

Municipality of Chatham-Kent

Development Services

To: Mayor and Members of Council

From: Bruce McAllister, General Manager, Development Services

Date: September 18, 2023

Subject: Municipal Housing Pledges and Targets, Strong Mayor Powers and Building Faster Fund

Recommendation

It is recommended that:

1. Administration prepare a Housing Pledge for no later than the December 11, 2023 Council Meeting to be submitted to the Ministry of Municipal Affairs and Housing by the December 15, 2023 deadline.

Background

In the Fall of 2022, the Provincial government asked 29 of Ontario's largest and fastest growing municipalities to submit Municipal Housing Pledges in order to address Ontario's housing supply crisis and reach the Provincial goal of building 1.5 million homes by 2031. The Municipality of Chatham-Kent was not one of the initial 29 municipalities that were asked to submit a Housing Pledge.

However, on June 16, 2023, a letter (Appendix A) was received from the Minister of Municipal Affairs and Housing, asking the Municipality of Chatham-Kent, along with 21 additional municipalities, to demonstrate their commitment to accelerate housing supply by:

- Identifying a locally appropriate Housing Target (i.e., new housing units) to meet current and future housing needs in your municipality to 2031; and
- developing a Municipal Housing Pledge to increase and accelerate housing supply.

The letter noted a deadline of December 15, 2023, for submitting the Housing Target and Housing Pledge.

Further to the June 16, 2023 letter, on August 22, 2023, a second letter was received from the Minister of Municipal Affairs and Housing (Appendix B). The letter confirmed that the Ministry has now set a specific housing target for the Municipality of Chatham-Kent of 1,100 new homes to be constructed in the community by 2031. In addition, the

Minister has asked that the Mayor, as head of council, to respond in writing confirming the Municipality’s commitment to achieving the housing target by October 15, 2023.

The letter also acknowledges that Chatham-Kent would be eligible for funding under the new Building Faster Fund on an annual basis and that the Province would be extending Strong Mayor powers to the Municipality, provided that the head of council has committed in writing to meet their provincially assigned target by the October 15, 2023 deadline. In addition, the Municipality would still be required to prepare and submit a Housing Pledge by December 15, 2023 that showcases the strategies and actions that will be taken to achieve the assigned housing target.

Comments

Housing Targets, Building Faster Fund and Strong Mayor Powers

Housing Targets

Appendix C provides a Backgrounder on the specific provincial housing targets that have now been assigned to each of the 50 municipalities. Chatham-Kent has been assigned a housing target of 1,100 total housing units by 2031, which represents an annual target of 112 housing units per year starting with 2023. The target of 1,100 is the third lowest target of the 50 municipalities that have been assigned a target. The following table provides a historical breakdown of the number of housing units that have been issued building permits in Chatham-Kent since 2011.

Year	Total Housing Units
2011	116
2012	146
2013	212
2014	101
2015	120
2011-2015 Annual Average	139
2016	125
2017	191
2018	185
2019	264
2020	482
2016-2020 Annual Average	250
2021	831
2022	528
2023 (through end of August)	290
2021-2023 Annual Average	550

As can be seen, through 2011-2015, the 5-year average in annual housing units were slightly above the annual housing target of 112 assigned by the Province and more than double the target from 2016-2020. Since 2021 through the end of August 2023, 1,649

permits have been issued for housing units, which already exceeds the 1,100 housing target assigned by the Province. However, it is understood that the housing pledge commitment would begin with the year 2023 and run until 2031. That said, with 290 units so far in 2023, Chatham-Kent has already exceeded the assigned target of 112 for 2023. Based on other forecast work that is nearing completion, Administration is confident that the Municipality will exceed the 1,100 housing target by 2031. However, in order to sustain growth in housing over the longer term, there will need to be significant investments in infrastructure in various communities.

Building Faster Fund

As noted above, Chatham-Kent would be eligible for funding under the new Building Faster Fund on an annual basis, provided that the Mayor has committed in writing to meet the provincially assigned target by the October 15, 2023 deadline.

While further details are still to come on the Building Faster Fund, the Backgrounder notes the following:

The three-year, \$1.2 billion fund will provide up to \$400 million per year to municipalities that have committed in writing to achieve their overall 2031 housing target. Ten per cent of the overall funding will be reserved for small, rural and northern communities that have not yet been assigned a housing target by the province to support unique needs and circumstances.

For municipalities with targets, each municipality's portion of the \$400 million annually will be determined based on their share of the greater provincial housing supply goal, as well as their performance compared to their annual assigned targets. For example, if a municipality's target represents 10 per cent of the province-wide target, that municipality will be eligible for 10 per cent of funding through the Building Faster Fund.

Performance will be evaluated by comparing the municipality's number of housing starts and additional residential units created in a given calendar year against the annual target. Municipalities that are achieving 80 per cent or more of their annual target will be able to access a portion of their allocation. Those that exceed their target will be eligible to receive additional funding. Municipalities that are not achieving at least 80 per cent of their annual target will receive no funding.

If a municipality has a total housing target of 150,000 homes by 2031, this represents 10 per cent of Ontario's target of 1.5 million homes and makes them eligible for \$40 million in annual funding, plus bonus. The Building Faster Fund provides double the funding for every one per cent above 100 per cent of a municipality's target.

If this municipality hits 80 per cent of their annual housing target, they receive \$32 million ($\$40 \text{ million} \times 80\% = \32 million).

If this municipality hits 90 per cent of their annual housing target, they receive \$36 million ($\$40 \text{ million} \times 90\% = \36 million).

If this municipality hits 105 per cent of their annual housing target, they receive \$44 million (\$40 million x 100% + (5% x 2 = 10%) = \$44 million).

If this municipality hits 110 per cent of their annual housing target, they receive \$48 million (\$40 million x 100% + (10% x 2 = 20%) = \$48 million)

For the first year of the program, 2023, province-wide housing targets will start at 110,000 new housing starts, which would represent a historic year for Ontario. From there, housing targets will ramp up over time until the province is on track to achieve at least 1.5 million homes by 2031.

Chatham-Kent's target of 1,100 represent 0.073% of the total target of 1.5 million homes. Based on the funding formula provided to date, it is estimated that Chatham-Kent would receive between \$300,000-\$350,000 per year over the next 3 years if the Municipality achieves 80%-110% of the annual target.

Responding to the Housing Affordability Task Force's Recommendations

On September 15, 2023, a third letter was received the Minister of Municipal of Affairs and Housing. In February 2022, the Housing Affordability Task Force delivered its final report with recommendations to help Ontario tackle the housing supply crisis and build at least 1.5 million homes by 2031. The Task Force made 74 recommendations of which 23 have been implemented by the Province to date.

The Minister is asking the Municipality to identify its position on all 74 recommendations, as well as to identify the top five recommendations for future consideration by October 16, 2023. If this completed chart is not completed in full by October 16, 2023, the Municipality will be disqualified from being eligible for the province's new Building Faster Fund. The Minister's letter and the Housing Affordability Task Force's recommendations are included in Appendix D.

Given the timing of the letter, there was not sufficient time to complete the chart for inclusion in this report, but Administration will do so for submission before the October 16, 2023 deadline.

Strong Mayor Powers

In addition to eligibility for the Building Faster Fund, Municipalities with targets would also be given Strong Mayor Powers if their head of council has committed to meeting these targets, in writing, by October 15, 2023. These municipalities would then receive Strong Mayor Powers by October 31, 2023.

The full legislative terms for the Strong Mayor Powers can be found in Part VI.1 of the Municipal Act, 2001 (<https://canlii.ca/t/311#sec284.2>)

Below is a summary of what is known to date, based on the existing legislation.

Process

The legislation does provide that Mayoral decisions using these new powers are required to be provided in writing to the Clerk and Council, with requests to staff in writing to the CAO and Clerk. Most municipalities have instituted formal processes for how these decisions are made and tracked, including a location on their website where the decisions are stored.

Administration

The Mayor has the power to:

- appoint and assign duties to the CAO.
- hire or dismiss a "head of any division or the head of any other part of the organizational structure". There are certain officials excluded from this authority, including the Clerk, Treasurer, Integrity Commissioner, Chief Building Official, Police Chief, Fire Chief, Medical Officer of Health and others that may be outlined in the future in regulations.
- determine the municipality's organizational structure.
- make requests of administration to undertake research and provide advice to the Mayor and Council on municipal policies and programs.

Budget

The Mayor may present a proposed budget no later than February 1. If the Mayor does not present a proposed budget, Council may do so. If the Mayor presents a budget, Council has 30 days to amend the proposed budget after the Mayor presents it. The Mayor may veto Council amendments up to 10 days after Council adopts the budget. If the Mayor does not exercise his veto, then the amended budget is deemed adopted. Council may override the Mayor's veto with a 2/3 vote up to 15 days later in which case the amended budget is deemed adopted. If Council does not exercise an override of the Mayor's veto the proposed budget is deemed adopted. Council and the Mayor can shorten their time periods for making decisions, by giving notice to the Clerk.

Veto Powers

The Mayor has a veto to a by-law passed by Council if, in the Mayor's opinion, a by-law or part of it could potentially interfere with a provincial priority. The Mayor may also introduce new matters without notice to a Council meeting in order to advance a provincial priority.

Provincial priorities are outlined under a regulation of the Municipal Act and are currently:

- (1) building 1.5 million new residential units by Dec 31, 2031 and
- (2) constructing and maintaining infrastructure to support housing, including transit, roads, utilities and servicing. Council may override the Mayor's veto with a 2/3 vote up to 21 days.

As can be seen, the Province has connected the Strong Mayor Powers to housing through these provincial priorities, by providing this veto power in relation to by-laws interfering with these provincial priorities.

Committees

In respect to Council Committees that are composed of only Members of Council, the Mayor has the power to establish or dissolve Committees, to appoint the Chairs and Vice-Chairs of Committees, and to assign functions to Committees.

Housing Pledge

A Housing Pledge is not intended to be a formal land-use planning document, and its development should not require any external technical expertise and the format and language used in the pledge should be accessible to the general public. The pledge is to be approved by Council and should help formalize Council's commitment to meeting the municipal housing target.

The Housing Pledge is intended to identify the tools and strategies that the Municipality intends to use to achieve the housing target. The Pledge may include, but is not limited to, priorities for site-specific planning decisions to expedite housing in priority areas, plans to streamline the development approval process, commitments to plan, fund and build critical infrastructure to support housing, and strategies to use municipal surplus lands.

The Province has provided Chatham-Kent until December 15, 2023 to approve and submit its Housing Pledge to the Ministry of Municipal Affairs and Housing.

Next Steps

Since Council approved the Growth Strategy in 2020, a lot of work and specific strategies have already been developed and put into place to encourage and create more housing in Chatham-Kent over the past few years.

A significant amount of work has also been done by Planning Services with the assistance of Watson & Associates on the Comprehensive Review aspect of the new Official Plan. The initial component of the Comprehensive Review examines future population and employment growth potential, and corresponding urban land needs over a long-term planning horizon (up to 25 years). It is anticipated that this report will be presented to Council in late October or earlier November.

All of these aspects will assist in the creation of a Housing Pledge for Chatham-Kent by the December 15, 2023 deadline.

Areas of Strategic Focus

This report supports the following areas of strategic focus:

			
Economic Prosperity	Healthy & Safe Community	People & Culture	Environmental Sustainability
1.1	2.3	3.2	

Consultation

The Director, Legal Services, Director, Municipal Governance/Clerk, Corporate Services and General Manager, Finance, Budget, Information Technology & Transformation were all consulted and contributed to this report.

Communication

Communication is proposed to be through the inclusion of this report on the Council agenda and related communications.

Diversity, Equity, Inclusion and Justice (DEIJ)

Chatham-Kent is growing and becoming more diverse. At the same time, the number of people who do not have access to attainable housing in our community is also growing. At the July 10, 2023 meeting, Council were provided with information about some of the drivers behind this trend. Equity-deserving communities such as those who are racialized, Indigenous, 2SLGBTQIA+, newcomers, women, people with disabilities, and those with lower incomes are disproportionately impacted. Initiatives to build new housing units will consider the unique needs of these populations and work in tandem with efforts to address underlying causes. Investing in additional housing units will help to ensure more equitable access to housing, which in turn supports individual, family, and community wellbeing.

Financial Implications

If the Mayor does not proceed with a commitment to achieve the provincially assigned housing target in writing by October 15, 2023, it would not be eligible for the Building Faster Fund.

As noted, it is anticipated that based on the funding formula provided to date, it is estimated that Chatham-Kent would receive \$300,000-\$350,000 per year over the next 3 years, if the Municipality achieves 80%-110% of the annual target.

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Attachments: Appendix A – June 16, 2023 Letter from Minister MMAH
 Appendix B – August 22, 2023 Letter from Minister MMAH
 Appendix C – August 21, 2023 Provincial Backgrounder
 Appendix D – September 15, 2023 Letter from Minister MMAH and
 Housing Affordability Task Force’s Recommendations.