residential 5 (UR5)	Suburban Residential 1 (SR1)	Private Residential Community 1 (PRC1)
Containing not more than 3 Dwelling Units							
Nursing Homes					X		
Lawfully Existing Dwellings and Dwelling Conversions	X				X		
Duplex Dwellings		X	X	X			
Single-Detached Dwellings	X	X	X	X		X	X
Semi-Detached Dwellings		X	X	X			
Triplex Dwellings			X				
Retirement Homes				X	X		
Rooming or Boarding Houses				X	X		
Women's Shelters	X	X	X	X	X		

5.1.3 Commercial Zones

Commercial zones are contained within Sections 14 to 22 of the Zoning By-law. There are nine (9) Commercial zones in the City of Sarnia. Eight (8) of these zones permit a limited range of residential dwelling types:

Permitted Uses	Downtown 1 Zone (D1)	General Commercial 1 (GC1)	General Commercial 2 (GC2)	General Commercial 3 (GC3)	Community Commercial 1 (COC1)	Highway Commercial 1 (HC1)	Office Commercial 1 (OC1)	Local Commercial 1 (LC1)
Apartment Dwellings	X							
Combined Residential and Commercial Uses								X
Converted Dwellings (Max of 2 Dwelling Units)							X	
Dwelling Unit for a Caretaker						X		
Existing Dwellings	X	X	X	X		X	X	X
Group Homes	X	X	X	X	X	X	X	X
Homes for the Aged	X							
Multiple Use Apartment Dwelling	X			X				
Single-Detached Dwellings							X	
Residential Conversion of an Existing Commercial Building	X	X	X	X	X			
Retirement Homes	X							

5.1.4 Industrial Zones

Industrial zones are outlined within Sections 24 to 31 of the Zoning By-law. There are eight (8) Industrial zones in the City of Sarnia. Five (5) of the industrial zones permit very limited residential dwelling types, mostly related to existing or accessory dwelling units and group homes.

Permitted Uses	Light Industrial 1 (LI1)	Light Industrial 2 (LI2)	Heavy Industrial 1 (HI1)	Heavy Industrial 2 (HI2)	Major Transportation 1 Zone (MT1)
One Existing Accessory Single-Detached Dwelling to Agricultural Uses	X	X	X	X	X
Dwelling Unit for a Caretaker of a Permitted Use	X	X	X	X	X
Existing Dwelling	X	X	X	X	X
Group Homes	X	X	X	X	X

5.1.5 Institutional and Open Space Zones

Institutional zones are contained in Section 23 of the Zoning By-law and Open Space zones are contained within Sections 32 to 35 and 37 of the Zoning By-law. In the City of Sarnia, there is one (1) Institutional Zone and five (5) Open Space zones. Only one (1) of the Open Space zones and the Institutional Zone permit residential dwellings, limited to existing dwellings and residences/dwelling units for a caretaker.

Permitted Uses	Institutional 1 (I1)	Major Open Space 1 (MOS1)
Dwelling Unit for a Caretaker		X
Existing Dwelling	X	
Lawfully Existing Dwellings		X
Residence for a Caretaker		X

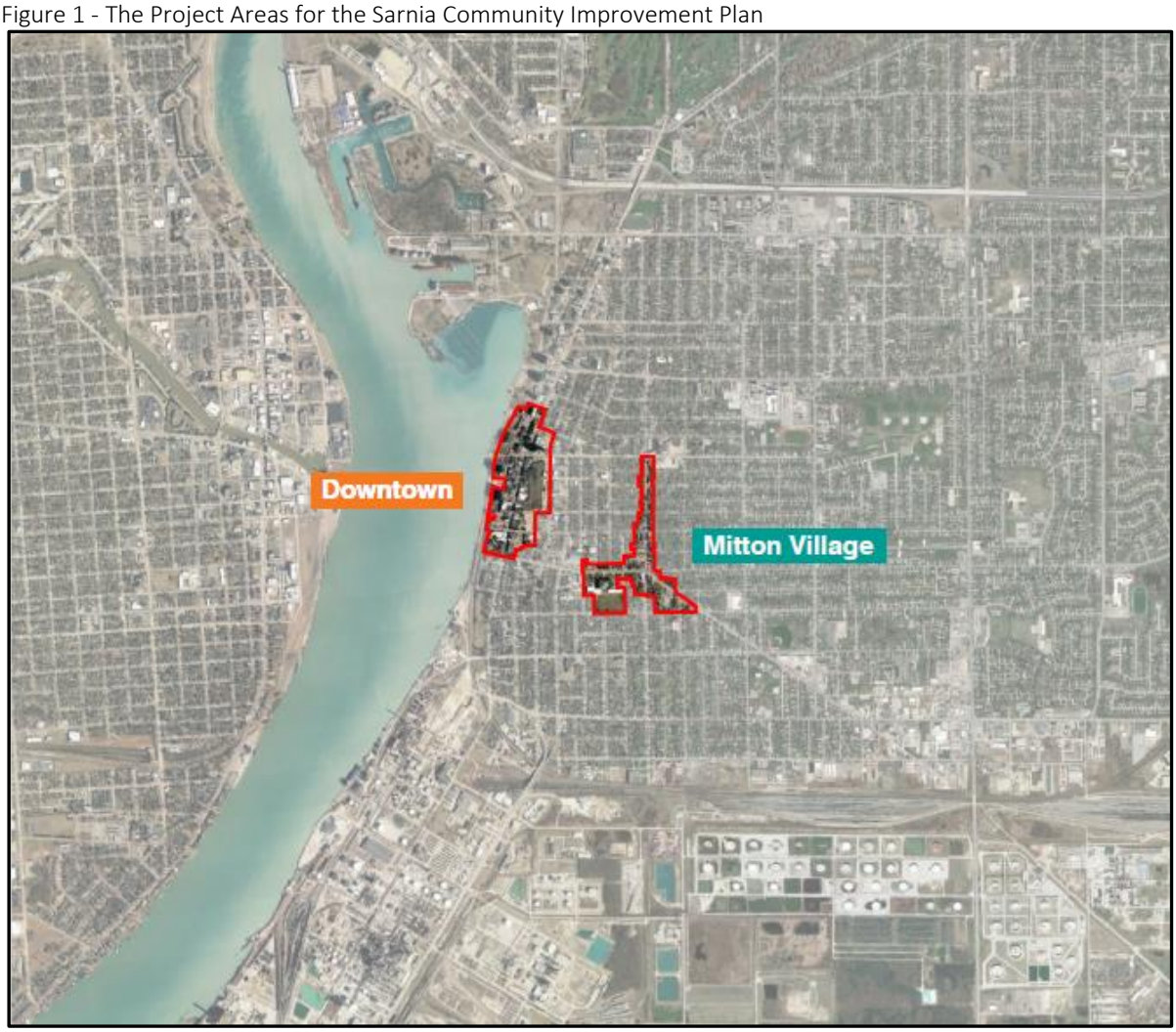
6. Current CIPs in Sarnia

6.1 Sarnia CIP

The Sarnia Community Improvement Plan (The SCIP) is intended to revitalize, diversify, and strengthen the Downtown and Mitton Village communities by promoting redevelopment and new development of all lands encompassing both communities. The SCIP provides a comprehensive framework for the introduction and implementation of financial incentive programs designed to attract investment and development in targeted residential and commercial sectors, with a deeper focus on provisions that support increasing the supply of new and affordable housing units.

The SCIP utilizes the City of Sarnia's High-Level Economic Development Strategy (2020) that consolidated strategic directions for major municipal assets to inform guiding principles and investment strategies. The SCIP project is solely focused on the areas outlined in Figure 1.

Figure 1 - The Project Areas for the Sarnia Community Improvement Plan



Downtown and Mitton Village each have a unique guiding vision, with shared desired outcomes which include the following:

- *"A vibrant mixed-use district, with a range of housing that supports the shops and services;"*
- *"Retail and commercial uses will be revitalized;"*
- *"Beautiful streets and public spaces will be the stage for daily life and the centres for events and celebrations."*

Six major incentive programs support the achievement of these goals:

1. Affordable Housing Development Program Grant
   - Grant payments provided cover eligible Planning Act application fees, including all application fees applicable to the planning process, building permit fees, and development charges. Tax increment-based funding paid back over 5 years. Eligible projects must include purpose-built rental residential, greater than two affordable housing units, or provide emergency, transitional, social, or affordable housing to qualify.
2. Additional Residential Units Program Grant
   - A grant of 25% of the costs of renovation to a maximum of $20,000 per property. Eligible projects will create Additional Residential units.
3. Renovation Program Grant
   - A grant of 25% of the costs of renovation to a maximum of $15,000 per property. Eligible projects include renovations to meet the requirements of the Building Code and Accessibility for Ontarians with Disabilities Act, and general efficiency upgrades.
4. Tax Increment-Based Program Grant

- Grant payments provided are increased to 10 years for improvements made to a building and/or property resulting in a re-assessment (i.e., increased property taxes payable).

5. Building Façade Improvement Program Grant
   - A matching grant of 50% of the cost of eligible storefront/façade improvements and restorations to commercial, institutional, and mixed-used buildings to a maximum of $10,000 per building.
6. Landscape and Property Improvement Program Grant
   - A grant of 50% of eligible costs to a maximum of $15,000 per property, inclusive of commercial, institutional, and mixed-use properties. Eligible costs include tree planting, pedestrian walkways improvements, permanent sidewalks café installations, professional landscaping, installation of benches or permanent planters, or any combination of the above.

7. Lambton County Integrated Community Sustainability Plan

"Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs" – United Nations Brundtland Commission, 1987

The County of Lambton Integrated Community Sustainability Plan (ICSP) is "*intended to accelerate the shift in local planning and decision making toward a more long-term, coherent and participatory approach".* Indigenous communities are foundational to the ICSP and provide cultural and heritage pillars which cultivate understanding in sustainability practice, with a specific underpinning in the philosophy of the Seven Generations.

The County of Lambton ICSP was developed to leverage access to plan development, study, and projects aligned with *The Four Pillars of Sustainability and* six *Principles of Sustainability* for grants and below-market loans provided by the Green Municipal Fund. The six *Principles of Sustainability* relate to enhancing the quality of life, enhancing economic vitality, promoting social and intergenerational equity, maintaining environmental quality, incorporating disaster resilience, and promoting a participatory process. Applicable projects are inclusive of those that focus on new and affordable housing, which falls under the principle of promoting social and intergenerational equity. The ICSP also provides a comprehensive but non-prescriptive framework that complements existing community initiatives with similarly aligned objectives.

8. City of Sarnia Accessibility Design Standards

The City of Sarnia utilizes the *City of Ottawa Accessibility Design Standards, Second Edition (ADS)* for local accessibility design standards. The ADS document provides a comprehensive framework that requires accessible design in public development and promotes accessible design for publicly accessible private developments.

The ADS is supported by the following regulatory framework:

1. The Ontarians with Disabilities Act, 2001
2. The Accessibility for Ontarians with Disabilities Act (AODA, 2005)
3. AODA Accessibility Standards
4. The Ontario Human Rights Code (OHRC)
5. The Ontario Building Code (OBC, 2012)
6. Canadian Standards Association "Accessible Design for the Built Environment" (CSA B651-12)
7. The Ontario Planning Act

Notably, Section 6.13 of the ADS outlines Visitability in Housing standards and applies to the construction of affordable rental housing in buildings of 24 or more units that are funded by the City of Ottawa.

Visitability refers to a design strategy that aims to provide basic access to a home through three key design elements:

- *Level entry and clear space at the entrance area;*
- *Wider doors and accessible routes throughout the entrance level; and*
- *A washroom on the same level as the accessible entrance*

Key design standards listed in the ADS set minimum width requirements for exterior paths of travel, entrance and landing areas, internal circulation, and washroom access. Standards also require gentle slopes and low-profile or seamless. These design standards are meant to provide for greater mobility and accessibility for people experiencing disabilities, and seniors living and/or visiting the community.

9. Development Charges Background Study, Update Study, and By-law

The completion of a DC Background Study is required under Section 10(1) of the *Development Charges Act* and must include as per Section 10(2):

- estimates of the anticipated amount, type, and location of development;
- calculations for each service to which the DC By-law would relate;
- examination for each service, of the long-term capital and operating costs for the capital infrastructure required;
- consideration of the use of more than one DC By-law to reflect different needs for services in different areas;
- an asset management plan; and,
- such other information as may be prescribed.

Section 11 of the *Development Charges Act* allows that a DC By-law may only be passed within the year following the completion of the DC Background Study.

A DC Background Study for the City of Sarnia was prepared by Watson & Associates in 2019. Subsequently, the City of Sarnia approved a new DC By-law on March 27, 2019, which went into effect on May 27, 2019. Subsequently, Watson & Associates prepared an Update Study in mid-2021 principally to address changes to the *Development Charges Act* introduced by Bills 108, 138, 197, and 213 in 2019 and 2020. This Update Study resulted in amendments to the City of Sarnia's DC By-law approved by the municipal Council on October 4, 2021.

The *Development Charges Act* allows municipalities to impose development charges on new development to pay for the capital costs associated with meeting the increased service needs of growth. These increased service needs can include planned affordable/social housing and a DC By-law can include area-specific rates; phase charges; and/or provide exemptions or reduced charges for types of development. The *Development Charges Act* itself provides exemptions that pertain to industrial development, enlargement of existing residential units, creation of additional dwelling units, and creation of second dwelling units in new residential buildings.

As per the recommendations of the DC Update Study, the City of Sarnia's DC By-law was amended to conform to the *Development Charges Act*, as amended.

The City of Sarnia DC Background Study and Update Study are silent on affordable housing. The City's DC By-law provides for statutory exemptions about residential development—i.e., where it results only in the enlargement of an existing dwelling unit or the creation of up to two additional dwelling units. The City's DC By-law, however, does not provide any non-statutory exemptions for residential development.

Though non-statutory exemptions could be expanded in the future to include affordable housing, at present a CIP could use grants to reduce or waive the cost of DCs on any development deemed eligible. Including a grant program to cover DCs for affordable housing units in a CIP gives the municipal Council more flexibility to tailor the relief provided. Unlike an exemption provided for in the DC By-law, a grant program in a CIP can outline eligibility parameters and the municipal Council still

retains the ability to specify program funding levels in the yearly budget. Again, this is pre-empted by Bill 23.

The City is currently completing a Development Charges By-law update, which will incorporate the changes required by Bill 23.

Appendix D. Affordable Housing Funding Programs

Canadian Mortgage and Housing Corporation

The Canada Mortgage and Housing Corporation (CMHC) was established by parliament in 1944 and has several roles such as housing research, promoting the development of affordable housing, and mortgage insurance. CMHC is an excellent resource for groups wanting to develop affordable housing.

Canada's federal government created the ***National Housing Strategy***, a group of programs overseen by the Canada Mortgage and Housing Corporation (CMHC) with the purpose of funding and financing opportunities to build new and renew and/or renovate the existing affordable housing stock. Technical assistance and tools are also available to increase capacity and support the community housing sector. Programs include, but are not limited to:

To note: CMHC program conditions, eligibility, and funding (contribution and loan) amounts can change.

CMHC Mortgage Insurance

The mortgage insurance provided by CMHC is to the lender. Your financial institution may require your mortgage to be CMHC insured. The benefits of CMHC insurance for affordable housing funded under federal/provincial programs are:

- A longer amortization period – up to 50 years (without CMHC mortgage insurance the maximum amortization is typically 25 years),
- Reduced equity requirements and larger loans; and,
- More financial institutions will be willing to loan your development funds.

There is a CMHC extra premium for amortizations longer than 25 years for CMHC mortgage insurance but that premium is generally added on top of your mortgage rather than payable upfront.

Co-investment Funding, New Construction Stream

Information about this CMHC affordable housing loan program can be found at the following link https://www.cmhc-schl.gc.ca/en/nhs/co-investment-fund---new-construction-stream. As noted on the website, this is primarily a loan program that prioritizes partnerships between governments, non-profits, private sector, among others, and provides low-cost loans and/or small forgivable loans.

Early in your organization's pre-development phase, it is suggested you become familiar with program details by speaking with the CMHC representative for your area and reading the program requirements on the website. This fund prioritizes projects that are socially inclusive and are above the Ontario Building Code in terms of energy efficiency, and accessibility, and provide deeper levels of affordability.

It should be noted that the process for moving from initial application to a release of the funds can take up to a year although CMHC is aiming to shorten turnaround times. Remember that the CMHC co-investment will not flow funds until a project is fully under construction.

Co-investment Funding, Repair, and Renewal

The Repair and Renewal Stream supports the repair and renewal of existing community and affordable housing that makes them more sustainable from a community (mixed-use, mixed-income, accessible, near amenities, services, and supports), environmental, and financial perspective.

The Stream provides low-interest loans and direct contributions across Canada. Successful projects can receive loans, capital contributions, or a combination of both. More details about the length, terms, and maximum amounts of loans and contributions can be found in CMHC's Product Highlight Sheet.

This Renovation option of the National Housing Co-Investment Fund provides low-interest loans and contributions to renovate and repair affordable and community housing. The Fund prioritizes partnerships between governments, non-profits, the private sector, and other partners.

The National Housing Co-Investment Fund – Renovation and Renewal Stream is open to:

- community housing providers (i.e. public or private non-profit housing organizations or rental co-operatives)
- municipalities
- provinces and territories
- Indigenous governments and organizations
- private sector

Project Requirements:

- community and affordable housing
- urban indigenous community housing
- mixed-use market / affordable rental
- new construction and/or conversion from a non-residential use to affordable multi-residential
- shelters
- transitional and supportive housing

All projects must:

- have a minimum of 5 units/beds
- have primary use as residential
- meet minimum requirements for partnerships, financial viability (XLS), affordability (PDF), energy efficiency, accessibility (PDF)

Rental Construction Financing

To note, this program is accepting applications, but is currently on hold, pending program review.

This program offers rental construction financing to eligible borrowers during the risky phases of the development of rental apartments (construction through to stabilized operations). Projects must decrease energy use and greenhouse gas emissions 15% below the 2015 National Energy Code for buildings and at least 10% of the project's units must meet or exceed accessibility standards as regulated by local codes. The energy efficiency and accessibility thresholds for this program are not as stringent as the Co-investment program.

For both CMHC Co-investment and Rental Construction financing one of the key benefits is borrowing at interest rates that are below market levels.

<u>New CMHC Program: Housing Accelerator Fund</u>

The program launch was in March 2023 and the application window closes in the Summer of 2023. The Housing Accelerator Fund (HAF) aims to remove barriers and help municipalities build housing more quickly. It also supports the development of complete, low-carbon, and climate-resilient communities that are affordable, inclusive, equitable, and diverse.

There are 2 streams:

Large/Urban

For the Large/Urban Stream, applicants must have a population of 10,000+ and be in a Canadian Province (not a Territory). Approved participants can use incentive funding for investments in:

- Housing Accelerator Fund action plans
- affordable housing
- housing-related infrastructure
- community-related infrastructure that supports housing

Small/Rural/North/Indigenous

The Small/Rural/North/Indigenous Stream of the Housing Accelerator Fund provides incentive funding to local governments. The funding is meant to remove barriers and support the development of affordable, inclusive, equitable, and climate-resilient communities.

To be eligible for the Small/Rural/North/Indigenous Stream, applicants must meet one of the following criteria:

- have a population under 10,000 in any Canadian province
- Be of any population size and be in a territory
- be an Indigenous government

Approved participants can use incentive funding for investments in:

- Housing Accelerator Fund action plans

- affordable housing
- housing-related infrastructure
- community-related infrastructure that supports housing

Innovation Fund

The Affordable Housing Innovation Fund supports new ideas that will drive change and disrupt the industry – ideas, and approaches that will evolve the affordable housing sector and create the next generation of housing in Canada. Funding is available to:

- develop and test innovations that incorporate resource and operating efficiencies and are replicable and scalable – including financing, operating models, and technologies;
- get flexible financial support to test a range of innovations and leverage new partnerships; and,
- facilitate partnerships and encourage participation from diverse stakeholders including the private sector, not-for-profits, community housing organizations, co-operatives, municipalities, provinces, territories, Indigenous governments and organizations, and social investment organizations.

A portion of this fund has been set aside to help developers and providers help renters transition to homeownership. Learn more about the Rent-to-Own stream.

Banks/Financial Institutions

Financial institutions will want to review your capital and operating budgets to analyze all funding sources and how they will come together to ensure the project is financially viable. Once approved, your financial institution will issue a discussion paper or term sheet outlining their terms and rates. It is advised to "shop around" for the best package for your project.

Federation of Canadian Municipalities, Green Municipal Fund, Sustainable Affordable Housing (SAH)

The SAH funding initiative is targeted at municipal, not-for-profit organizations and housing co-ops that are interested in retrofitting existing affordable housing units or constructing new affordable housing. In terms of affordability, the required eligibility threshold is 30% of the units have rents set at 80% of the local median market rent for the duration of the loan repayment period with FCM. Concerning energy efficiency, if you plan to retrofit, a minimum of 25% reduction in energy consumption from current performance must be achieved. If building new affordable housing, your project must be working toward net-zero energy (NZE) or net-zero energy ready (NZER) performance.

There are different SAH funding grants to assist your organization at the various stages of development including studies, planning, pilots, and capital projects.

Social Enterprise Financing

Social enterprise financing is innovative financing available to not-for-profit and cooperative organizations to help them achieve affordable housing projects with long-term community benefits.

1. The Community Forward Fund provides innovative financing to community organizations throughout Canada including not-for-profit housing providers. They provide loans to not-for-profit organizations and social enterprises to enable their mission of providing long-term community benefit.
2. The Canadian Co-operative Investment Fund is a source of alternative financing for co-operatives across Canada including housing co-operatives. It works collaboratively to bridge gaps in access to capital for cooperative enterprises so they can realize their goals and strengthen their communities.
3. New Market Funds is a multi-fund manager that delivers investment opportunities with financial returns and lasting community benefits. They manage capital from foundations, financial and other institutions, and can provide equity investment in new not-for-profit housing.
4. The HPC Housing Investment Corporation delivers long-term, low-cost financing to housing non-profits and cooperatives to build more affordable housing and regenerate Canadian community housing portfolios. They are an affordable housing-focused corporation that can lock in interest rates for up to 30 years.

Infrastructure Ontario

Infrastructure Ontario is part of the government of Ontario and is another option for construction and take-out financing for new not-for-profit housing. They offer competitive rates and the ability to fix an interest rate for up to 25 years – which can provide a level of cost certainty for the operation of your new housing