ST. THOMAS AND ELGIN COUNTY HOUSING STRATEGY: FINAL REPORT

Prepared by
Lapointe Consulting Inc. &
Christine Pacini & Associates Inc.

For the City of St. Thomas
as Service Manager for St. Thomas and Elgin County

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This study has been undertaken under the direction of Elizabeth Sebestyen, Social Housing Administrator, St. Thomas-Elgin Ontario Works Department and Chester Hinatsu, Director, St. Thomas-Elgin Ontario Works Department.

The work has been undertaken in consultation with a reference group made up of the following people:

St. Thomas/Elgin County Affordable Housing Reference Group
Judy Binder, Canada Mortgage and Housing Corporation
Marla Champion, Janice Longeway and Sandy Wilson, YWCA
Kate Demare, St. Thomas-Elgin Ontario Works
Wendell Graves, CAO, Town of Aylmer
Dick Greenway, Donwest Construction
Brad Hammond, St. Thomas Economic Development Corporation*
Gerry den Hartogh, Royal Canadian Legion, Lord Elgin Branch
Chester Hinatsu, St. Thomas-Elgin Ontario Works**
Pat Keenan, City of St. Thomas, Planning Department
Helen LeFrank and Anne Kenny, Elgin Community Futures Development Corporation
Tom McCallum, Elgin Association for Community Living
Nancy Rolling, Elgin and St. Thomas Housing Corporation
Bonnie Rowe, West Elgin Community Health Centre
Elizabeth Sebestyen, St. Thomas-Elgin Ontario Works**

* has since moved on to another municipality
** staff support

Consulting Team:
Linda Lapointe
Christine Pacini
Spencer Ferdinands

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EXECUTIVE SUMMARY

With the passing of the *Social Housing Reform Act, 2000,* the City of St. Thomas became the designated Service Manager responsible for administering the social housing portfolio in the City of St. Thomas and Elgin County. As a designated Service Manager, the City of St. Thomas is also responsible for responding to a wide range of housing needs in both the City of St. Thomas and across the County.

Given its new responsibilities, the City of St. Thomas felt it was an opportune time to commission a study that would identify housing needs in the City of St. Thomas and Elgin County, as well as a strategy that would respond to these needs. The study was prepared in two parts: **Housing Demand and Supply Analysis and Housing Strategy**. This report outlines the recommended **Housing Strategy** to address the issues and gaps raised in the Housing Demand and Supply Analysis report.

The Housing Strategy report provides a summary of the housing policy and program environment, including current federal and provincial housing policies and programs relevant to housing, particularly affordable housing. The report goes on to describe municipal initiatives in the provision of affordable housing, including an identification of potential impediments and opportunities. The report also outlines alternative affordable housing definitions to be considered for a Housing Facility By-law and official plans. This background information, as well as the key issues and gaps identified in the Housing Demand and Supply Analysis form the basis for the development of an integrated housing strategy for St. Thomas/Elgin County.

The recommended actions identified in this report are primarily aimed at expanding the supply of affordable housing throughout St. Thomas/Elgin County. The successful implementation of the Housing Strategy will require a strong commitment from all levels of government, the private sector and service agencies throughout the area to work together to bring identified opportunities to reality.

The recommendations identified in the Housing Strategy report are options that may be utilized by St. Thomas and Elgin County local municipalities and other stakeholders to meet identified housing needs. The comprehensive list of recommendations may not be appropriate for all areas of St. Thomas/Elgin County, consequently, they should be considered by each local Council as appropriate. There are some recommendations, however, which are necessary to lay the foundation for the provision of affordable housing and these, for the most part, are recommendations which must be adopted by the Service Manager. In addition, it is important that the housing targets and definition of affordable housing be adopted by all area municipalities.

The following is a summary of the recommended strategies, grouped by the key housing priorities identified in this report.

Responding to Diverse Housing Needs

1. That St. Thomas and local municipalities within Elgin County be encouraged to adopt housing targets by dwelling type and tenure in their Official Plan to meet identified housing requirements. Over the 15-year period, it is anticipated that 85% of units required will be singles and semis, 5% row housing and 10% apartments. Twenty percent of units should be available as rental units.

   For the 2001 to 2016, the following additional housing targets are recommended, unless local municipalities have developed their own targets:

Municipality	Singles/Semis			Row Housing			Apartments			Total		
	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total
City of St. Thomas	2,165	240	2,405	40	159	199	29	267	296	2,234	666	2,900
% Across	*90%*	*10%*	82.9%	*20%*	*80%*	6.9%	*10%*	*90%*	10.2%	*77%*	*23%*	100.0%
% Of Total			**38%**			**53%**			**40%**			**39%**
Municipality of Bayham	487	55	542	5	25	30	5	51	56	497	131	628
% Across	*90%*	*10%*	90.0%	*20%*	*80%*	4.0%	*10%*	*90%*	6.0%	*79%*	*21%*	100.0%
% Of Total			**9%**			**8%**			**7%**			**8%**
Township of Malahide	522	58	580	11	44	55	-	-	-	533	102	635
% Across	*90%*	*10%*	95%	*20%*	*80%*	5%			0%	*84%*	*16%*	100.0%
% Of Total			**9%**			**15%**			**0%**			**9%**
Town of Aylmer	694	76	770	10	38	48	13	120	133	717	234	951
% Across	*90%*	*10%*	80%	*20%*	*80%*	5%	*10%*	*90%*	15%	*75%*	*25%*	100.0%
% Of Total			**12%**			**13%**			**18%**			**13%**
Municipality of Central Elgin	883	99	982	8	32	40	40	93	133	931	224	1,155
% Across	*90%*	*10%*	85.0%	*20%*	*80%*	3.5%	*30%*	*70%*	11.5%	*81%*	*19%*	100.0%
% Of Total			**15%**			**11%**			**18%**			**15%**
Township of Southwold	414	45	459	-	-	-	-	68	68	414	113	527
% Across	*90%*	*10%*	87.1%				*0%*	*100%*	12.9%	*79%*	*21%*	100.0%
% Of Total			**7%**			**0%**			**9%**			**7%**
Municipality of Dutton-Dunwich	276	30	306	-	-	-	6	25	31	282	55	337
% Across	*90%*	*10%*	94%				*20%*	*80%*	6%	*84%*	*16%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**5%**
Municipality of West Elgin	275	30	305	-	-	-	-	30	30	275	60	335
% Across	*90%*	*10%*	94%				*0%*	*100%*	6%	*82%*	*18%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**4%**
Elgin County	3,551	393	3,944	34	139	173	64	387	451	3,649	919	4,568
% Across	*90%*	*10%*	86.3%	*20%*	*80%*	3.8%	*14%*	*86%*	9.9%	*80%*	*20%*	100.0%
% Of Total			**62%**			**47%**			**60%**			**61%**
St. Thomas/Elgin County	5,716	633	6,349	74	298	372	93	654	747	5,883	1585	7,468
% Across s	*90%*	*10%*	85.0%	*20%*	*80%*	5.0%	*12%*	*88%*	10.0%	*79%*	*21%*	100.0%
% Of Total			**100%**			**100%**			**100%**			**100%**

2. That the City of St. Thomas and Elgin County local municipalities, review their official plans and zoning bylaws to ensure that their existing housing policies are up-to-date and that the policies do not create impediments to the provision of affordable housing.

Maintaining and Upgrading Existing Housing

3. That the City of St. Thomas, as Service Manager, encourage CMHC to provide increased RRAP funding for St. Thomas/Elgin County for upgrading of older, private

homes occupied by lower income households, for rental housing and for rooming houses.

4. That municipalities in Elgin County consider combining innovative funding in Community Improvement Areas with RRAP or the Community Rental Housing Program to provide increased incentives to improve housing in designated improvement areas.

5. That municipalities in St. Thomas and Elgin County consider providing landlords with property tax relief in cases where landlords are willing to make a substantial investment in improving their rental property.

6. That, as part of a public education campaign, St. Thomas as Service Manager, should organize information sessions to inform the public, non-profit agencies, private landlords and local builders, of the federal and local funding programs available to renovate older, existing residential units.

Increasing the Supply of Affordable Rental Housing

7. That St. Thomas, as Service Manager, enact a Municipal Housing Facilities By-law under Section 210 of the *Municipal Act* that would enable St. Thomas and Elgin County local municipalities to provide incentives to the private sector to create new affordable housing. The by-law would include the definition of affordable housing identified in the recommendation below.

8. That St. Thomas, as Service Manager, adopt the definition of affordable housing in the proposed Provincial Policy Statement for the purposes of the Municipal Housing Facilities By-Law and that local municipalities in St. Thomas/Elgin County adopt this definition in their Official Plans:

   Affordable housing means:

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

   i. *Housing for which the purchase price results in an annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households; or*

   ii. *Housing for which the purchase price is at least 10% 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:

i. *A unit for which the rent does not exceed 30% of gross annual household income for low and moderate income households; or,*

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

Where low and moderate income households means:

a) *in the case of ownership housing, households with incomes in the lowest 60% of the income distribution*

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

It is further recommended that the housing facility by-law should use average rents for different unit sizes in the St. Thomas area as the upper threshold of affordable rental units and for ownership housing, it should use the price that is 10% below the average for resale housing in the St.Thomas/Elgin County area.

9. That the City of St. Thomas, as Service Manager, undertake the necessary steps required to participate in the Canada-Ontario Affordable Housing Program and in particular, request an initial allocation of funding for 150 units from the Province under Community Rental Housing Program.

10. That the City of St. Thomas, as Service Manager, issue a Request for Proposal under the Community Rental Housing Program once an allocation has been received from the Province. Preference should be given to proponents who address an identified housing need, have experience in development and are able to develop affordable rental housing as a component of the project.

11. That staff of the Service Manager meet with local Councils to obtain their support for the Housing Strategy Report. The City of St. Thomas, as Service Manager, may wish to conduct a workshop for local councillors to explain to them the role of the Service Manager, local municipalities, the Province, CMHC, housing providers and the private sector in the provision of affordable housing.

12. That, in order to participate in the Ontario Community Rental Housing Program, the City of St. Thomas and other municipalities in Elgin County, along with the County, consider providing provide grants in lieu of property tax reductions to equalize the taxation rate for newly constructed multi-residential rental housing projects under the Community Rental Housing Program.

13. That the City of St. Thomas, as Service Manager, encourage local municipalities to assist proponents of affordable housing by using some or all of the following incentives:

    - Providing grants to offset property taxes;
    - Waiving of development charges;
    - Waiving application fees;
    - Establishing grants and/or revolving funds; and,
    - Providing density bonuses where appropriate.

14. That the City of St. Thomas work with Elgin County, local municipalities, federal and provincial governments to create a comprehensive inventory of surplus government lands and identify which sites may be suitable for affordable housing purposes.

15. That the City of St. Thomas and Elgin County local municipalities consider establishing a “housing first” policy for surplus municipal lands. Specifically, that the first priority in the decision-making process respecting surplus or potentially surplus municipal real property be affordable housing development and that the surplus property be made available for affordable housing purposes at a reduced cost.

16. That the City of St. Thomas and Elgin County local municipalities, consider utilizing alternative development standards on a case-by-case basis for residential developments that provide new affordable housing, particularly for parking standards.

17. That the City of St. Thomas, as Service Manager, consider placing available rent supplement units in new affordable rental housing developments in order to enable the expansion of the supply of subsidized housing in areas where it is most needed.

18. That the City of St. Thomas, as Service Manager, encourage the provision of affordable housing through partnerships with private sector groups, local government agencies and community-based groups.

19. That the City of St. Thomas and any other municipalities with a designated Community Improvement Plan area seek to stack municipal assistance with that provided through the Community Rental Program, as appropriate.

20. That the City of St. Thomas and Elgin County local municipalities, in conjunction with FCM and AMO, urge the new Provincial government to uphold its election promise to match the federal funding available through the Canada-Ontario Affordable Housing Program so that true affordability can be achieved.

21. That the City of St. Thomas and Elgin County local municipalities, urge the federal government to change the tax system to fully rebate the GST associated with the development of new rental housing, including rental housing developed by the private and not-for-profit sector, to help reduce the cost new rental housing.

Examining The Impact of Conversion of Rental Housing to Condominiums

22. It is recommended that the City of St. Thomas review its conversion policy taking into account new policy directions from the Province, the need to preserve the existing rental stock and the impact of a conversion on the availability of rental housing, particularly affordable housing in the City.

23. It is recommended that local municipalities of Elgin County review their existing conversion policy, if any are currently in place, or consider a new conversion policy which takes into account new policy directions from the Province, the need to preserve the existing rental stock and the impact of a conversion on the availability of rental housing, particularly affordable housing in their municipality.

Providing a Range of Housing Options for Seniors

24. That the Service Manager and local municipalities support community-based agencies in their endeavors to increase the supply of affordable rental housing for seniors.

25. That as part of a broader educational campaign, that the public, politicians, agencies and the non-profit and private sector be informed regarding the various housing options for seniors both in St. Thomas/Elgin County and elsewhere through such activities as a workshop or public meeting.

26. That the Service Manager establish a St. Thomas/Elgin County Older Adults' Housing Sub-Committee as part of the overall Housing Advisory Committee (see recommendation 40 below).

Meeting the Need for Emergency and Transitional Housing

27. That the City of St. Thomas approach the Homelessness Secretariat to allocate funds under the Supporting Community Partnership Initiatives (SCPI) to the St. Thomas/Elgin County area.

28. That the City of St. Thomas consider requesting an allocation under the Province's Off the Street, Into Shelter Fund (OSIS) to help homeless individuals find shelter.

29. That the City of St. Thomas consider requesting an allocation under the Province's Redirection of Emergency Hostel Funding Program (REHF) to help reduce the demand for hostel accommodation.

30. That the Service Manager and local municipalities support interested local agencies to secure emergency and/or transitional housing for homeless men and persons with mental illnesses, physical disabilities and addictions.

31. That the Service Manager and local municipalities support local agencies seeking to provide emergency and transitional housing for youth and that such developments include life skills and employment skills development.

32. That the Service Manager support the efforts of interested organizations in the Town of Aylmer to provide transitional housing for Mennonites so they may obtain employment and then move into more permanent housing.

Addressing Need for Larger Units in Aylmer

33. That the Service Manager work with relevant housing providers to provide larger social housing units in Aylmer and reduce vacancies in larger units in Port Burwell.

The Role of Rooming Houses

34. That the City of St. Thomas identify steps it could take to encourage non-profit and private rooming house operators to provide affordable rental housing for singles.

Increasing the Supply of Supportive Housing

35. That the City of St. Thomas lend its support to community agencies interested in pursuing additional funding from the MOH-LTC to address the identified needs for special needs housing outlined in the demand and supply analysis.

36. That the City of St. Thomas encourage, as part of the Request for Proposal process, that proponents designate a portion of the units allocated under the Canada-Ontario Affordable Housing Program for agencies that are able to secure support service funding for additional supportive housing units.

Expanding Opportunities for Affordable Ownership Housing

37. That the City of St. Thomas and Elgin County local municipalities explore the range of options to support the development of affordable ownership housing.

38. That the City of St. Thomas and Elgin County local municipalities support local community agencies, such as Habitat for Humanity, in their efforts to create new affordable ownership housing by considering providing incentives to reduce land costs and support with planning approvals.

39. That the City of St. Thomas, in conjunction with interested Elgin County local municipalities, request CMHC to hold Homeownership Education and Training in the area to help renters move to homeownership.

40. That the City of St. Thomas consider participating in the homeownership component of the Canada-Ontario Affordable Housing Program as one way to provide assistance to rental households to move to homeownership.

Laying the Foundation for an Ongoing System for Promoting Affordable Housing

41. That the City of St. Thomas, as Service Manager, establish a Housing Advisory Committee that will be responsible for the ongoing implementation and updating of the Affordable Housing Strategy. The Committee should consider establishing sub-committees in the various areas of priority identified in the strategy report, in particular, affordable rental housing, seniors' housing, emergency and transitional housing and supportive housing.

42. That the City of St. Thomas, in conjunction with Elgin County local municipalities, undertake a public education campaign to help inform and educate the public about the need for affordable rental housing facing the community and emphasize the importance of working together with the local municipalities, local agencies, private and non-profit developers and all other stakeholders to help facilitate its provision.

43. That the Housing Advisory Committee work with CMHC, local municipalities and other organizations to ensure that crucial housing data is collected on a regular basis to help the Committee monitor St. Thomas/Elgin County's progress in meeting identified housing targets. In particular, average market rents need to be published for all municipalities within St. Thomas/Elgin County and detailed information on residential starts and completions is required for all municipalities within St. Thomas/Elgin County.

1 INTRODUCTION

1.1 BACKGROUND

The St. Thomas/Elgin County service area is comprised of the separated City of St. Thomas and the seven local municipalities which comprise Elgin County. In 2001, St. Thomas/Elgin County was home to 81,550 persons.

With the passing of the *Social Housing Reform Act, 2000,* the City of St. Thomas became the designated Service Manager responsible for administering the social housing portfolio in the City of St. Thomas and Elgin County. The City administers social housing through its Ontario Works Department which delivers a range of social services including income maintenance, employment programs and day care on behalf of both the City and the County.

As a designated Service Manager, the City of St. Thomas is also responsible for responding to a wide range of housing needs in both the City of St. Thomas and across the County. The City commissioned this study to provide a better understanding of housing needs in the City of St. Thomas and Elgin County, as well as a strategy for responding to these needs.

Local municipalities in Elgin County are responsible for planning policies and programs affecting the provision of affordable housing including official plans, zoning by-laws, approved plans of subdivision, community improvement plans and designating land for residential purposes. Local municipalities also set development charges for new residential development and municipal tax rates for existing housing which both impact on the cost of new housing.

The St. Thomas/Eglin County area is illustrated in Figure 1 and includes the following eight municipalities in St. Thomas/Elgin County from east to west:

- Municipality of Bayham
- Township of Malahide
- Town of Aylmer
- Municipality of Central Elgin
- City of St. Thomas
- Township of Southwold
- Municipality of Dutton-Dunwich
- Municipality of West Elgin.

The term “St. Thomas/Elgin County” is used in this report to refer to the area covered by all eight municipalities while “Elgin County” refers to the seven municipalities outside the City of St. Thomas.

1.2 REPORT PURPOSE AND STRUCTURE

The purpose of the Housing Needs Analysis and Strategy is to develop a strategic plan which identifies and addresses the full range of housing needs in St. Thomas/Elgin County, with particular emphasis on the need for affordable housing.

This report was prepared in two parts:

- The first part**, St. Thomas and Elgin County Housing Strategy: Housing Demand and Supply Analysis,** includes a review of current and future housing needs throughout St. Thomas/Elgin County and identifies gaps in the housing market.

- The second part, **St. Thomas and Elgin County Housing Strategy: Final Report,** identifies potential strategies, policies and programs that can be utilized by the St.Thomas/Elgin County Service Manager, individual municipalities and the County in co-operation with the private sector, community agencies and senior levels of government to meet identified needs.

This report, the Housing Strategy, is organized into six chapters as described below:

Chapter 1 provides an introduction to the study scope and purpose.

Chapter 2 provides a synopsis of the housing demand and supply analysis including an identification of housing issues and gaps in the housing market.

Chapter 3 provides a summary of the housing policy and program environment, including current federal and provincial housing policies and programs relevant to housing, particularly affordable housing.

Chapter 4 describes municipal initiatives in the provision of affordable housing, including an identification of potential impediments and opportunities.

Chapter 5 describes alternative affordable housing definitions to be considered for a Housing Facility By-law and official plans.

Chapter 6 outlines an integrated housing strategy for St. Thomas/Elgin County to address identified housing needs.

2 SUMMARY OF HOUSING NEED AND DEMAND ANALYSIS

2.1 PAST AND ANTICIPATED DEMOGRAPHIC, ECONOMIC AND HOUSING

2.1.1 Demographic Trends

Population Growth

In 2001, the population of St.Thomas/Elgin County reached 81,553 persons representing a growth rate of 3% over the 1996 population. This level was comparable to the growth rate in the London CMA but below that of Ontario as a whole (6%). This slower growth rate in the St. Thomas/Elgin County area was due to a lower rate of international immigration in St. Thomas/Elgin County. St. Thomas contains 40.8% of the overall population followed by Central Elgin (15.2%), Malahide (10.8%), Aylmer (8.7%), Bayham (7.8%), West Eglin (6.7%), Southwold (5.5%) and Dutton-Dunwich (4.5%). The municipalities within Elgin County contain 59.5% of the population in the study area.

Table 1: Population Growth in St. Thomas/Elgin County, 1986-2001

Municipality	1986**	1991**	1996**	Adjusted 1996	2001	Change 91-96		Change 96-01		Change 91-01	
	#	#	#	#	#	#	%	#	%	#	%
City of St. Thomas	28,851	30,332	32,275	31,407	33,236	1,943	6.4%	1,829	5.8%	2,904	9.6%
% of Total	*41.0%*	*40.2%*	*40.8%*	*39.7%*	*40.8%*	*52.6%*		*76.4%*		*47.7%*	
Municipality of Bayham	5,138	5,673	6,234	6,234	6,375	561	9.9%	141	2.3%	702	12.4%
% of Total	*7.3%*	*7.5%*	*7.9%*	*7.9%*	*7.8%*	*15.2%*		*5.9%*		*11.5%*	
Township of Malahide	7,780	8,514	8,895	8,891	8,809	381	4.5%	-82	-0.9%	295	3.5%
% of Total	*11.1%*	*11.3%*	*11.2%*	*11.2%*	*10.8%*	*10.3%*		*-3.4%*		*4.8%*	
Town of Aylmer	5,248	6,244	7,018	7,022	7,126	774	12.4%	104	1.5%	882	14.1%
% of Total	*7.5%*	*8.3%*	*8.9%*	*8.9%*	*8.7%*	*20.9%*		*4.3%*		*14.5%*	
Municipality of Central Elgin	10,818	11,447	11,279	12,156	12,360	-168	-1.5%	204	1.7%	913	8.0%
% of Total	*15.4%*	*15.2%*	*14.2%*	*15.4%*	*15.2%*	*-4.5%*		*8.5%*		*15.0%*	
Township of Southwold	4,336	4,351	4,282	4,273	4,487	-69	-1.6%	214	5.0%	136	3.1%
% of Total	*6.2%*	*5.8%*	*5.4%*	*5.4%*	*5.5%*	*-1.9%*		*8.9%*		*2.2%*	
Municipality of Dutton-Dunwich	3,198	3,536	3,603	3,603	3,696	67	1.9%	93	2.6%	160	4.5%
% of Total	*4.5%*	*4.7%*	*4.6%*	*4.6%*	*4.5%*	*1.8%*		*3.9%*		*2.6%*	
Municipality of West Elgin	4,966	5,366	5,573	5,573	5,464	207	3.9%	-109	-2.0%	98	1.8%
% of Total	*7.1%*	*7.1%*	*7.0%*	*7.0%*	*6.7%*	*5.6%*		*-4.6%*		*1.6%*	
Elgin County	41,485	45,132	46,885	47,753	48,318	1,753	3.9%	565	1.2%	3,186	7.1%
% of Total	*59.0%*	*59.8%*	*59.2%*	*60.3%*	*59.2%*	*47.4%*		*23.6%*		*52.3%*	
St. Thomas/Elgin County	70,336	75,464	79,159	79,160	81,553	3,695	4.9%	2,393	3.0%	6,089	8.1%
% of Total	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*		*100%*		*100.0%*	

Source: Statistics Canada, 1986, 1991, 1996 & 2001 Census
* Counts have been adjusted to reflect 2001 Census boundaries. These data represent 100% of the population based upon 2001 geographic legal areas. In order to facilitate comparison, the 1996 Census population counts are adjusted, as needed, to account for boundary changes between the 1996 and 2001 Censuses (Stats Canada www.statcan.ca).

** These boundaries are based on the pre-amalgamation boundaries as defined by Statistics Canada. These figures have not been adjusted for post 1998 amalgamations. As a result, comparisons of pre and post 1996 figures will not provide a fully accurate discussion.

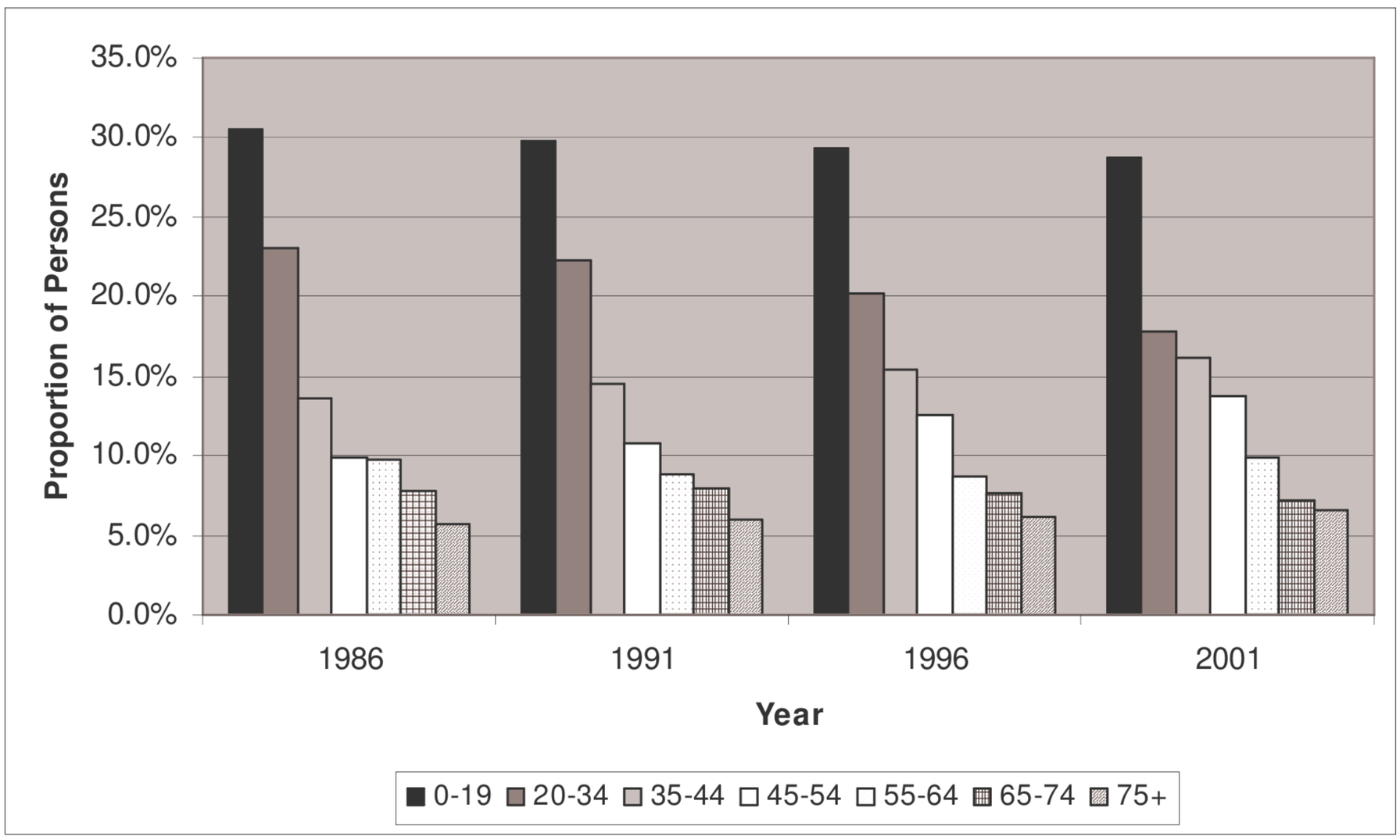
Between 1996 and 2001, the City of St. Thomas and Southwold had the fastest rate of growth while between 1991 to 1996, Aylmer and Bayham had the fastest rate of growth. Although patterns of growth have varied over time, each municipality's share of the population has remained fairly constant since 1986.

Age Distribution

The population in St. Thomas and Elgin County is gradually aging. The proportion of the population in St. Thomas/Elgin County aged 0 to 19 has decreased from 30.5% in 1986 to 28.7% in 2001. Similarly, the 20 to 44 age category experienced a slight decrease in the proportion of the population from 36.6% in 1986 to 34% in 2001. The proportion of the population aged 55 and over has increased slightly from 23.1% in 1986 to 23.5% in 2001. The age group that showed the largest increase is the 45-54 year olds which increased by 63.3% between 1986 and 2001. This group represents the leading edge of the baby boom generation (those born between 1946 and 1966).

There is a considerable variation in the age distribution among municipalities with areas such as St. Thomas, Aylmer, Dutton-Dunwich, West Elgin and Bayham having the highest proportion of persons 65 years and older in 2001. Areas such as Bayham, Malahide and West Elgin have the highest proportions of school-aged children (0-19 years of age).

Figure 1: Trends in Age Distribution by Age Group, 1986 - 2001



Source: Statistics Canada

Household Growth and Household Size

In 2001, there were 30,180 households in St. Thomas/Elgin County representing an increase of 5.5% -somewhat below the provincial average of 7.5%. Central Eglin and Southwold had the fastest level of household growth between 1996 and 2001. Over the past decade, approximately half of the growth in households took place in St. Thomas and half throughout the County.

Table 2: Trends in Household Growth, St. Thomas/Elgin County, 1986-2001

Municipality	1986	1991	1996	2001	1991-1996	1996-2001	1986-2001	Ch. 1991-2001	
					% Ch.	% Ch.	% Ch.	#	%
City of St. Thomas	10,840	11,535	12,690	13,315	10.0%	4.9%	22.8%	1,780	15.4%
% of Total	*44%*	*43%*	*44%*	*44%*				*50.4%*	
Municipality of Bayham	1,630	1,830	2,055	2,110	12.3%	2.7%	29.4%	280	15.3%
% of Total	*7%*	*7%*	*7%*	*7%*				*7.9%*	
Township of Malahide	2,230	2,455	2,610	2,665	6.3%	2.1%	19.5%	210	8.6%
% pf Total	*9%*	*9%*	*9%*	*9%*				*5.9%*	
Town of Aylmer	2,000	2,315	2,570	2,650	11.0%	3.1%	32.5%	335	14.5%
% of Total	*8%*	*9%*	*9%*	*9%*				*9.5%*	
Municipality of Central Elgin	3,565	3,940	3,955	4,475	0.4%	13.1%	25.5%	535	13.6%
% of Total	*15%*	*15%*	*14%*	*15%*				*15.2%*	
Township of Southwold	1,350	1,435	1,405	1,535	-2.1%	9.3%	13.7%	100	7.0%
% of Total	*6%*	*5%*	*5%*	*5%*				*2.8%*	
Municipality of Dutton-Dunwich	1,060	1,195	1,275	1,365	6.7%	7.1%	28.8%	170	14.2%
% of Total	*4%*	*4%*	*4%*	*5%*				*4.8%*	
Municipality of West Elgin	1,780	1,945	2,045	2,060	5.1%	0.7%	15.7%	115	5.9%
% of Total	*7%*	*7%*	*7%*	*7%*				*3.3%*	
Elgin County	13,615	15,115	15,915	16,860	5.3%	5.9%	23.8%	1,745	11.5%
% Of Total	*56%*	*57%*	*56%*	*56%*				*49.4%*	
St. Thomas/Elgin County	24,460	26,650	28,615	30,180	7.4%	5.5%	23.4%	3,530	13.2%
% Of Total	*100%*	*100%*	*100%*	*100%*				*100.0%*	
Ontario	**3,221,725**	**3,638,360**	**3,924,515**	**4,219,410**	**7.9%**	**7.5%**	**31.0%**		**16.0%**

Source: Statistics Canada, 1986, 1991, 1996 & 2001 Census

The 1986 to 1996 data have not been adjusted for post 1998 amalgamations and are based on the Statistics Canada boundary definitions prior to the 1998 amalgamations.

The 2001 data on the other hand, takes into account the amalgamations and annexations and thus does not provide an accurate comparison with the pre 1996 data

The average household size in St. Thomas/Elgin County is slightly lower than that of the Province as a whole (2.65 in St. Thomas/Elgin County compared to 2.70 in Ontario). The lowest average household size is in St. Thomas where the household size is 2.43 persons per household. Other municipalities – especially the more rural ones – have higher average household sizes. For example, Malahide has 3.24 persons per household and Bayham has 3.00 persons per household.

The number of one and two-person households has increased steadily since 1986 growing from 51.0% of all households in 1986 to 57.2% in 2001. At the same time the number of households with 3 or more persons has decreased from 48.9% to 42.8% of households. Between 1986 and 2001 the number of one-person households grew by 37.3% and the number of two-person households grew by 38.8% compared to an over`all growth in the number of households of 23.4%.

Household Type

A majority of households (75.7%) in 2001 in St.Thomas/Elgin County are family households (including childless couples). The proportion of non-family households, often elderly persons living alone, increased slightly from 23.2% in 1991 to 24.3% in 2001; however, in absolute terms, this meant an increase of 1,150 non-family households during the same period. Much of the growth in non-family households occurred in the City of St. Thomas which accounted for 60.8% of the increase in households in the study area between 1991 and 2001.

The City of St. Thomas has a lower proportion of families than are found in the County and conversely, a higher proportion of non-family households. The City of St. Thomas has the highest proportion non-family households at 30.2% followed by Aylmer (25.9%) and West Elgin (23.5%).

2.1.2 Population and Household Forecasts

The St. Thomas/Elgin County population is forecast to grow from 81,560 people in 2001 to 97,350 people in 2021 – an increase of 15,790 people. (Refer to Appendix A for a description of the methodology.) When the post-censal estimate is taken into account, the projected population for St. Thomas/Elgin County in 2021 is 100,270 persons. (The post-censal estimate is the estimate of the undercount and is usually around 3%.)

Table 3: Population Projected for St. Thomas/Elgin County, 2001-2021

Age	2001		2011		2021		20-Year Change	
	Total	%	Total	%	Total	%	#	%
0-4	5,165	6.3%	4,940	5.5%	5,722	5.9%	557	10.8%
5-9	5,990	7.3%	4,919	5.5%	5,512	5.7%	(478)	-8.0%
10-14	6,295	7.7%	5,385	6.0%	5,215	5.4%	(1,080)	-17.2%
15-19	5,995	7.4%	6,102	6.9%	5,059	5.2%	(936)	-15.6%
0-19	23,445	28.7%	21,346	24.0%	21,508	22.1%	(1,937)	-8.3%
20-24	4,610	5.7%	6,279	7.1%	5,371	5.5%	761	16.5%
25-29	4,620	5.7%	5,970	6.7%	6,077	6.2%	1,457	31.5%
30-34	5,265	6.5%	4,853	5.4%	6,569	6.7%	1,304	24.8%
35-39	6,580	8.1%	5,229	5.9%	6,704	6.9%	124	1.9%
40-44	6,545	8.0%	5,977	6.7%	5,728	5.9%	(817)	-12.5%
20-44	27,620	33.9%	28,308	31.8%	30,449	31.3%	2,829	10.2%
45-49	5,810	7.1%	7,122	8.0%	5,919	6.1%	109	1.9%
50-54	5,450	6.7%	6,930	7.8%	6,477	6.7%	1,027	18.8%
55-59	4,425	5.4%	6,014	6.8%	7,366	7.6%	2,941	66.5%
60-64	3,615	4.4%	5,443	6.1%	6,905	7.1%	3,290	91.0%
45-64	19,300	23.7%	25,509	28.6%	26,667	27.4%	7,367	38.2%
65-69	2,980	3.7%	4,325	4.9%	5,844	6.0%	2,864	96.1%
70-74	2,815	3.5%	3,264	3.7%	4,886	5.0%	2,071	73.6%
75+	5,400	6.6%	6,295	7.1%	7,999	8.2%	2,599	48.1%
65+	11,195	13.7%	13,884	15.6%	18,729	19.2%	7,534	67.3%
Total	81,560	100.0%	89,047	100.0%	97,353	100.0%	15,793	19.4%

Source: Lapointe Consulting Inc. and Statistics Canada (2001 census)

As shown in Table 4 below, the total number of households in the County is expected to grow from 30,245 in 2001 to 42,002.

Table 4: Household Growth, St.Thomas-Elgin County, 2001-2021

Year	Total	5-year Increase
2001	30,245	
2006	32,417	2,172
2011	35,005	2,588
2016	37,619	2,613
2021	40,002	2,383
20-year change		9,757

Source: 2001 Census and Lapointe Consulting Inc.

The following changes are projected in the age distribution reflecting the overall aging of the population:

- The proportion of the population composed of children and youth (0-19 years of age) is projected to decline from 28.7% of the population in 2001 to 22.1% in 2021.
- The proportion of the population composed of adults aged 20-44 is projected to decline slightly from 33.9% in 2001 to 31.3% in 2021.
- Those aged 45-64 years of age will grow from 23.7% in 2001 to 27.4% in 2021. This group is expected to increase by 38% between 2001 and 2021 with an absolute increase of 7,367 persons between 2001 and 2021. The reason for the increase is the aging of the baby boomers, the leading edge of whom are now in their late fifties. An increase in this age group should result in continued household growth and demand for “move up” housing.
- Those aged 55-64 years of age will grow from 9.8% of the population in 2001 to 13.7% in 2021. Over the next twenty years, this age group is expected to almost double from 8,040 persons in 2001 to 14,270 in 2021. The 6,230 additions to this age group is likely to include many “empty-nesters” who could be prospects for the “condo” lifestyle.
- The proportion of the population aged 65 years and over is expected to grow from 13.7% of the population in 2001 to 19.2% in 2021. The number of persons aged 65 and over will increase by 67% between 2001 and 2021. The increase in older persons is likely to result in an increased demand for both ownership and rental housing options that are easier to maintain and provide seniors with access to a range of services that are closer to home. A high proportion of seniors have fixed incomes and will require affordable housing options including rental housing and low-rise and medium-rise condominium units.

2.1.3 Economic and Income Trends

Employed Labour Force and Unemployment Rates

According to the 2001 census, just under a tenth (9.0%) of St. Thomas/Elgin County's labour force are employed in primary industries (mostly in agricultural activity but also in the fishing industry along Lake Erie). The St. Thomas/Elgin County area has a strong manufacturing sector with 25.2% of the labour force employed in this sector (compared to 16.4% for Ontario as a whole). The majority of manufacturing jobs are located in St. Thomas, Southwold and Aylmer. Other secondary sector employment includes 5.1% of the labour force employed in construction and 6.7% in transportation and warehousing.

The remaining 54.1% of the labour force are employed in the service sector with retail trade (10.7%), health care and social services (9.9%), and, accommodation and food services (5.4%) being the largest.

The unemployment rate in St. Thomas/Elgin County was slightly higher than that of Ontario as a whole in 2001 – 6.5% in St. Thomas/Elgin County compared to 6.1% for Ontario as a whole. The unemployment rate in the St. Thomas area is currently well below that of Ontario - estimated to be 4.7% for the St. Thomas area compared to 7.4% for Ontario as a whole (as of July 2004). Many jobs in the agricultural sector are seasonal – although these are often filled by immigrant workers.

Household Incomes

The average household income in St. Thomas/Elgin County in 2001 was $56,056 – 16% below the average household income in Ontario of $66,836. The median household income in St. Thomas and Elgin County was $48,834 compared to the Provincial median income of $53,626. Median and average incomes in St. Thomas/Elgin County have remained below the Provincial rates since 1991. The average household income in St. Thomas/Elgin County grew at a slower pace than in Ontario as a whole – 17.7% in St. Thomas/Elgin County compared to 23.1% in Ontario.

St. Thomas/Elgin County contains a significant number of lower income households. Twenty-eight percent (27.7%) of all households have incomes below $30,000 and 16.2% of households have incomes under $20,000, including 4.8% below $10,000.

The highest incidences of low-income households are found in West Elgin, Aylmer and the City of St. Thomas, that is, these municipalities had the highest proportions of their households with incomes below the Low Income Cutoff. In addition, according to Statistics Canada, 9.0% of families, 29.3% of singles and 11.0% of the total population are living below the poverty line in St. Thomas/Elgin County. To some extent, the lower incomes are offset by lower housing costs in Elgin County.

2.1.4 Housing Trends and Overall Requirements

Building Conditions and Age of Housing Stock

The housing stock in St.Thomas/Elgin County is considerably older the housing stock in Ontario and Canada. Close to a third (32.7%) of the existing housing units in St. Thomas/Elgin County were built prior to 1946, compared to 16.7% of Ontario homes and 14.4% of Canadian homes. In addition, 58.7% of the stock is more than 30 years old, i.e., built prior to the 1970s. Some individual communities display even older age profiles. For example, 47.7% of Southwold and 46.0% of Dutton-Dunwich dwellings were built prior to 1946.

Data on rental housing indicates that much of the rental housing stock is older. The majority of the rental housing (59.1%) is more than 30 years old, i.e., built before 1970. Much of the rental stock is in need of upgrading due to its older age structure.

Ownership Housing

Based on Census findings, close to 65% of the City's and 84% of the County's households own their own dwelling. Ownership rates have increased since 1986 throughout St.Thomas/Elgin County. A total of 71.4% of St.Thomas/Elgin County's dwellings were owned in 1986; by 2001, this proportion increased to 75.4%. The trend of increasing levels of housing ownership has been observed throughout Ontario in response to declining interest rates throughout most of the 1990's.

Based on a review of sales data, there is a good supply of affordable ownership housing in St. Thomas/Elgin County. However, there is very little housing that is affordable to households with incomes of $20,000 (representing 16% of households) who could afford to purchase a dwelling that cost $71,500 or less. Households with incomes of $20,000 to $29,999 (representing 11.6% of households) can afford to purchase a home of between $105,000 and $71,500 or lower). Just over a quarter of resale homes are in this price category ($105,000 to $71,500 or lower); however, the lower priced homes may be in need of repair and there are fewer homes are available at the lower end of the price range.

Among new housing in St. Thomas, Central Elgin and Southwold, 47.4% of new single detached homes were priced at less than $175,000- roughly corresponding to the price level that is affordable to the bottom 50% of households in the area. There is little new housing being developed that is affordable to households with incomes of less that $30,000 (that is, housing priced at $105,000 and below.)

Rental Housing

Approximately a quarter (24.6%) of all dwellings in St. Thomas/Elgin County are rented dwellings. The highest proportion of rental housing is found in St. Thomas (35.1%) and Aylmer (29.4%).

Of the 3,985 rented apartment units (apartments in duplexes, high-rise and low-rise apartments) in St. Thomas/Elgin County, a total of 3,250 or 81.6% are located in the City of St. Thomas. Outside of St. Thomas and Aylmer, there is only a limited supply of purpose-built rental housing as tenants are more likely to rent a house.

Data on vacancy rates in private rental apartments with 3 or more units indicates that the vacancy rate has declined considerably in St. Thomas (data is not available for other parts of the area). The overall vacancy rate in October, 2003 was 2.0% with a 1.4% vacancy rate for bachelor apartments and a 1.1% vacancy rate for two-bedroom units. The vacancy rate was higher among one bedroom apartments (4.0%) and the rate was much higher among lower priced units most likely due to poorer conditions among such units.

As of October, 2003 the average rent for a bachelor unit in St. Thomas was $382; the average rent for a one-bedroom unit was $525; and, the average rent for a two-bedroom unit was $673. Based on an analysis of 2001 rents and incomes, over a third of renter households (35.0%) cannot afford the average rent for a one bedroom, two-bedroom or three bedroom apartment.

In 2001, 40.2% of all households in St. Thomas/Elgin County were paying more than 30% of their income on rent. Almost a fifth of tenants (19%) were paying more than 50% of their income on rent and are considered to have a serious housing affordability problem.

Social Housing

There are 1,310 social housing units in St. Thomas/Elgin County administered by the City of St. Thomas as Service Manger.[1] Most of these units are rented on a geared-to-income basis. There are also 31 low-rental and 15 homeowner units available through the Rural and Native Housing Program administered by the Ontario Aboriginal Housing Services. As well, other agencies provide low rental housing such as the Association for Community Living and the Canadian Mental Health Association –Elgin Branch. The City of St. Thomas contains 67% of the social housing administered by the City with 33% being located in the County. Aylmer has 18.6% of the stock and the remaining 14.4% is distributed across the County.

In June, 2004, there were 271 households on the waiting list for rent-geared-to-income (RGI) rental housing under the administration of the St. Thomas/Elgin County Service

[1] This figure does not include one private non-profit which is still administered by CMHC.

Manager. This represents an increase of 38% from the previous year at the same time. The largest share (62.7%) of applications is for small units – 9.2% of applications are for bachelor units and 53.5% of applications are for 1-bedroom units. Close to a fifth (19.9%) of those waiting for RGI housing are for 2-bedroom units; 14.8% for 3-bedroom units and 2.6% for 4-bedroom units. Often applicants must wait one to two years before a rent-geared-to-income unit becomes available – depending upon the type of unit and its location, reflecting the need for additional affordable housing in St. Thomas/Elgin County. Examples of social housing developments are shown on the next page.

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Picture 1: Elkview Gardens, Aylmer

Picture 2: Seniors' Building, St. Thomas

Table 5: Additional Housing Requirements by Type and Tenure, 2001-2021,St. Thomas/Elgin County

Dwelling Type	2001-2006			2006-2011			2011-2016			2016-2021			Total 2001-2021		
	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total
Single Detached	1,658	59	1,717	1,895	151	2,045	1,882	170	2,051	1,682	164	1,846	7,117	542	7,659
% of Total	96.6%	3.4%	79.0%	92.6%	7.4%	79.0%	91.7%	8.3%	78.5%	91.1%	8.9%	77.4%	92.9%	7.1%	78.5%
Semi Detached	38	15	52	55	19	74	58	19	77	55	24	78	205	76	281
% of Total	71.6%	28.4%	2.4%	74.4%	25.6%	2.8%	75.3%	24.7%	2.9%	69.8%	30.2%	3.3%	72.9%	27.1%	2.9%
Row Housing	40	26	66	49	44	93	48	43	92	39	46	84	176	159	335
% of Total	60.7%	39.3%	3.1%	52.4%	47.6%	3.6%	52.7%	47.3%	3.5%	45.9%	54.1%	3.5%	52.5%	47.5%	3.4%
Apartments	49	288	337	55	322	376	58	335	394	54	321	375	217	1,265	1,482
% of Total	14.5%	85.5%	15.5%	14.6%	85.4%	14.5%	14.9%	85.1%	15.1%	14.5%	85.5%	15.7%	14.6%	85.4%	15.2%
Total	1,785	387	2,172	2,053	535	2,588	2,046	567	2,613	1,830	554	2,383	7,714	2,043	9,757
% of Total	82.2%	17.8%	100.0%	79.3%	20.7%	100.0%	78.3%	21.7%	100.0%	76.8%	23.2%	100.0%	79.1%	20.9%	100.0%

Source: Lapointe Consulting Inc.

New Housing Requirements

New residential development has been primarily oriented to single family and owned dwellings, leaving unmet needs for those who cannot afford to purchase a dwelling or who need to live in higher density housing (such as apartments) because of age or other conditions which may limit their ability to live in traditional single family homes.

Between 2001 and 2021, an additional 9,757 housing units are needed in St. Thomas/Elgin County to meet the needs of the future population or 488 units annually. In terms of housing mix, there is a need for a greater mix of housing types in the future. For the fifteen year period, 2001-2016, 85% of housing units required are singles and semis, 5% are row housing and 10% are apartments. Overall 21% of additional units in this time period should be rental housing. Refer to Table 5 on the opposite page.

2.2 HOUSING ISSUES AND GAPS IN THE MARKET

A number of housing issues and gaps were identified in the background demand and supply analysis. The following gaps and issues are discussed in more detail in Chapter 6 which outlines the housing strategy to address identified gaps for St. Thomas/Elgin County. Identified gaps and issues include the following:

- **A greater diversity of the housing stock is needed** – to meet the growing number of smaller households and to respond to the aging of the population.

- **Upgrading of older owned housing stock** is required – a high proportion of St. Thomas/Elgin County's housing is older and in need of upgrading to bring housing to current standards.

- **Homeownership is not a viable option for low-income households** - homeownership is not accessible to those in the lowest income categories, below $20,000 and there are limited opportunities for those in the $20,000 to $29,999 income range.

- **The lack of investment in new rental housing** is resulting in tight rental market conditions --- there has been a virtual standstill in the production of rental housing resulting in tight vacancy conditions in rental housing.

- The impact of some potential **conversions of rental buildings to condominiums** in St. Thomas needs to be reviewed as such actions could further reduce the rental stock.

- **Older private rental units need upgrading** – much of the rental stock is older and in need of upgrading and repair.

- There is **a shortage of rent-geared-to-income housing** in St. Thomas/Elgin County – with no new social housing being built since 1995, there have been increases in the waiting list for social housing with the number of applicants growing 38% between June, 2003 and June, 2004.

- There is **a need for an emergency shelter for men** – men who need emergency accommodation have to go to London for emergency shelter because there is no facility in St. Thomas.

- There is **a need for more emergency shelter and transitional housing for youth** – many youth need a temporary place to live while they deal with family or other issues (addiction, mental health) and the current facility for young women operated by the YWCA is at capacity; both male and female youth need transitional housing while they get their lives organized so they can move out on their own.

- There is a **need for additional transitional housing** – a number of groups need transitional housing to help them become independent including those with mental illness, addictions, or women who have left an abusive family situation. It was also mentioned that Mennonites in Aylmer could benefit from transitional housing to help them enter the work force and then gradually move into their own housing (while also helping to address the shortage of labour in that area).

- There is a **need to examine the role that rooming houses play in the supply of affordable housing** – rooming house operators find it difficult to operate rooming houses on a financially sustainable basis.

- There is a **need for additional supportive housing** – for a range of client groups including the frail elderly, those with mental health problems, those with physical disabilities, and the developmentally delayed.

- **Many seniors need alternative housing options**–many seniors live on fixed incomes and find it increasingly difficult to maintain larger homes and are seeking options that are affordable, easy to maintain and provide them with a sense of security.

- There is a **need for larger affordable housing units** for Mennonite families – there is need for more larger affordable rental housing available in well serviced locations (e.g., Aylmer).

- **Lack of access to public transportation is a concern** – for many lower income individuals and families living in communities across the County, getting to needed services is a problem because of the lack of public transportation.

- **Efforts are needed to address root causes of poverty** – solving some of the problems that lead to low incomes will help to address housing needs (e.g., raising the minimum wage, skills development for those lacking needed skills, improvements to social assistance levels.)

In the next section we discuss the current framework within which housing programs and assistance are provided and the important role in housing that local government now has.

3 HOUSING POLICY AND PROGRAM ENVIRONMENT

In this section we discuss the changing climate with regards to housing policy and programs, particularly as it relates to affordable housing. We will also discuss the various programs that are available to fund housing programs.

3.1 DEVOLUTION OF HOUSING RESPONSIBILITIES TO LOCAL GOVERNMENTS

Over the past decade there has been a considerable shift in the housing policy environment in Canada and Ontario, particularly in policies and programs that affect the provision of affordable housing. Both the federal and provincial government have devolved the responsibility for administering and financing affordable housing to the local level of government. The federal government cancelled funding of new non-profit housing in 1993 and the provincial government cancelled funding of new non-profit housing in 1995. The federal government devolved existing social housing to the Provinces through federal/provincial agreements. Ontario and the Federal government signed the Social Housing Agreement in 1999 governing the transfer of social housing to the Province. The federal government continues to fund its commitments under various programs to cover its share of mortgage and operating costs.

In 2000, the Ontario Government devolved social housing to the municipal level of government through the *Social Housing Reform Act.* As part of Local Services Realignment, municipalities were delegated the responsibility for funding and administering social housing in exchange for the Province taking over other costs including education. (Federal funds still flow through the Province to local Service Managers.)

For several years there was no affordable housing program in Canada or Ontario; however, after considerable pressure from the Federation of Canadian Municipalities, the federal government created a new rental program designed to promote affordable housing. The main instrument used by the new program**, the Affordable Housing Program**, is in the form of capital grants to reduce development and operating costs of new rental housing (some assistance was also provided for new affordable ownership housing). While provinces were expected to match the federal grant, this has not happened in Ontario as described below. (See discussion below in Section 3.3.2.)

3.2 PROVIDING MUNICIPALITIES WITH TOOLS TO ADDRESS HOUSING NEEDS

The Province of Ontario recently passed legislation (i.e. the *Social Housing Reform Act)* and made a number of changes to existing legislation (i.e. *Municipal Act* and *Planning Act*) and regulations to provide municipalities with many of the tools necessary to address local affordable housing needs.

One of the most important changes were amendments to Section 210 of the *Municipal Act* which allow municipalities designated as Consolidated Municipal Service Managers (Service Managers) to add 'housing' as a class of municipal facilities that can receive bonusing. This amendment complements the new municipal authority for housing given to Service Managers under the *Social Housing Reform Act.* The amendments give Service Managers the authority to stimulate the production of new affordable housing by providing:

- affordable housing grants;
- affordable housing loans;
- exemptions from or grants in lieu of development fees and charges;
- reducing or waiving property taxes or a grant in lieu of the reduction; and,
- providing land at less than market value.

In order for Councils to provide incentives to the private sector, particularly in areas where community improvement plans are not in place, a "municipal housing facilities by-law" needs to be enacted. This by-law allows municipalities to define public benefits in ways which are not considered to be "bonusing" (i.e. would not give preferential treatment to a private sector investor). By enacting a municipal housing facilities by-law, municipalities can consider a variety of funding mechanisms for affordable housing. A by-law and corresponding agreement must be entered into for each facility receiving local government incentives.

It should be noted that similar types of tools are currently provided in the City of St. Thomas through the enactment of the Community Improvement Area; however, it is still necessary for St. Thomas as Service Manager, to pass the Municipal Housing Facility by-law, to participate in a number of current and future federal/provincial assistance programs, especially the Affordable Housing Program.

Once the municipal housing facilities by-law has been enacted by the City of St. Thomas, the City and local municipalities within Elgin County have the authority to enter into agreements with private sector proponents or partners to provide affordable housing, provided the agreements conform to the provisions of the by-law. This legislation is not needed for rental housing developed by non-profit proponents. Legislation also requires that prior to executing an agreement between the municipality and a private developer or partnership that involves a private developer, the municipality must enact an enabling by-law authorizing the municipality to enter into such an agreement. As a result, any agreement to convey benefits in exchange for affordable

housing shall be clearly subject to Council scrutiny. Once executed, there would be an on-going requirement for the municipality to monitor and administer the conditions of the agreement.

St. Thomas, as Service Manager, should enact the required municipal housing facilities by-law in order to provide the opportunity for St. Thomas and Elgin County local municipalities to provide incentives to private developers to build affordable housing. Local Councils should be encouraged to support this initiative by providing incentives that would assist in overcoming the costs involved in producing affordable housing.

In the following section, we outline the housing programs that are available from the federal and provincial governments and could be used to address some of the housing needs and gaps summarized in Chapter 2.

3.3 FEDERAL AND PROVINCIAL HOUSING PROGRAMS

In this section we briefly discuss the various programs that are available at the federal and provincial level which could be used to assist to address housing needs, especially affordable housing needs.

The list of programs that will be described includes:

- The Canada-Ontario Affordable Housing Program and the Community Rental Program
- CMHC Proposal Development Loan
- CMHC SEED Funding
- GST Rebate for Affordable Housing
- CMHC Mortgage Loan Insurance for Non-Profit Groups
- Rent Supplement Program
- The Residential Rehabilitation Assistance Program
- The Home Adaptions for Seniors Independence
- Emergency Repair Program
- Shelter Enhancement Program
- Supporting Community Partnership Initiative (SCPI)
- Provincial Homelessness Initiatives Fund (PHIF)
- Rent Bank
- Energy Emergencies
- Off the Street into Shelter Fund (OSIS)
- Redirection of Emergency Hostel Funding (REHF)
- Supportive Housing through the Ministry of Health and Long-Term Care
- Supportive Housing through the “New Places to Live” Initiative
- CMHC Homeownership Education and Training Program
- Canada-Ontario Affordable Housing Program – Home Ownership Component

3.3.1 Affordable Housing Programs - Federal Government Initiatives

The Canada-Ontario Affordable Housing Program and the Community Rental Program

This Canada-Ontario Affordable Housing Program is a joint initiative of the federal and provincial governments; however, it also currently requires extensive local contributions. In Ontario the **Affordable Housing Program** represents the single largest source of senior government funding contributions (primarily federal) available for the development of new affordable housing. The Government of Canada has recently added $320 million in increased funding to the $630 million announced in the last budget. The affordable rental portion of the program which is described below is in the form of an upfront capital grant that reduced operating costs to "affordable rent" levels. See detailed description below under Community Rental Housing Program.

There are three components that could be funded under this agreement:

- An affordable urban rental housing program to stimulate the production of new affordable rental housing by private and not-for-profit corporations;
- An affordable urban homeownership program to ease the demand for rental housing by assisting rental households to purchase newly built, affordable homes in urban neighbourhood revitalization areas;
- An affordable remote housing program to create or rehabilitate through major renovation, affordable rental or ownership housing in remote areas.

The Province administers the program and is responsible for the allocation of units to each part of Ontario and for the ultimate selection of projects. Service Managers, such as St. Thomas, are responsible for establishing Council-approved program requirements for the service area that are consistent with the federal and provincial requirements of the agreement.

Community Rental Housing funding is a major component of the Affordable Housing Program under the Canada-Ontario Affordable Housing Agreement. The aim of Community Rental Housing funding is to reduce the capital costs for newly constructed rental buildings, making it economically feasible for landlords to charge affordable rents.

The following are some highlights of the program:

- The Federal government will contribute grants averaging $25,000 per unit.
- The Province and local municipalities must match the federal government contribution.
- The Province will contribute $2,000 per unit in matching funding representing a grant to offset the PST. *Note: One of the current government's election promises*

was to match the federal contribution, however, the most recent provincial budget announcement did not provide for matching funding.

- Municipal property tax concessions and other municipal contributions, along with contributions from non-profit and charitable groups will make up the balance of the federal matching requirement.
- Most of the funding from Round 1 of the Community Rental Housing funding component (4,000 units announced in December 2002) will go to 12 municipal service areas with the lowest vacancy rates in 2001 --- Toronto, Durham, Halton, Peel, York, Hamilton, Kingston, London, Ottawa, Simcoe, Waterloo and Wellington.
- Other Service Managers, such as St. Thomas, may apply for the balance of the funding. Requests from other Service Managers will be considered on a "first come, first serve" basis.
- All projects must achieve average market rents for their areas. Service Managers may establish lower maximum rent requirements; however, this will require more contributions or concessions from the municipality.
- Private sector companies, service clubs, religious groups and non-profit housing, including co-operative and charitable organizations are eligible for funding under the program. The amount of funding that can be allocated to municipally controlled non-profits is capped at 25%.
- The required affordability period for projects receiving Community Rental Housing funding will be 15 years plus a five-year phase-out. Service Managers may extend the period to a 20 years plus a five-year phase-out.
- The program allows for the use of a "head lease" whereby private non-profit housing groups enter into a head-lease as a tenant and sub-lease units through partnership arrangements with private sector developers. The lease could be for all or part of the building. The individual affordable units that are leased would be rented to tenants and the private sector owner would otherwise manage the building.

The Community Rental Housing Program presents the St. Thomas/Elgin County with an opportunity to increase the supply of affordable rental housing in the service area by leveraging local contributions to secure senior government funding. The preparation of this housing strategy, as well as the housing needs assessment, is an important first step in taking advantage of this available funding. In addition, in order that municipalities can provide incentives for affordable housing, the City of St. Thomas, as the Service Manager for St. Thomas and Elgin County, needs to pass a Housing Facilities By-law as discussed above.

Many other municipalities across the province have expressed concern with the limited funding contributions from the Province of Ontario towards this program. Greater provincial contributions would facilitate a greater range of affordable housing within communities across Ontario. St. Thomas/Elgin County should urge the new Provincial

Government to keep its campaign promise to match the federal contribution to the program.

CMHC Proposal Development Fund (PDF) Loan

CMHC provides Proposal Development Fund Loans to encourage the development of projects that provide affordable housing for seniors, the disabled or low-income Canadian households through partnership arrangements. The upset limit of each loan is $100,000. The program is oriented to private non-profit and private development groups. A portion of the loan is forgivable if the project does not proceed.

CMHC SEED Funding

Seed Funding offers financial assistance to housing proponents who are in the very early stages of developing a housing project proposal that will be affordable or innovative or community-based, or any combination of these characteristics. Seed Funding is offered in conjunction with CMHC's capacity development initiative.

The maximum amount of Seed Funding is $20,000 per housing project proposal ($10,000 in grant and $10,000 as a loan). Seed Funding may be used to pay for a variety of activities in the early stages of developing a housing project proposal. These activities must be directly related to the development of the housing project proposal. Eligible items include: housing market studies to evaluate need and demand for the proposed project, development of a business plan, evaluation of procurement options, inspections of existing properties, preparation of specifications for renovations, and, preliminary architectural drawings

GST Rebate for Affordable Housing

The federal government has recently announced that non-profit housing providers with municipal status will be eligible for a 100% rebate of the GST. This is a positive move by the federal government to make the cost of creating new rental housing more affordable, however, the assistance is restricted to a limited segment of the housing development market.

For all other not-for-profit and private sector developers, the GST Rebate for Affordable Housing Program provides a partial rebate of GST on building costs for affordable rental housing. The program is funded and operated by the federal government, through Canada Customs and Revenue Agency.

The rebate is calculated at the rate of 36% of the actual GST incurred during development costs and is subject to a maximum of $8,750. The GST is often reduced from 7.0% to 4.5%.

CMHC Mortgage Loan Insurance for Non-Profit Groups

Mortgage loan insurance makes it easier for non-profit groups to obtain financial backing from lenders of affordable housing projects. CMHC has developed mortgage loan insurance requirements geared specifically to non-profit groups. As a result of concerns expressed regarding CMHC's mortgage insurance practices related to the provision of affordable housing, changes have been introduced to mortgage insurance for rental projects that achieve rents below new affordable target thresholds (set at 65% or 80% of the existing market rent distribution). These key changes came into effect in June 2003.

The main features and recent enhancements for projects qualifying as affordable housing are:

- Mortgage premiums have been reduced by 20%;
- Amortization periods have been extended up to 40 years, but for every five years beyond 25 years there is a surcharge on the premium;
- Maximum loan amounts have increased from 85% to 95% of lending value;
- Rental achievement holdbacks have been reduced or may be waived;
- There is more flexibility on Debt Coverage Ratios (DCR) when rents are below the specified market benchmarks.[2] At market rents and the base premiums, a minimum of 1.2 DCR is required. CMHC will reduce this to as low as 1.0 for affordable housing projects with rents below the qualifying rent benchmarks.

CMHC has also introduced a mechanism to encourage private partnerships. If a developer makes a contribution to an affordable housing project, the developer can qualify for a credit on mortgage insurance premiums on a future project equal to 60% of the value of the contribution. This is also applicable to non-profit groups if they are not already registered charities.

These recent changes to CMHC's mortgage insurance requirements follow other changes to CMHC's practices implemented in June 2002 and signal CMHC's willingness to adjust their pricing and underwriting policies. The impact of these recent business practice changes is not known at this time.

[2] Debt Coverage Ratio is the ratio of the Net Operating Income divided by the Principal +Interest.

3.3.2 Affordable Housing - Provincial Funding

Community Rental Housing and PST Grant

As discussed above, the Province is the administrator for the Community Rental Housing funding, the major initiative under the Canada-Ontario Affordable Housing Program. At this time, the Province contributes $2,000/unit for a PST Grant towards the Community Rental Housing program. Although the current provincial government has recently confirmed its commitment to match the federal government contribution, the details of this new funding commitment have not yet been released.

Rent Supplement Program

One possible source of funding to provide assistance to those with a housing affordability problem is the Province's rent supplement program. This program subsidizes individuals living in private or non-profit rental units through contracts entered into between the Service Manager and a landlord.

The Province recently announced additional funding under its Strong Communities Rent Supplement Program. Under this new initiative, the process by which municipalities invoice the Province based on subsidy flow will be eliminated in favour of a fixed funding approach. Essentially, the program will provide greater flexibility than existed under the previous provincial rent supplement program; however, Service Managers have noted that many costs such as administration fees, maintenance costs, vacancy losses and inflation have not been incorporated into the funding formula and consequently, the funding will not go as far as hoped. Improvements in flexibility include the ability to provide subsidy directly to tenants, as compared to the landlord and increased flexibility over location.

The St. Thomas/Elgin County Service Manager is in the process of finalizing an agreement with the Ministry of Municipal Affairs and Housing for the Strong Communities Rent Supplement Program. The annual allocation for the regular rent supplement units is $144,000 which is anticipated to fund 29 rent supplement units, 8 more than are currently funded. An additional allocation of approximately $60,000 for supportive rent supplement should provide sufficient assistance for 14 supportive housing rent supplements (11 more units than are currently funded).

3.3.3 Upgrading and Preserving Existing Stock – Federal Initiatives

The Federal government funds a number of programs aimed at upgrading and renovating existing housing and creating new housing through conversion of non-residential uses. Because of the older age of much of the housing in St. Thomas/Elgin

County, these programs may prove particularly suitable to improving the local housing stock, especially, the older rental stock. The federal programs are described below:

Residential Rehabilitation Assistance Program

Canada Mortgage and Housing Corporation (CMHC) oversees the Residential Rehabilitation Assistance Program (RRAP) with current funding nation-wide of $50 million a year. There are six different program options for RRAP as described below. RRAP helps:

- Fix up owner-occupied or private rental properties
- Modify homes for occupancy by people with disabilities
- Repair and rehabilitate community shelters;
- Convert buildings from other uses to low-cost housing;
- Facilitate neighbourhood revitalization projects;
- Maximize the impact of funds from other sources.

Below is a brief description of the six RRAP options:

Homeowner RRAP – provides assistance to low-income homeowners to bring their properties up to minimum health and safety standards;

Rental RRAP- provides assistance to landlords of affordable housing to pay for mandatory repairs to self-contained rental units to be occupied by tenants with low incomes;

Rooming Housing RRAP – provides assistance to owners of rooming houses to pay for mandatory repairs to housing intended for permanent accommodation at rents which are affordable to low-income individuals;

RRAP for Non-Residential Conversion – provides assistance to owners of non-residential buildings to convert their structure for use as permanent rental accommodation at rents that will continue to be affordable;

RRAP for Persons with Disabilities – provides assistance to households occupied by low-income persons with disabilities who require special modifications to their residence to improve access.

RRAP for Reserves – provides assistance to low-income homeowners on reserves to bring their properties up to minimum health and safety levels.

Funding of up to $24,000 per unit is available for projects eligible for Rental RRAP funding, up to $16,000 per bed for Rooming House RRAP and up to $16,000 per bed or $24,000 per unit for RRAP – Conversion.

Because of the older housing stock in much of St. Thomas/Elgin County, there is an opportunity to use the homeowner RRAP, the rental RRAP program and the rooming RRAP.

The City of St. Thomas is already encouraging the creation and/or upgrading of residential uses in the downtown St. Thomas and in other parts of the City through its Community Improvement Plan (See discussion below in Section 4.2.6). The RRAP program can be stacked on top of municipal assistance where needed to make the upgrading and/or conversion more economically viable. One building owner in St. Thomas has received RRAP funding to create rental housing in the downtown area.

Similar opportunities exist in many communities throughout Elgin County.

Home Adaptations for Senior Independence (HASI)

This program, funded by CMHC, helps homeowners and landlords pay for minor home adaptations to extend the time low-income seniors can live in their own homes independently.

Homeowners and landlords may qualify for assistance as long as the occupant of the dwelling where the adaptations will be made meets the following eligibility criteria:

- is 65 and over;
- has difficulty with daily living activities brought on by ageing;
- total household income is at or below a specified limit for your area;
- dwelling unit is a permanent residence.

Assistance is available in the form of a forgivable loan of up to $3,500. The loan does not have to be repaid as long as the homeowner agrees to continue to occupy the unit for the loan forgiveness period, which is six months. If the adaptation work is being done on a rental unit, the landlord must agree that rents will not increase as a result.

The adaptations should be minor items that meet the needs of seniors with an age-related disability. They could be: handrails; easy-to-reach work and storage areas in the kitchen; lever handles on doors; walk-in showers with grab bars; bathtub grab bars and seats. All adaptations should be permanent and fixed to the dwelling.

Emergency Repair Program (ERP)

The Emergency Repair Program assists low-income homeowners or occupants in rural areas to make emergency repairs required for the continued safe occupancy of their houses. Only those repairs urgently required to make the homeowners' or occupants' house safe are eligible for assistance. Included are repairs to heating systems, chimneys, doors and windows, foundations, roofs, walls, floors, ceilings, vents, louvers, plumbing and electrical systems.

Financial assistance from CMHC is in the form of a contribution, which does not have to be repaid. The total contribution depends on the cost of the repairs and area. The maximum amount available to a resident of the St. Thomas/Elgin County is $6,000/unit.

3.3.4 Addressing Homelessness - Federal Initiatives

Shelter Enhancement Program (SEP)

The Shelter Enhancement Program (SEP) offers financial assistance for the repair, rehabilitation and improvement of existing shelters for women, children and youth who are victims of family violence as well as the acquisition or construction of new shelters and second stage housing where needed. Assistance is in the form of a fully forgivable loan and is available in all areas including First Nations.

Supporting Communities Partnership Initiative (SCPI)

Supporting Communities Partnership Initiative (SCPI) is a community-based partnership initiative that helps communities develop a continuum of supports plan to address the issue of homelessness, identify the supports already in place to address homelessness and highlight where additional supports are needed. The continuum of supports is based on the idea of developing a seamless web of services and supports that people need to make a successful transition from the street to a more stable and secure life. SCPI requires that communities match funds for this initiative.

St. Thomas/Elgin County was not identified as a community with significant absolute homelessness problems and as a result, it did not receive assistance to develop a community plan nor fund any initiatives. The Federal Government recently announced that SCPI is being extended to 2006. There may be an opportunity for St. Thomas/Elgin County to request a funding allocation under the newly extended SCPI program or a future program.

3.3.5 Addressing Homelessness – Provincial Initiatives

Provincial Homelessness Initiatives Fund (PHIF)

The Provincial Homelessness Initiatives Fund (PHIF) was established to assist Service Managers with their new role as local service system manager for homelessness. PHIF is a $10.4 million annual program available to municipalities to fund innovative projects that provide direct services to homeless people or those at risk of homelessness. PHIF projects are intended to help get people off the street, help people get out of hostels and into permanent housing, and help people at risk of losing permanent housing. Municipal programs funded by PHIF include rent banks, street outreach, housing registries, and landlord-tenant mediation.

St. Thomas/Elgin County receives $60,000 in annual funding from the PHIF to support innovative approaches for addressing homelessness in the area. The St. Thomas Service Manager is presently in the process of developing guidelines and criteria for administering funding available through the Homelessness Initiatives Fund as well as the Provincial Rent Bank Fund and the Energy Emergency Fund (discussed below).

Rent Bank

A rent bank is a short-term funding mechanism through which low income tenants receive assistance to address arrears and therefore, to avoid eviction. Currently, about half of the 47 Service Managers have a rent bank in their area, disbursing approximately $1 million annually. The average amount received by applicants is approximately $1,500. The Province has recently announced it will provide a total of $10 million to municipalities that currently operate or wish to establish a rent bank. These programs may either be administered directly by the Service Manager or community agency. The municipalities will also be given some flexibility in establishing eligibility criteria to reflect local needs. Tenants can only apply for assistance once every two years, to a maximum of two month's rent. Once approved, these funds will be paid directly to the landlord. Up to 10% of the funding can be used to cover administrative costs. Service Managers will receive funding based on their share of the Ontario population.

St. Thomas/Elgin County has received a one-time allocation of $71,475 in funding from the Province under this program. The Service Manager will be going to City Council with a recommendation to enter into an agreement with the Province for the Rent Bank Program.

Energy Emergencies

This fund will provide $2 million for one-time emergency assistance to assist low-income households (including those on social assistance) to deal with payment of energy utility arrears (including hydro, gas, oil and others), security deposits and reconnection fees. The program is designed to complement the Rent Bank program. The maximum amount of assistance will be equal to two months energy arrears, and security and reconnection fees. Eligibility will be based on long-term ability to manage energy costs. Households will only be able to receive assistance once, except under exceptional circumstances. Funds have not yet been forwarded to St. Thomas/Elgin County although approximately $14,000 has been allocated to the area.

Off the Street, Into Shelter Fund (OSIS)

Since January 1, 2001 a new provincial fund, the Off the Street, Into Shelter Fund, has been available to municipalities to help people get off the street and into shelter. The fund will be available year-round, starting now to address the most severe weather conditions.

Depending on municipal response, this new fund could provide money to hire new street outreach workers. These new workers would get to know homeless people as individuals, help them to understand that improvements are being made to hostels, and encourage them to come into shelter.

The fund is available to all municipalities. The maximum amount available to a municipality is equal to 5 per cent of its 1999 gross spending on emergency hostels. It is up to municipalities to request the money. For the first year, the province provided 100 per cent funding; however, in subsequent years, the province will pay 80 per cent and municipalities will pay 20 per cent, in the same way that annual emergency hostels costs are cost-shared.

There are two emergency shelters in St. Thomas - the YWCA on Mary Street for women) and the Violence Again Women Services Elgin County (VAWSEC) shelter for women and their children who are victims of family violence. Tara Hall offers emergency beds for persons with medical needs. St. Thomas may want to consider requesting funding from the Province under this program if local agencies are interested in providing outreach services.

Redirection of Emergency Hostel Funding Initiative (REHF)

On March 23, 1999, the Province announced the Redirection of Emergency Hostel Funding Initiative. The objectives of this initiative are to:

- Change the culture and practice of service delivery to the homeless from short-term emergency use to more effective responses of prevention and early identification which will help people find and keep stable living situations; and
- To develop an opportunity for creative and innovative approaches to service deliver.

The initiative allows municipalities providing emergency shelter service to use up to 15% of their emergency shelter funding on programs. Municipalities submit detailed business plans for each program that demonstrates that this funding will ultimately reduce current or anticipated hostel use and costs.

St. Thomas/Elgin County does not currently receive Redirection of Emergency Hostel Funding.

3.3.6 Supportive Housing – Provincial Programs

Supportive housing is housing that provides personal support services and essential homemaking in permanent, usually not-for-profit, community residential settings. A need for more supportive housing for persons with severe physical disabilities, developmental delays and mental illness has been identified.

There are a limited number of opportunities for increasing the supply of supportive housing in St. Thomas/Elgin County. The available provincial government funding programs are described below.

Ministry of Health and Long-Term Care Funding

The Ministry of Health and Long-Term Care (MOH-LTC) has the provincial mandate to provide services to those aged 16 or older through such programs as care for the mentally ill, long-term care and home care. MOH-LTC provides supportive housing funding for frail and/or cognitively impaired elderly persons, people with physical disabilities or acquired brain injuries and those living with HIV/AIDS, when their requirements justify the need for the availability of 24-hour, on-site assistance. MOH-LTC provides funding to support service providers through a number of programs, including the Supportive Housing Program, Acquired Brain Injury Program, Attendant Care Program and HIV (AIDS) Program. The District Health Council determines the need for supportive housing in a community funded through the Ministry of Health and Long-Term Care.

Funding from the Ministry of Health and Long-Term Care is provided on an equity site system. Each of the 38 regions is assessed to determine per capital funding, current funding levels, demographics, project need, and utilization of home care. Areas are ranked by need for additional funding.

New Places to Live Initiative

This program is aimed at creating new accommodation for persons with developmental delays. In May 2001, the Government of Ontario invested in a five-year plan of $197 million to enhance service and supports for people with developmental delays. The funding includes $67 million in capital invested over five years to create new places to live in the community.

Funding for the program is allocated by the Ministry of Community and Social Services. In the first two years, $104 million from the multi-year program was allocated for the creation and provision of the following:

- More than 380 new places to live;
- More than 2,340 more families received Special Services at Home;
- Out-of-home respite for more than 700 new families;
- Day programming for more than 370 additional people;

- Funding to all developmental services agencies to hire and retain quality caregivers.

Since the initiative establishment in May 2000, more than 1,500 have been served in more than 60 projects across Ontario. In July of 2003 the Government announced the creation of another 205 new living places for persons with developmental delays. The Ministry will be providing $15.4 million in capital and $10.3 million in operating funding to develop a variety of accommodation options for people with developmental disabilities in various communities across Ontario.

In order to ensure that the funds are maximized, the Ministry developed a new capital selection process, which requests municipal service providers to submit proposals in relation to the provision of accommodation services to persons with developmental disabilities. The request for proposals process was established in order to ensure the highest quality of services and the most efficient use of resources.

Christian Horizon has received funding for 4 additional units under the New Living Places initiatives for housing for individuals with developmental disabilities. Capital funding of $265,000 will be provided plus on-going operative costs after the units are built.

3.3.7 Homeownership – Federal Programs

<u>CMHC Home Ownership Education and Training Program</u>

Some initiatives are currently underway at CMHC to help provide specific education on homeownership for renters who might be capable of moving to homeownership. CMHC has developed a Homeownership Education and Training Program aimed at renters considering becoming homeowners. Helping renters to move into homeownership through education and training is one way to free up some rental units in the area.

<u>Canada-Ontario Affordable Housing Program</u>

This new program is a joint initiative of the federal and provincial governments; however, it also requires extensive local contributions. The Canada-Ontario Affordable Housing Program represents the greatest available source of senior government funding contributions (primarily federal) toward the development of new affordable housing. One of the three components being funded under this agreement is the <u>affordable urban homeownership program</u>. Although the details of the homeownership component of the program have not yet been released, it is recommended that St. Thomas/Elgin County consider participating in this program as one way to provide assistance to rental households to move to homeownership.

4 MUNICIPAL INITIATIVES IN THE PROVISION OF AFFORDABLE HOUSING: IMPEDIMENTS AND OPPORTUNITIES

In this section of the report, we outline the impediments to and opportunities for the provision of affordable housing.

We will begin with a short discussion of potential impediments to the provision of affordable housing followed by a discussion of potential opportunities and best practices for providing affordable housing. Not all options may be suitable for St. Thomas at this time.

4.1 POTENTIAL IMPEDIMENTS

Significant research has been undertaken that identifies impediments to the provision of new affordable housing in Ontario. By understanding and addressing these barriers, approaches can be developed to help overcome identified concerns and help generate the housing required to meet St. Thomas/Elgin County's affordable housing needs.

The potential impediments to the provision of affordable housing that are most commonly mentioned in the research are the:

- **Official plan policies** – official plans may contain policies that restrict the provision of affordable housing through minimum lot and building sizes and policies that are "unfriendly" towards the provision of accessory apartments and rooming houses;
- **Zoning by-laws** – similarly, zoning-by laws need to be reviewed to ensure that they do not inhibit the creation of affordable housing (through minimum unit sizes, need to rezone sites for medium and higher density housing, policies that discourage accessory apartments and rooming houses);
- The **municipal approval process** – in some municipalities the length of time to process an planning application can add to the cost of development;
- **Municipal Property Taxes** – rental property (multi-residential properties) is usually taxed at a higher rate than residential uses. In St. Thomas/Elgin County, the multi-residential rate is about wide the residential tax rate (see Appendix B).
- **Municipal financial impediments** – development charges, while necessary to support infrastructure changes to accommodate future growth, add to the cost of developing affordable housing;
- **Development costs** – high costs of development, including land costs and construction costs, may mean that it is not economically viable to develop affordable housing;
- A **lack of understanding by the general public** of the need for and benefits of affordable housing.

4.2 POTENTIAL OPPORTUNITIES

The following is a list of potential housing opportunities that have been used locally and by municipalities across Ontario to address affordable housing needs. The relevance of such approaches for St. Thomas and Elgin County are discussed where possible.

4.2.1 Using Public Land for Housing

Recognizing that land costs are an important component of the cost of developing affordable housing, some municipalities have adopted a “housing first” policy for surplus municipally-owned property.

A local example of using municipally owned land for housing is the recent decision by Elgin County to transfer the former Elgin Manor to a private developer who will clear the site and build a new 56-unit seniors apartment complex on the same cleared site. It is our understanding that the buildings will accommodate seniors’ rental housing which will help to meet the need identified in this study for market rental housing for seniors.

Some municipalities have gone further and established a housing first policy, that is, that the first priority in the decision-making process respecting surplus or potentially surplus government-owned real property should be affordable housing development. Sometimes the land is provided in the form of a grant or at a reduced cost to the provider of the affordable housing development.

The City of Toronto was one of the first municipalities in Ontario to adopt a housing first policy to guide the use of surplus City-owned land. One of the targets of the City of Toronto’s housing first policy was to lever the development of a minimum of 900 affordable housing units on City-owned sites in the 1999 to 2001 three-year period. The City of Ottawa has a similar policy.

4.2.2 Conversion of Municipally-Owned Buildings

Some municipalities have converted surplus municipal properties into affordable housing. The City of Kitchener recently converted a fire hall into 19 affordable apartments. The project utilized CMHC’s Residential Rehabilitation Assistance Program, as well as financial and tax considerations from the municipality. Schools, office buildings and other commercial buildings owned by local municipalities have also been converted to create affordable housing in Niagara Falls, Ottawa and Toronto.

4.2.3 Redevelopment of Public Housing Sites

A number of municipalities in Ontario have started to look at the potential for intensifying or redeveloping some of their public housing sites in an effort to increase the supply of affordable housing and replace older, functionally obsolete units. Peterborough and Toronto are three municipalities which have plans underway to redevelop one or more of their public housing sites.

4.2.4 Second Suites/Accessory Dwelling Units

Numerous municipalities throughout Ontario have passed bylaws to permit accessory dwellings, as a way of meeting affordable housing needs. An accessory apartment refers to a second unit within a single detached and semi detached dwelling that is rented out by the owner. The rent is used by first time homebuyers to help reduce mortgage costs or by an older person to help generate income and provide security.

St. Thomas, for example, permits accessory apartment in low density residential areas throughout the City of St. Thomas subject to certain criteria: one accessory apartment per dwelling, one parking space per accessory unit, maximum size of 65 square metre suitability of road access and other criteria related to the site. It has been suggested that the Ontario Building Code makes it difficult for potential homeowners to provide accessory apartments and that there has been a low take up in St. Thomas, for example, on creating accessory apartments.

4.2.5 Density Bonusing

Density bonusing encourages developers of new residential projects to provide affordable housing and various public amenities on a voluntary basis in exchange for increased developable floor space. This initiative is usually associated with downtown and other intensively developed areas where additional revenue-generating space can be offered and also where increased building size will not impose on the surrounding environment or infrastructure.

In Ontario, Section 37 of the Planning Act authorizes municipalities to provide for increases in height and/or density in exchange for “public benefits”, such as heritage preservation, day care facilities and affordable housing. It is a valuable mechanism for municipalities as it is a recognized planning tool to ensure that certain public benefits are provided at the development stage.

4.2.6 Community Improvement Plans

Community Improvement Plans are designed to promote the revitalization of older, underutilized parts of municipalities. When an area has been designated as a Community Improvement Plan area, municipalities can provide special consideration to developers and building owners to promote revitalization.

In January 2003, St. Thomas Council approved a Community Improvement Plan for a large part of St. Thomas including the downtown and Old St. Thomas. The Plan supports the Downtown as a "vibrant and fun people place where residents live, work, shop and play." Residential, conversion, rehabilitation and intensification are major components of the Plan. In order to promote investment in the Downtown and older areas of St. Thomas within the Community Improvement Plan area, the City is offering a range of incentives including:

Residential Conversion, Rehabilitation & Intensification Program - interest-free loans and grants to property owners who are improving the supply of residential units through rehabilitation, conversion of non-residential uses to residential uses (e.g., converting second stories in downtown commercial buildings to residential uses), and intensification. (Downtown properties are a program priority). The maximum size of the grant is $5,000 per residential unit (representing 50% of the construction cost) and the maximum grant per application is $40,000. The maximum interest-free loan is $10,000 per unit representing 50% of construction costs.

Property-tax Increment Equivalent Grant Program -equal to the value of the incremental increase in the portion of municipal taxes resulting from the improvement.

Planning and Building Fees Rebate Program -rebates to property owners undertaking building improvements under the various financial assistance programs.

Development Charges Rebate Program – rebate to property owners adding new residential units under the various financial assistance programs.

Parkland Dedication Exemption Program – may be waived where new units are created through one of the above financial assistance programs.

The City's Community Improvement Plan provides an opportunity to both increase the supply of rental and condominium ownership housing as well as to increase the supply of affordable rental housing that is accessible to urban amenities and services. It should be possible to piggy back local incentives under the Community Improvement Plan with federal assistance under RRAP or with assistance through the Community Rental Program (when it becomes available in St. Thomas and Elgin County). To date one building owner has received funding under the RRAP program.

4.2.7 Inclusionary Policies

Inclusionary policies are the most prevalent of the regulatory initiatives used by US municipalities to stimulate the creation of affordable housing. Inclusionary policies (also called “inclusionary zoning”) typically require or encourages private developers to construct some proportion of new residential development for affordable housing. Fees-in-lieu, land and other contributions of an equivalent value are also sometimes accepted by local municipalities. The initial price or rent of the affordable units is set by terms of the program and first occupancy is limited to income-eligible households. Restrictions are also placed on subsequent occupants, and on rent increases and resale prices, but these vary widely by municipality.

Inclusionary policies can be either mandatory or incentive-based. In mandatory programs, developers are required to contribute a certain proportion of affordable housing as a condition of development approval. In exchange, the municipality usually gives cost offsets, such as density bonuses, fee waivers, fast-tracked approvals and/or reduced development standards. In incentive-based programs, the developers are offered density bonuses and other incentives as inducements to contribute affordable housing on a voluntary basis. However, research shows that incentive-based programs produce significantly less affordable housing than mandatory ones. Inclusionary policies depend on a buoyant housing market to create new affordable housing units.

Many municipalities across Ontario had a requirement that 25% of all new housing in new subdivision had to be affordable to households in the 60th income percentile. The requirement for such inclusionary housing policies were removed when the Provincial Land Use Policy Statement was repealed in the mid-1990’s. Some municipalities still have these policies in their Official Plan, including the City of St. Thomas, and it may be appropriate to revise such policies, pending the outcome of the provincial review of the Provincial Policy Statement.

4.2.8 Alternate Development Standards

Alternate Development Standards are flexible planning and engineering standards that provide a range of alternatives to the current standards used for the design and construction of communities. Alternative development standards encourage affordable housing by allowing the developer to build various components of a housing project to a lower standard than conventional. The standards which may be altered to encourage affordable housing development include: reduced setbacks, narrower lot sizes, reduced road allowance and on-street parking.

Of particular importance for the development of affordable housing is the relaxation of parking standards, where there is expected to be a low demand from tenants, which would help to lower development costs and breakeven rents.

4.2.9 Exemption of Development Charges and Other Fees

Exempting affordable housing development from planning-related fees, parkland dedication fees and development charges is one of the more popular financial approaches to meeting affordable housing needs. Numerous municipalities across Ontario have now adopted this approach, often as part of a comprehensive program aimed at the production of affordable housing. When being utilized with the Community Rental Program, the fees that are waived count as a municipal contribution. As discussed above, these exemptions are now available in St. Thomas through the Community Improvement Plan for building owners who create or improve housing through rehabilitation, converting non-residential uses to residential uses, or intensifying a particular site.

4.2.10 Reallocate Existing RGI Housing

Peel Region is exploring the feasibility of reallocating RGI units to new developments and using the new rent supplement initiative to provide incentives for private landlords and developers to create new rental housing. The premise is that under devolution, municipalities will have the ability to negotiate target plans, subject to ensuring that the overall number of RGI units is not decreased in the municipality as a whole.

4.2.11 New Tax Class or Grants in Lieu for Multi-Residential Rental Development

Permitted by recent changes in the Municipal Act, this tool is being applied by numerous municipalities across Ontario to help reduce the operating cost of rental housing and thereby result in reduced rent levels. Some municipalities, such as the City of Brantford, have found that providing grants to affordable housing developments equivalent to the potential reduction in property taxes arising from equalizing residential and multi-residential tax rates, may be a simpler and more straightforward approach than creating a new tax class.

4.2.12 Housing Grants and Loans

Providing direct grants and/or loans to create affordable housing is another financial approach starting to be used more frequently by Ontario municipalities. Toronto, Ottawa and Waterloo are municipalities that have housing grant and loan programs.

The Region of Waterloo has established a Social Housing Reserve Fund (SHRF). The fund is being established using unspent social housing money; more specifically, the difference between what the Region budgeted for social housing based on estimates by the Province and the amount actually charged by the Province. This amount was about $1 million for 1998. Funds would be added to the housing reserve fund each year there is a surplus in social housing spending. The money from this fund would be used as seed money for new affordable housing developments, repairs to existing projects,

retrofit conversions or whatever is required to assist in the creation or preservation of affordable housing in the Region. A portion of the fund was also allocated for a building audit to provide greater certainty on the physical condition of existing housing stock.

The former Region of Ottawa-Carleton established a Capital Grants Fund from its social housing administration surplus (about $1 million in 1998) and the Provincial Homelessness Initiative Fund. The purpose of the Capital Grants Fund is to increase the supply of housing affordable to persons who are homeless or at risk of becoming homeless.

The City of Ottawa also established a program that is intended to promote and support affordable housing innovation in design and financing. The $340,000 Innovative Housing Loan Fund provides short term, interest free loans to not-for-profit groups and community-based organizations in the City of Ottawa. The fund is intended to be self-sustaining and it is to be used primarily as seed money to pay for the 'soft costs' (e.g. feasibility studies) associated with housing development. Under this program, up to $50,000 in interest free loans are available to facilitate the development of innovative affordable housing. This initiative encourages applicants to bring forward initiatives that involve public/private partnerships and other funding (e.g. ACT). Loans have been awarded to examine several innovative initiatives, including: exploring the feasibility of converting a C Class office building to residential units; exploring the feasibility of converting a former Brewer's retail warehouse into affordable condominium loft units; and a number of other conversion and in-fill projects.

Numerous Service Managers in communities of all sizes are now in the process of establishing various forms of housing funds and reserves to be used in such programs.

4.2.13 Direct Financing of Affordable Housing

Some municipalities are starting to explore, in a limited way, the feasibility of directly financing affordable housing projects.

The Region of Peel has considered providing direct financing to non-profit organizations to develop new affordable housing. The Region could use its capital reserves for this initiative; the argument being that the reserves must be invested in some way and investing in affordable housing development could be one way of generating reasonable returns but costing less than other potential financing.

The City of Vancouver was instrumental in providing financial support for VanCity Place for Youth, a 50-unit housing development for street-involved youth. The City's total contribution to the $4.5 million project was $2.1 million, including land at no cost as well as a capital grant. In addition, the VanCity employees undertook a fundraising initiative that resulted in a total of $1 million in donations. No senior government funding was used for this project.

Given the recent transfer of large portfolios of public housing to municipal ownership, numerous service managers have begun to examine the potential for the creation of additional affordable housing by Local Housing Corporations through redevelopment, intensification and new development of these properties. Some Service Managers, such as the Region of Waterloo, are financing such activity directly through their own municipal financial resources.

4.2.14 Streamlining Inspection Process for Rooming Houses

In many communities, rooming houses play an important role in meeting some of the affordable housing needs of the community. The City of St. Thomas has recently lost two licenced rooming houses which means the loss of low cost rent housing for those on social assistance.

There are many factors contributing to reasons why rooming house operators may be exiting the business. These include the cost of meeting fire code requirements, insurance costs and the need to meet other local regulations – all of which add to the cost of running a rooming house. It has been suggested that streamlining of the inspection process, as was done in Edmonton, might be one way of reducing such costs. In the City of Edmonton, one inspector can undertake all required inspections, thereby creating savings for all involved.

4.2.15 Facilitating Public-Private Partnerships

In general, public-private partnerships are defined as arrangements where development is undertaken with a combination of not-for-profit, private and public participants or programs. Due to the recent elimination of most senior government funding of affordable housing, many municipalities are looking for new ways to create more affordable housing and partnerships is one such way.

The aforementioned redevelopment of the Elgin Manor site represents such a partnership arrangement.

4.2.16 Affordable Home Ownership Initiatives

The Region of Waterloo is moving ahead with an initiative to provide various forms of support for the provision of affordable home ownership. The program will be aimed at households of modest income who need a moderate amount of support to move into the ownership market. A special attempt is being made to provide units targeted at households on the co-ordinated access social housing waiting list who might be able to move off the list and into home ownership through some modest assistance in overcoming barriers posed by upfront financial requirements such as down payments and through modest assistance to local developers of affordable home ownership units.

The City of Prince Albert was a key player in establishing a new affordable home ownership initiative. In this initiative, a community co-operative assists low-income households to purchase and rehabilitate existing homes. The province provides a 20 percent grant toward a down payment on the home and the City contributes a further 5 percent. The assisted homeowner must be able to afford the mortgage on the remaining 75 percent of the cost. CMHC assisted in this initiative by providing a grant from its Homegrown Solutions program.

In the last five years, Request for Proposals were solicited by the City of Ottawa for two surplus City-owned properties. The properties were offered to the private sector at below market value in exchange for a commitment by the developer to construct affordable housing within a price range specified by the City. The first site, a former fire station, resulted in the creation of 26 stacked townhouse units in the $113,000 to $125,000 price range. An evaluation of this initiative found that all 26 households were first time homebuyers who had been previously renting in the downtown core. This initiative was considered highly successful because new affordable ownership housing was created in an area of the downtown that needed to be revitalized and 26 rental units were freed up for others in the community. The second site employed a similar approach and it resulted in the creation of 54 stacked townhouses with an upset price of $154,500. Once again, these homes were geared to the first time homebuyer, resulting in the increased availability of rental units.

4.2.17 Municipal Team for Affordable Housing or Affordable Housing Facilitator

Some municipalities have established in-house teams to lead multi-faceted programs aimed at generating the development of affordable housing. The first such initiative was the City of Toronto *Let's Build!* Program, launched in the fall of 1999. The initiative brings together all the 'tools' the City has made available to help stimulate the creation of new affordable housing: City-owned sites at a reduced cost; special property tax rate for new rental housing; exemption of development charges; accelerating development approvals, and capital grants, loans or forgivable loans from the Capital Revolving Fund (note: as a guide, assistance from CRF should not represent more than 25% of total project capital costs).

The program is run by a team of in-house staff and external consultants working within the Neighbourhood, Shelter and Support Division of Community Services. They have a broad mandate to use the above tools and to access funding available from other levels of government and other community agencies to generate activity across the City. The ongoing presence of this team is credited by many with being the key resource that has led to a resurgence of affordable housing development activity across the City.

Other service managers, e.g., the Region of Waterloo, Region of York, Region of Peel and City of Ottawa have established similar teams and are moving ahead with a stream of new developments. Many municipalities use partnerships with both private and non-profit developers in the production of affordable housing and to make use of programs such as the new Federal-Provincial Affordable Housing Program where possible.

5 DEFINING AFFORDABLE HOUSING

One of the pre-requisites for the St. Thomas/Elgin County Service Manager adopting a Housing Facility By-law, is the adoption of a definition of affordable housing. A discussion of alternative definitions is provided below.

5.1 BACKGROUND

There are many interpretations of the definition of affordable housing. It is important that a definition be adopted as part of this study in order to provide a clear and common level of understanding among all stakeholders and the public at large. The selected definition must apply to both, urban communities such as the City of St.Thomas, as well as smaller, rural communities such as Southwold and Dutton-Dunwich.

Numerous approaches have been applied in various jurisdictions to formulate a definition of affordable housing. The most widespread approach in Canada is to apply the accepted guideline of 30% of household income being spent on shelter as the basis of the definition. Others have used average market rents as the basis of their definition of affordable housing. Some jurisdictions have adopted a definition that is based on a percentage of median or average household income for the area, such as housing affordable by persons with incomes of 60% or 80% of median income for the area.

5.2 SOME CONSIDERATIONS IN FORMULATING A DEFINITION

In formulating a definition of affordable housing, it is important to keep in mind that a workable definition must be clear, straightforward, easy to understand, readily applicable to various assistance programs and easily updated. In addition, the definition should be in keeping with the Province's proposed definition of affordable housing contained in its Draft Provincial Policy Statement (not yet adopted). See discussion below.

It should be noted that municipal planning authorities and land use planners may go beyond the minimum standards established in the Provincial Policy Statement as long as they do not conflict with any other policy of the Provincial Policy Statement. Consequently, St. Thomas/Elgin County may establish a more stringent definition of affordable.

The needs analysis showed that 28% of resale units for sale in St. Thomas and Elgin County were priced at $100,000 or lower and that these would be affordable to the 11.6% of households with incomes of $20,000 to $30,000 per year. While many of these lower cost resale units may be in need of repair, they do provide affordable ownership options for first time homebuyers. The 16% of households with incomes of less than $20,000 would be able to afford to carry a house priced at $70,000 or less.

Only 5% of total listings were priced at $70,000 or less in October 2003, thereby making it extremely difficult to households with incomes of $20,000 or lower to enter into home ownership.

The analysis also showed that the average market rent in the City of St.Thomas for one-bedroom, two-bedroom and three-bedroom units was not affordable to the 35% of tenant households with incomes of less than $20,000 per year. In addition, based on CMHC rental figures and Statistics Canada income figures for 2001, the analysis showed that one bedroom units were only affordable to household with incomes of over $20,600 a year; two bedroom units were affordable to households with incomes of over $25,360 a year and three-bedroom units were affordable to household with incomes of over $27,400 a year.

5.3 ALTERNATIVE DEFINITIONS

The following definitions of affordable housing are currently being used by a number of jurisdictions.

5.3.1 Canadian Definition – Core Need Housing

In Canadian housing policy, the underlying concept for defining affordable housing is to identify households in Core Need. Core Need combines affordability, suitability, and adequacy measures. “Affordability” is defined as paying less than 30% of before-tax household income on housing. “Suitability” means that the household can afford a unit with the appropriate number of bedrooms for their household size. “Adequacy” means that the unit was not identified by occupants during the Census as needing “major repairs.”

A household is in Core Housing Need if it falls below at least one of the three standards and the household would have to spend more than 30% of its income to pay the average local costs of standard housing. The Core Need Income Thresholds (CNITs) established by CMHC for 2003 for the London CMA takes the median rent for an adequate unit (in terms of condition) and then derives the applicable household income limit based on the household not paying more than 30% of their income on rent.

Because rents are higher in the London CMA than in St. Thomas, this would tend to push up the CNIT above those applicable in St. Thomas. CMHC does not provide Core Income Threshold data for the City of St.Thomas separately or for other municipalities in Elgin County.

Table 6: Core Need Income Thresholds, London CMA, 2003

Unit Type	Household Income Limits	Applicable Rents
Bachelor Unit	$19,000	$475
One Bedroom	$24,000	$600
Two Bedroom	$29,000	$725
Three Bedroom	$38,000	$950
Four Bedroom	$46,000	$1,150

Note: The London CMA contains the City of St.Thomas only. All other areas within St.Thomas/Elgin County are not included.

5.3.2 Provincial Household Income Limits for Social Housing

The Province has established household income limits for social housing projects (i.e. non-profit and co-operative) currently funded by the City of St.Thomas. Although the City, as Service Manager, may set its own local limits, these limits are used by the Province for the purposes of flowing federal funding to the Service Manager.

As Table 7 below shows, the Household Income Limits (HILs) for the St. Thomas Service Area are very close to those established by CMHC. Two sets of figures are used, one for St. Thomas, Central Elgin and Southwold and the other, somewhat lower, for Bayham, Malahide, Aylmer, Dutton-Dunwich and West Elgin.

Table 7: Household Income Limits for St.Thomas/Elgin County

Unit Type	Household Income Limits St. Thomas, Southwold and Central Elgin	Applicable Rents	Household Income Limits Bayham, Malahide, Aylmer, Dutton-Dunwich, West Elgin	Applicable Rents
Bachelor Unit	$19,500	$488	$18,500	$463
One Bedroom	$24,500	$612	$23,000	$575
Two Bedroom	$30,000	$750	$27,500	$688
Three Bedroom	$36,500	$912	$32,500	$813
Four Bedroom	$40,000	$1,000	$36,500	$913

5.3.3 CMHC Average Rents

A number of large, more urban municipalities have used a definition of affordable rental housing based on CMHC average rents. The City of Toronto's definition, as found in their Official Plan, is:

> *Affordable rental housing and affordable rents means housing where the total monthly shelter cost (gross monthly rent including utilities – heat, hydro and hot water- but excluding parking and cable television charges) is at or below one times the average City of Toronto rent, by unit type (number of bedrooms), as reported annually by the Canada Mortgage and Housing Corporation.*
>
> *Affordable ownership housing is housing which is priced at or below an amount where the total monthly shelter cost (mortgage principle and interest – based on a 25-year amortization, 10% down payment and the chartered bank administered mortgage rate for a conventional 5-year mortgage as reported by the Bank of Canada at the time of application- plus property taxes calculated on a monthly basis) equals the average City of Toronto rent, by unit type, as reported annually by the Canada Mortgage and Housing Corporation. Affordable ownership price includes GST and any other mandatory costs associated with purchasing the unit.*

The average market rents for the City of St.Thomas and the London CMA as well as applicable household incomes are as follows:

Table 8: CMHC Average Rents and Related Income, City of St. Thomas and London CMA, 2003

Unit Type	St. Thomas		London CMA	
	Average Rents	Income	Average Rents	Income
Bachelor	$382	$15,280	$458	$18,320
1-Bedroom	$525	$21,000	$586	$23,440
2-Bedroom	$673	$26,920	$736	$29,440
3+ Bedroom	n/a	n/a	$934	$37,360

One of the disadvantages of using CMHC average market rents as a measure of affordability is that the data is only available for the City of St.Thomas and the larger London CMA. CMHC does not collect market rent figures for the communities outside the major City. Additional data has been collected during the course of this study for municipalities in Elgin County; however, such data is not as rigorous as that used by CMHC. It should be noted that the Community Rental Housing Program uses average rents to identify "affordable rental housing".

5.3.4 The Income Distribution Approach – the Provincial Policy Statement Approach

Some municipalities have developed definitions of affordable housing based on the distribution of household income in their service area. Affordable housing is then related to housing that can be afforded by those at a certain income level or below, e.g., the median income or lower.[3] The definition in the proposed Provincial Policy Statement incorporates the lowest 60th percentile of households (for ownership housing) and the lowest 60th percentile of tenant households (for rental housing) into its definition of affordable housing. [4]

The Province's Draft Provincial Policy Statement contains the following definition of "affordable":

Affordable means:

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

i. 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

ii. 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:

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

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

Low and moderate income households means:

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.

Using the 60th percentile approach tends to result in high "affordable" rent and housing price thresholds. For example, as shown below in Table 9, using the income distribution for tenants would result in the 60th percentile of tenants at $34,241 with an affordable rent of $856 (based on paying 30% of income on rent). One of the shortcomings with using this approach is that detailed data is required to estimate the 60th percentile for households occupying different unit sizes.

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[3] The median income is that income that would be at the middle if all incomes were ordered from lowest to highest.
[4] The 60th percentile is that income level below which 60 percent of all households fall.

Table 9: Estimating Rents Affordable to the 50th and 60th Percentile of Tenants St. Thomas/Elgin County, 2001

Household Income	% of Renter Households	Cumulative	Affordable Rent (Monthly)
Under $10,000	12.1%	12.1%	Under $250
$10,000 to $19,999	22.9%	35.0%	$250 to $500
$20,000 to $29,999	18.0%	52.9%	$500 to $750
$30,000 to $39,999	16.5%	69.4%	$750 to $1,000
$40,000 to $49,999	10.7%	80.1%	$1,000 to $1,250
$50,000 and over	19.9%	100.0%	$1,250 and above
Total	100.0%		
	Income	**Affordable Rent**	
Estimated 60th Percentile	$34,241	$856	
Estimated 50th Percentile	$28,332	$708	

Based on the income distribution in Table 10 on the next page, the 60th percentile in St. Thomas/Eglin County is estimated to be $57,837. Table 10 below estimates the affordable ownership house price that is affordable to the 60th percentile of households, the estimated affordable house price would be $204,000 assuming a 10% down payment, a 6.5% mortgage rate and 25-year amortization period. In our opinion, the $204,000 is too high to be considered "affordable", and we would therefore, recommend the second option which is "10% below the average price of resale housing in the study area". In St. Thomas, in September 2004, the average year-to-date price of a resale dwelling was $138,755. Therefore, an affordable price for ownership housing would be $124,900 or lower ($138,755- $13,875). Such housing would be affordable to the approximately the lowest third of incomes in the St. Thomas/Elgin County area.[5]

(Note: If the 50th percentile or the median income were used, then the affordable house price would be somewhat lower. The median income for all households in St. Thomas/Elgin County in 2001 was $48,834 and the affordable house price would be $172,519.)

[5] During the course of this study, we were unable to obtain the average price for all of St. Thomas and Elgin County because the London and St. Thomas Real Estate Board only includes St. Thomas, not the rest of the County.

Table 10: Household Income by Percentage Breakdown, St.Thomas/Elgin County, 2001

Household Income	% of Total Households	Cumulative %	Affordable Ownership (Unit Cost)
Under $10,000	4.8%	4.8%	Under $71,500
$10,000 to $19,999	11.3%	16.1	Under $71,500
$20,000 to $29,999	11.6%	27.7	$71,500 to $100,500
$30,000 to $39,999	11.7%	39.4	$100,501 to $140,000
$40,000 to $49,999	11.9%	51.3	$140,001 to $172,400
$50,000 to $59,999	11.1%	62.4	$172,401 and over
Over $60,000	37.7%	100.1	
	Income	**Affordable Ownership**	
Estimated 60th Percentile	$57,837	$204,000	
Estimated 50th Percentile	$48,834	$172,519	
10% below average price*		$124,900	

* Based on September, 2004 year-to-date sales for the City of St. Thomas.

5.3.5 Percentage of Median or Average Income

Some jurisdictions in the United States have adopted a definition that is based on a percentage of median or average household income for the area, such as housing affordable by persons with incomes of 60% or 80% of median income for the area.

The median income in St.Thomas/Elgin County, based on the 2001 census, is $48,834. Housing that would be affordable to persons with incomes of 80%, 65%, and 60% of median is shown below in Table 11:

Table 11: Household Income by Percentage of Median Income, St.Thomas/Elgin County, 2001

Median Household Income	Applicable Household Income	Affordable Rent
80%	$39,067	$977
65%	$31,742	$794
60%	$29,300	$733

5.4 COMPARISON OF THE APPROACHES AND RECOMMENDED APPROACH

Table 12 and Table 13 on the following pages compare the applicable rents and household income for St.Thomas when each of the five approaches to defining affordable rental housing is used.

It should be noted that using a more targeted approach, that is a lower threshold for affordable rent may make more sense from the point of view of serving those most in need; however, from a practical point of view, a higher threshold may be easier to meet. A higher affordable rent, for example, may be easier to attain by non-profit groups, private developers or public-private partnerships when government subsidy programs are limited to capital grants. Furthermore, while the federal government will provide up to $25,000 per unit, the provincial grant is still limited to $2,000 per unit under the Community Rental Program with the bulk of the matching funds falling to the municipal and proponent of affordable housing. While the capital grants lower operating costs, it is often difficult to reach rents that are below average rents in a given area. Furthermore, the lack of subsidies for new rent-geared-to-income units makes it difficult to target the lowest income households. Service Managers may define further the income thresholds they wish targeted in calls for proposals.

For the purposes of the Municipal Housing Facilities Housing By-law and official plan policies, it is recommended that the definition of “affordable housing” as proposed by the Province in the Provincial Policy Statement be adopted. The proposed definition in the Provincial Policy Statement combines the average rent concept with the income distribution approach – whichever is lower. At this time, the 60th percentile is not available for the St. Thomas/Elgin County area although it can be estimated from the income distribution. For example, we have estimated that the 60th percentile for tenant incomes is $34,238 and the affordable rent threshold would be $856. ($34,238 X .3 = $10,272/12=$856). We therefore, recommend using the average rents in the St. Thomas area by unit size as the best measure of “affordable housing”.

For ownership housing, the house price affordable to the 60th percentile is too high as discussed above. Instead we recommend the price of 124,900 could be used which is 10% below the average price in St. Thomas unless the Service Manager can identify all of the resale prices in the St. Thomas/Elgin County area.

Table 12: Comparison of Approaches – Applicable Rents

Unit Type	Draft Provincial Policy Statement[6] (Average market rents)		CMHC Core Need Income Threshold	Provincial Household Income Limits		CMHC Average Rents (London CMA and St. Thomas are both shown)		Percentage of Median (80%/65%/60%)
	London CMA	St. Thomas	London CMA	St. Thomas, Southwold and Central Elgin	Bayham, Malahide, Aylmer, Dutton-Dunwich, West Elgin	London CMA	St. Thomas	
Bachelor	$458	$382	$475	$463 or $488		$458	$382	**$977**
1 Bedroom	$586	$525	$600	$575 or $612		$586	$525	**$794**
2 Bedroom	$736	$673	$725	$688 or $750		$736	$673	**$733**
3 Bedroom	$934 (includes 3+bedrooms)	To Be Determined	$950	$813 or $921		$934(3+ bedrooms)	To be determined	
4 Bedroom	n/a	n/a	$1,150	$913 or $1,000		n/a	n/a	

[6] Note: A detailed analysis of incomes by household size is not available at this time to determine the upper limit of affordability based on the lowest 60 percent of tenants. For all tenant households, the 60th percentile is estimated at $34,238 and the affordable rent threshold would be $856.)

Table 13: Comparison of Applicable Incomes For Affordable Rent Under The Five Approaches

Unit Types	Draft Provincial Policy Statement (income required for affordable rents)		CMHC Core Need Income Threshold	Provincial Household Income Limits	CMHC Average Rents (London CMA)		Percentage of Median (80%/65%/60%)
Bachelor	London CMA $18,320	St. Thomas $15,279	$19,000	$18,500 or $19,500	London CMA $18,320	St. Thomas $15,279	$39,067
1 Bedroom	$23,440	$21,000	$24,000	$23,000 or $24,500	$23,440	$21,000	$31,742
2 Bedroom	$29,440	$26,920	$29,000	$27,500 or $30,000	$29,440	$26,920	$29,300
3 Bedroom	$37,360 (Includes all 3+ bedrooms0	To be determined	$38,000	$32,500 or $36,500	$37,360 (Includes all 3+ bedrooms0	To be determined	
4 Bedroom	n/a	n/a	$46,000	$36,500 or $40,000	n/a	n/a	

6 AN INTEGRATED HOUSING STRATEGY

6.1 INTRODUCTION

This section of the report outlines an integrated housing strategy for St. Thomas and Elgin County designed to ensure that current and future housing needs are addressed. While the emphasis of the strategy is on affordable housing and special needs housing, the strategy also addresses in a general way overall housing requirements.

The development of this housing strategy can be considered as an important first step in laying the foundation for the development of affordable in St. Thomas and Elgin County. Within the current framework, housing issues are being addressed in a very fragmented way as municipalities, social service agencies, planners and developers respond to housing programs and opportunities. This housing strategy sets the framework for housing to be provided in a more coordinated fashion which can be implemented in stages as funds become available. It also sets up a mechanism by which priorities and programs can be established as needs change or emerge.

Section 2.2 summarized the housing issues and gaps in the market as identified in the report **St. Thomas and Elgin County Housing Strategy: Housing Demand and Supply Analysis**. From this summary of issues and gaps, the following main housing priorities have been identified:

1. There is a need for municipalities to encourage **a greater diversity in dwelling types and tenure in future housing production**, including more smaller dwelling units.
2. Investment in older rental housing stock should be encouraged to **maintain and upgrade the existing rental stock**.
3. There is a need to **increase the supply of affordable rental housing** for low and moderate income households who cannot afford to own their homes or who require rental housing for other reasons such as lifestyle and age; at the same time, there is a need to **preserve the existing rental housing stock**, as appropriate.
4. With the aging of the population and the growth in the older population, there is a need to ensure that there are **affordable rental and ownership alternatives for seniors on fixed incomes**.
5. There is a need for **more short-term and transitional housing** for certain target groups (e.g. an emergency shelter for men is needed to serve St. Thomas and Elgin County, emergency shelter and transitional housing for youth, transitional housing for Mennonites in Aylmer).
6. There is a **need for larger rental units in Aylmer** to serve the needs of larger Mennonite families.

7. There is a need to examine the **role that rooming houses play** in the supply of affordable housing.
8. There is a need for **additional supportive housing** for persons with mental illness, frail elderly and those with physical disabilities to help live independently.
9. There is a need to provide more **opportunities for low-income households to live in owned accommodation**.

In addition, the strategy discussed below will outline the **foundation for an ongoing system for promoting affordable housing** in St. Thomas and Elgin County.

6.2 RESPONDING TO DIVERSE HOUSING NEEDS

With the declining average household size in St. Thomas/Elgin County and the growth in the number of one and two-person households combined with the gradual aging of the population, there is a need for more units that can accommodate smaller households and an aging population. There has been a high concentration on the development of single detached dwellings in both the City of St. Thomas and in Elgin County.

Between 2001 and 2021, an additional 9,757 housing units are needed in St. Thomas/Elgin County to meet the needs of the future housing population (487 units annually). Fifteen-year housing requirements have been prepared for individual municipalities by dwelling type and tenure. It is recommended that the targets shown in the following table be adopted by individual municipalities in their Official Plans unless the local municipality has its own projections it wishes to use.

In addition, it is recommended that local municipalities review their existing official plans and zoning bylaws to ensure that their existing housing policies are up-to-date and that the policies do not create impediments to the provision of affordable housing as discussed in section 4.1.

RECOMMENDATION 1

That St. Thomas and local municipalities within Elgin County be encouraged to adopt housing targets by dwelling type and tenure in their Official Plan to meet identified housing requirements. Over the 15-year period, it is anticipated that 85% of units required will be singles and semis, 5% row housing and 10% apartments. Twenty per cent of units should be available as rental units.

For the 2001 to 2016, the following additional housing targets are recommended, unless local municipalities have developed their own targets.

Municipality	Singles/Semis			Row Housing			Apartments			Total		
	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total
City of St. Thomas	2,165	240	2,405	40	159	199	29	267	296	2,234	666	2,900
% Across	*90%*	*10%*	82.9%	*20%*	*80%*	6.9%	*10%*	*90%*	10.2%	*77%*	*23%*	100.0%
% Of Total			**38%**			**53%**			**40%**			**39%**
Municipality of Bayham	487	55	542	5	25	30	5	51	56	497	131	628
% Across	*90%*	*10%*	90.0%	*20%*	*80%*	4.0%	*10%*	*90%*	6.0%	*79%*	*21%*	100.0%
% Of Total			**9%**			**8%**			**7%**			**8%**
Township of Malahide	522	58	580	11	44	55	-	-	-	533	102	635
% Across	*90%*	*10%*	95%	*20%*	*80%*	5%			0%	*84%*	*16%*	100.0%
% Of Total			**9%**			**15%**			**0%**			**9%**
Town of Aylmer	694	76	770	10	38	48	13	120	133	717	234	951
% Across	*90%*	*10%*	80%	*20%*	*80%*	5%	*10%*	*90%*	15%	*75%*	*25%*	100.0%
% Of Total			**12%**			**13%**			**18%**			**13%**
Municipality of Central Elgin	883	99	982	8	32	40	40	93	133	931	224	1,155
% Across	*90%*	*10%*	85.0%	*20%*	*80%*	3.5%	*30%*	*70%*	11.5%	*81%*	*19%*	100.0%
% Of Total			**15%**			**11%**			**18%**			**15%**
Township of Southwold	414	45	459	-	-	-	-	68	68	414	113	527
% Across	*90%*	*10%*	87.1%				*0%*	*100%*	12.9%	*79%*	*21%*	100.0%
% Of Total			**7%**			**0%**			**9%**			**7%**
Municipality of Dutton-Dunwich	276	30	306	-	-	-	6	25	31	282	55	337
% Across	*90%*	*10%*	94%				*20%*	*80%*	6%	*84%*	*16%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**5%**
Municipality of West Elgin	275	30	305	-	-	-	-	30	30	275	60	335
% Across	*90%*	*10%*	94%				*0%*	*100%*	6%	*82%*	*18%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**4%**
Elgin County	3,551	393	3,944	34	139	173	64	387	451	3,649	919	4,568
% Across	*90%*	*10%*	86.3%	*20%*	*80%*	3.8%	*14%*	*86%*	9.9%	*80%*	*20%*	100.0%
% Of Total			**62%**			**47%**			**60%**			**61%**
St. Thomas/Elgin County	5,716	633	6,349	74	298	372	93	654	747	5,883	1585	7,468
% Across	*90%*	*10%*	85.0%	*20%*	*80%*	5.0%	*12%*	*88%*	10.0%	*79%*	*21%*	100.0%
% Of Total			**100%**			**100%**			**100%**			**100%**

RECOMMENDATION 2

That the City of St. Thomas and Elgin County local municipalities, review their official plans and zoning bylaws to ensure that their existing housing policies are up-to-date and that the policies do not create impediments to the provision of affordable housing.

6.3 MAINTAINING AND UPGRADING EXISTING HOUSING

Older dwellings play an important role in providing low-cost accommodation for residents in St. Thomas/Elgin County as these units tend to be more affordable than the newer housing supply. However, older dwellings often have problems associated with their age such as higher repair and maintenance costs and higher energy costs. Over a quarter (26.3%) of the housing stock in St.Thomas/Elgin County is reported to be in need of minor repair, with some 8.2% of the stock requiring major repair. As the older housing stock provides affordable ownership housing, assistance may be required to assist low-income homeowners in upgrading their older, more affordable homes, where appropriate.

Much of the older rental stock is also in need of upgrading. Upgrading rental housing is especially important in St Thomas/Elgin County where there is virtually no new rental housing being developed.

St. Thomas could combine funding available through CMHC's Residential Rehabilitation Assistance Program (RRAP) with its Community Improvement Plan incentives to provide increased incentives to improve rental housing in designated improvement areas. Alternatively, funding through the Community Rental Housing Program could also be stacked with municipal incentives in designated improvement areas. (Note: RRAP and Community Rental Housing Program cannot be combined.) Other municipalities in Elgin County may consider replicating St. Thomas's Community Improvement Plan in their central areas.

There has been some indication that property taxes are inhibiting owners of multi-residential buildings from upgrading their buildings and that an equalization of such taxes would encourage improvements in the rental stock.

The following recommendations are aimed at maintaining and upgrading the existing housing stock.

RECOMMENDATION 3

That the City of St. Thomas, as Service Manager, encourage CMHC to provide increased RRAP funding for St. Thomas/Elgin County for upgrading of older, private homes occupied by lower income households, for rental housing and for rooming houses.

RECOMMENDATION 4

That municipalities in Elgin County consider combining innovative funding in Community Improvement Areas with RRAP or the Community Rental Housing Program to provide increased incentives to improve housing in designated improvement areas.

RECOMMENDATION 5

That municipalities in St. Thomas and Elgin County consider providing landlords with property tax relief in cases where landlords are willing to make a substantial investment in improving their rental property.

RECOMMENDATION 6

That, as part of a public education campaign, St. Thomas as Service Manager, should organize information sessions to inform the public, non-profit agencies, private landlords and local builders, of the federal and local funding programs available to renovate older, existing residential units.

6.4 INCREASING THE SUPPLY OF AFFORDABLE RENTAL HOUSING

As has been described in this report and the background need and demand report, despite the low vacancy rates, there has been very little purpose-built rental housing in St. Thomas-Elgin County in recent years. The Community Rental Program provides an opportunity for this need to be addressed. Once this report has been completed and the appropriate housing facility by-law passed, the Service Manager can apply for a funding allocation under this program. A definition of affordable housing must be included in the housing facility by-law.

The following recommendations would set the stage for St. Thomas/Elgin County to participate in the Canada-Ontario Affordable Housing Program:

RECOMMENDATION 7

That St. Thomas, as Service Manager, enact a Municipal Housing Facilities By-law under Section 210 of the *Municipal Act* that would enable St. Thomas and Elgin County local municipalities to provide incentives to the private sector to create new affordable housing. The by-law would include the definition of affordable housing identified in the recommendation below.

RECOMMENDATION 8

That St. Thomas, as Service Manager, adopt the definition of affordable housing in the proposed Provincial Policy Statement for the purposes of the Municipal Housing Facilities By-Law and that local municipalities in St. Thomas/Elgin County adopt this definition in their Official Plans:

Affordable housing means:

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

i. Housing for which the purchase price results in an annual accommodation costs which do not exceed 30% of gross annual household income for low and moderate income households; or

ii. Housing for which the purchase price is at least 10% 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:

i. A unit for which the rent does not exceed 30% of gross annual household income for low and moderate income households; or,

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

Where low and moderate income households means:

a) in the case of ownership housing, households with incomes in the lowest 60% of the income distribution

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

It is further recommended that the housing facility by-law should use average rents for different unit sizes in the St. Thomas area as the upper threshold of affordable rental units and for ownership housing, it should use the price that is 10% below the average for resale housing in the St.Thomas/Elgin County area.

RECOMMENDATION 9

That the City of St. Thomas, as Service Manager, undertake the necessary steps required to participate in the Canada-Ontario Affordable Housing Program and in particular, request an initial allocation of funding for 150 units from the Province under Community Rental Housing Program.

RECOMMENDATION 10

That the City of St. Thomas, as Service Manager, issue a Request for Proposal under the Community Rental Housing Program once an allocation has been received from the Province. Preference should be given to proponents who address an identified housing need, have experience in development and are able to develop affordable rental housing as a component of the project.

During the course of this study, several groups have indicated an interest in developing affordable rental housing and have demonstrated need for such housing. In order to make the development of affordable rental housing feasible, it is recommended that municipalities (including the County where appropriate) consider providing incentives for affordable housing including: waiving or providing grants in-lieu of development charges, providing grants in-lieu of building permits fees, a housing first policy, and alternative development standards. In addition, one of the requirements of participating in the Community Rental Program is that municipalities must bring the taxation rate for multi-residential rental housing projects built under this program to a level equal to the single family residential rate (or provide a grant to developers to offset the difference in taxes).

In addition, the Service Manager may want to consider placing available rent supplement units in new affordable rental housing developments in order to expand the supply of rent-geared-to-income units in areas where it is needed most.

The following recommendations are aimed at increasing the supply of affordable housing in St. Thomas/Elgin County:

RECOMMENDATION 11

That staff of the Service Manager meet with local Councils to obtain their support for the Housing Strategy Report. The City of St. Thomas, as Service Manager, may wish to conduct a workshop for local councillors to explain to them the role of the Service Manager, local municipalities, the Province, CMHC, housing providers and the private sector in the provision of affordable housing.

RECOMMENDATION 12

That, in order to participate in the Ontario Community Rental Housing Program, the City of St. Thomas and other municipalities in Elgin County, along with the County, consider providing provide grants in lieu of property tax reductions to equalize the taxation rate for newly constructed multi-residential rental housing projects under the Community Rental Housing Program.

RECOMMENDATION 13

That the City of St. Thomas, as Service Manager, encourage local municipalities to assist proponents of affordable housing by using some or all of the following incentives:

- Providing grants to offset property taxes;
- Waiving of development charges;
- Waiving application fees;
- Establishing grants and/or revolving funds; and,
- Providing density bonuses where appropriate.

RECOMMENDATION 14

That the City of St. Thomas work with Elgin County, local municipalities, federal and provincial governments to create a comprehensive inventory of surplus government lands and identify which sites may be suitable for affordable housing purposes.

RECOMMENDATION 15

That the City of St. Thomas and Elgin County local municipalities consider establishing a "housing first" policy for surplus municipal lands. Specifically, that the first priority in the decision-making process respecting surplus or potentially surplus municipal real property be affordable housing development and that the surplus property be made available for affordable housing purposes at a reduced cost.

RECOMMENDATION 16

That the City of St. Thomas and Elgin County local municipalities, consider utilizing alternative development standards on a case-by-case basis for residential developments that provide new affordable housing, particularly for parking standards.

RECOMMENDATION 17

That the City of St. Thomas, as Service Manager, consider placing available rent supplement units in new affordable rental housing developments in order to enable the expansion of the supply of subsidized housing in areas where it is most needed.

RECOMMENDATION 18

That the City of St. Thomas, as Service Manager, encourage the provision of affordable housing through partnerships with private sector groups, local government agencies and community-based groups.

The City of St. Thomas is promoting the creation of rental housing in the City's Community Improvement Plan area through upgrading existing units, conversion of non-residential uses to housing and infill projects in the Community Improvement Plan area. The Plan targets the Downtown area as a priority area. It is anticipated that the City's funding could go further by combining the City's program with the Community Rental Housing Program or RRAP.

RECOMMENDATION 19

That the City of St. Thomas and any other municipalities with a designated Community Improvement Plan area seek to stack municipal assistance with that provided through RRAP or the Community Rental Program, as appropriate.

Also, as noted in Section 3 above, some improvements could be made to existing federal and provincial funding programs to assist in the provision of affordable housing in St. Thomas/Elgin County.

RECOMMENDATION 20

That the City of St. Thomas and Elgin County local municipalities, in conjunction with FCM and AMO, urge the new Provincial government to uphold its election promise to match the federal funding available through the Canada-Ontario Affordable Housing Program so that true affordability can be achieved.

RECOMMENDATION 21

That the City of St. Thomas and Elgin County local municipalities, urge the federal government to change the tax system to fully rebate the GST associated with the development of new rental housing, including rental housing developed by the private and not-for-profit sector, to help reduce the cost new rental housing

6.5 EXAMINING THE IMPACT OF CONVERSION OF RENTAL HOUSING

Recently, there has been interest in converting some of St. Thomas' apartment buildings into condominiums. This is occurring in both buildings that require significant upgrading and in buildings that are in good shape and are considered to be at the high end. The motivation behind the request for conversion to condominiums vary; however, at least in one case, the desire of the purchaser was to reduce property taxes (condominium owners pay at the same rate as other residential uses which is considerably below property tax rates in rental property).

At present the City has a policy which states that:

The City shall consider the conversion of rental buildings to condominiums only when the vacancy rate in the City is above 3%for the past two CMCH rental surveys. If the conversion results in a vacancy rate below3% then the conversion shall not be permitted.

With the introduction of the Tenant Protection Act (TPA), the previous Rental Housing Protection Act (PHPA) was repealed. The RHPA set very strong criteria for when rental housing could be converted. Under the TPA, tenants can remain as long as they wish after their unit is converted and the tenant has the first right of refusal to purchase their apartment if it is sold.

The Province is currently reviewing this issue as part of its Residential Tenancy Reform initiative. It is considering three approaches to this issue:

1. Bring in laws requiring cities and towns to have an approval process for demolition or conversion, based on rules set out by the provincial government.
2. Bring in laws allowing each city or town to decide whether to have an approval process for demolition or conversion, based on rules set out by the provincial government.
3. Bring in laws allowing each city or town to decide whether to have an approval process for demolition or conversion, based on their own rules.

In conjunction with the release of a new policy from the province, the City of St. Thomas should re-evaluate its policy which was written over a decade ago under a different legislative framework. Any changes to the policy, should still take into account the overall impact on the availability of rental housing, particularly affordable housing, in the community. While it may be argued that a conversion at the higher end does not affect tenants who need affordable rental housing, some would argue that any decrease in the rental stock, puts more pressure on the existing stock.

Recommendation 22

It is recommended that the City of St. Thomas review its conversion policy taking into account new policy directions from the Province, the need to preserve the existing rental stock and the impact of a conversion on the availability of rental housing, particularly affordable housing in the City.

Recommendation 23

It is recommended that local municipalities of Elgin County review their existing conversion policy, if any are currently in place, or consider a new conversion policy which takes into account new policy directions from the Province, the need to preserve the existing rental stock and the impact of a conversion on the availability of rental housing, particularly affordable housing in their municipality.

6.6 PROVIDING A RANGE OF HOUSING OPTIONS FOR SENIORS

St.Thomas/Elgin County contains a large concentration of senior citizens over the age of 65 - 13.7% of its population. Projections indicate that this age category will grow to 19.2% over the next twenty years. While most of these seniors may be well housed and possess adequate financial capabilities, many live on fixed basic government pensions and are "house-poor" homeowners, often in need of affordable rental accommodation or low cost condominiums.

Several non-profits providing housing for seniors have relatively long waiting lists – particularly for market rent units. For example, Caledonia Gardens in Dutton has a waiting list of 40 senior households for market units; there are 28 senior households on the waiting list for market rent units at the Kiwanis Non-Profit Homes of Rodney and there are 30+ senior households on the waiting list for market units in Aylmer Christian Association's Heritage Place.

At least four groups are in the process of trying to develop affordable housing for seniors including Dutton and District Lions' Non-Profit Housing (which manages Caledonia Gardens), Aylmer Area Christian Community Association (which manages Heritage Place in Aylmer), Menno Lodge of Aylmer Inc. (which manages Menno Lodge for seniors in Aylmer) and the St. Thomas Royal Canadian Legion. Options being examined include condominiums, life lease; market rent units and affordable rental units. Given that the seniors' population is growing and many would like to remain in their community, it is important that local support be provided to these community groups so they can create more affordable seniors' housing.

An exciting seniors project is also underway in Elgin County by which the County is providing lands on which the old Elgin Manor was built to a private developer for a seniors' housing development. The developer pays for the cost of clearing the site.

Some "seniors" buildings have two-stories but no elevator and hence, these are not accessible to many seniors. One such example is in West Lorne where a 25-unit two-storey walk-up has 3 vacancies but no one in the centralized waiting list is interested in moving there. It has been suggested that with the installation of an elevator, these units would be accessible to seniors; however, there is a lack of funding to install elevators. As this development is located adjacent to a new Health Centre, it has been suggested that funding through the Ministry of Health and Long-Term Care could be used so the units were then available as supportive housing for seniors.

As the number of seniors increases, there is an increased demand for supportive housing for the frail elderly to help them stay independent and to relieve pressure on the hospitals where such individuals may end up while waiting for a bed in a long-term care facility. (See discussion below 6.10 regarding supportive housing for seniors).

The following recommendations are aimed at ensuring there is an adequate supply of affordable rental and ownership alternatives for seniors on fixed incomes:

RECOMMENDATION 24

That the Service Manager and local municipalities support community-based agencies in their endeavours to increase the supply of affordable rental housing for seniors.

RECOMMENDATION 25

That as part of a broader educational campaign, that the public, politicians, agencies and the non-profit and private sector be informed regarding the various housing options for seniors both in St. Thomas/Elgin County and elsewhere through such activities as a workshop or public meeting.

RECOMMENDATION 26

That the Service Manager establish a St. Thomas/Elgin County Older Adults' Housing Sub-Committee as part of the overall Housing Advisory Committee (see recommendation 40 below).

6.7 MEETING THE NEED FOR EMERGENCY AND TRANSITIONAL HOUSING

There are no temporary or emergency housing shelters for men facing homelessness in St.Thomas/Elgin County. In some instances, homeless men are housed in shelters in London due to the lack of shelters in the local area. Key informants reported that the number of homeless men has increased in recent times. Thus, there is a need for a men's shelter in St.Thomas/Elgin County.

There is also a major unmet need for emergency and temporary housing for youth in St. Thomas/Elgin County, as well as transitional housing for persons with mental illness, persons with physical, as well as homeless men and youth.

The Service Manager is already developing criteria and guidelines for the administration of the Homelessness Initiatives Fund, the Provincial Rent Bank and the Energy Emergency Fund. These funds should help those who have lost their home or help to prevent evictions.

It has also been pointed out that transitional housing for recent immigrants such as the Mennonites who have moved to Aylmer would help them adjust to their adopted country, obtain employment and eventually move into their own home. Such transitional housing could also help the municipality address the tight labour market condition in Aylmer.

There are a variety of funding opportunities that have been discussed earlier in the report which could be used by St. Thomas/Elgin County to both more clearly identify the

need for such housing but also to support the provision of emergency and transitional housing.

RECOMMENDATION 27

That the City of St. Thomas approach the Homelessness Secretariat to allocate funds under the Supporting Community Partnership Initiatives (SCPI) to the St. Thomas/Elgin County area.

RECOMMENDATION 28

That the City of St. Thomas consider requesting an allocation under the Province's Off the Street, Into Shelter Fund (OSIS) to help homeless individuals find shelter.

RECOMMENDATION 29

That the City of St. Thomas consider requesting an allocation under the Province's Redirection of Emergency Hostel Funding Program (REHF) to help reduce the demand for hostel accommodation.

RECOMMENDATION 30

That the Service Manager and local municipalities support interested local agencies to secure emergency and/or transitional housing for homeless men and persons with mental illnesses, physical disabilities and addictions.

RECOMMENDATION 31

That the Service Manager and local municipalities support local agencies seeking to provide emergency and transitional housing for youth and that such developments include life skills and employment skills development.

RECOMMENDATION 32

That the Service Manager support the efforts of the interested organizations in the Town of Aylmer to provide transitional housing for Mennonites so they may obtain employment and then move into more permanent housing.

6.8 ADDRESSING THE NEED FOR LARGER AFFORDABLE UNITS IN AYLMER

Larger Mennonite families (some have as many as 10-12 children) face difficulties finding and maintaining affordable housing in the County, especially in Aylmer where they have tended to move to after initially coming here as migrant agricultural workers. Due to the lack of 3, 4 or 5 bedroom units, larger families often inhabit smaller, cramped quarters in the County. This gap in the supply of larger units in Aylmer needs to be addressed.

At the same time, there is a housing development in Port Burwell originally designed for larger Mennonite families for which there is not now a high demand. Either the units for which there is little demand could be converted to suit another client group or the site could possibly be condensed and surplus land sold to purchase land elsewhere in the community where there is a stronger demand.

RECOMMENDATION 33

That the Service Manager work with relevant housing providers to provide larger social housing units in Aylmer and reduce vacancies in larger units in Port Burwell.

6.9 THE ROLE OF ROOMING HOUSES

Rooming houses play an important role in meeting some of the affordable housing needs within a community. This is because this type of housing provides relatively affordable, transitional and, in some cases, permanent accommodation for singles on fixed and low incomes. Many rooming house operators are pulling out of the rooming house market due to escalating insurance costs and the increased requirements of fire code regulations.

While the Housing Demand and Supply Analysis identified two licensed rooming houses within St. Thomas, it has been recently learned that neither rooming house exists at this time. These two rooming houses provided a combined total of 10 rooms that were renting at $325 a month – a rent that would correspond to the shelter component of Ontario Works. Given that these rooming houses were providing housing to those at the lowest income level, their closure exacerbates the need for housing for low-income singles in St. Thomas. There may be other non-licensed rooming houses that are providing this type of accommodation but without regulation; consequently, the quality of the accommodation may be a problem.

The City and other area municipalities need to examine the role that rooming houses play in providing affordable housing as well as how municipalities might assist private and non-profit operators in the future, including the option of direct payment of rent to the landlord.

RECOMMENDATION 34

That the City of St. Thomas identify steps it could take to encourage non-profit and private rooming house operators to provide affordable rental housing for singles.

6.10 INCREASING THE SUPPLY OF SUPPORTIVE HOUSING

Supportive housing is housing that provides personal support services and essential homemaking in permanent, usually not-for-profit, community residential settings. A need for more supportive housing for persons with mental illness, frail elderly and those with physical disabilities was identified in the housing demand and supply analysis.

The Supportive Housing Working Group which is a Community Advisory Council to the Elgin Community Care Access Centre has stated that beds in hospitals are being overloaded with people waiting for placement. More supportive housing in Elgin County would likely reduce the need for long-term care placement for the frail elderly and create a more appropriate placement for younger disabled adults. Currently there are several supportive housing units for those with physical disabilities or the frail elderly who need support services to live independently – 10 units supported by Cheshire Homes at the Elgin and St. Thomas Housing Corporation's Chestnut Street building in St. Thomas and 6 units in Caledonia Gardens in Dutton. All units are full and there is a waiting list for both locations.

In addition to the above supportive housing units, there are an additional 44 units administered through the Canadian Mental Health Association, Elgin Branch which also operates two group homes with seven beds. At any given time there is a waiting list of 25 names for CMHA housing. Some social housing providers indicated that having tenants with mental illnesses can be disruptive to other tenants and that there is a need for more supportive housing for this client group. The planned closure of the St. Thomas Psychiatric Hospital which has 221 beds may result in an increased need for supportive housing in St. Thomas and surrounding areas.

The Elgin Association for Community Living provides a total of 64 units in 14 sites throughout St. Thomas/Elgin County in 24 hours/day supervised settings. The number of clients on waiting lists average about 25-30 persons and some clients wait as long as three years prior to being housed.

Discussions with key informants reveal that local agencies and individuals are devoting a great deal of time, effort and resources to try to meet the growing need for supportive housing throughout the community. The City of St. Thomas and Elgin County should consider how they could assist community groups in their efforts to ensure that both the needed services and affordable housing are provided to enable individuals with special needs to remain in the community.

There are a number of limited opportunities for increasing the supply of supportive housing in St. Thomas/Elgin County without assistance from the Province. Supportive housing costs are expensive and ongoing.

St. Thomas/Elgin County will have the opportunity, through its participation in the Community Rental Program, to ensure that some units are reserved for supportive housing for those agencies that are able to secure support service funding from the Provincial Government.

RECOMMENDATION 35

That the City of St. Thomas lend its support to community agencies interested in pursuing additional funding from the MOH-LTC to address the identified needs for special needs housing outlined in the demand and supply analysis.

RECOMMENDATION 36

That the City of St. Thomas encourage, as part of the Request for Proposal process, that proponents designate a portion of the units allocated under the Canada-Ontario Affordable Housing Program for agencies that are able to secure support service funding for additional supportive housing units.

6.11 EXPANDING OPPORTUNITIES FOR AFFORDABLE OWNERSHIP HOUSING

While this report has outlined the need for more affordable rental housing, a number of municipalities are also engaging in more limited exercises at generating affordable ownership housing for low and moderate income households. In St. Thomas and Elgin County, there are lower cost ownership opportunities for low and moderate income households, however, often such households do not have the experience and/or cannot obtain the necessary financial support (i.e., mortgage) to purchase a home.

In a number of jurisdictions, innovative co-operatives are being formed to help tenants collectively purchase and then upgrade their housing. After several years, co-op members can then opt to purchase their unit. Providing affordable ownership housing helps tenants to become more self-sustaining and reduces dependence on government assistance programs. It also affords them the opportunity to build up equity which cannot be done when tenants are renting.

RECOMMENDATION 37

That the City of St. Thomas and Elgin County local municipalities explore the range of options to support the development of affordable ownership housing.

RECOMMENDATION 38

That the City of St. Thomas and Elgin County local municipalities support local community agencies, such as Habitat for Humanity, in their efforts to create new affordable ownership housing by considering providing incentives to reduce land costs and support with planning approvals.

RECOMMENDATION 39

That the City of St. Thomas, in conjunction with interested Elgin County local municipalities, request CMHC to hold Homeownership Education and Training in the area to help renters move to homeownership.

RECOMMENDATION 40

That the City of St. Thomas consider participating in the homeownership component of the Canada-Ontario Affordable Housing Program as one way to provide assistance to rental households to move to homeownership.

6.12 LAYING THE FOUNDATION FOR AN ONGOING SYSTEM FOR PROMOTING AFFORDABLE HOUSING IN ST. THOMAS AND ELGIN COUNTY

In order to ensure that the housing needs identified in this study and future housing needs are addressed in St. Thomas and Elgin County, there is a need to establish an ongoing Housing Advisory Committee with representation from local municipalities, non-profit and for profit developers and social service agencies. The stakeholders group that was established for this project forms the starting point for such a Committee. The responsibilities of that Committee would be to develop an action plan to implement the recommendations in this report, to share information, to monitor housing needs, to educate the public regarding housing needs and opportunities.

In order to develop public support for affordable housing, it is recommended that the Service Manager develop a public educational campaign around housing needs and solutions in St. Thomas and Elgin County.

RECOMMENDATION 41

That the City of St. Thomas, as Service Manager, establish a Housing Advisory Committee that will be responsible for the ongoing implementation and updating of the Affordable Housing Strategy. The Committee should consider establishing sub-committees in the various areas of priority identified in the strategy report, in particular, affordable rental housing, seniors' housing, emergency and transitional housing and supportive housing.

RECOMMENDATION 42

That the City of St. Thomas, in conjunction with Elgin County local municipalities, undertake a public education campaign to help inform and educate the public about the need for affordable rental housing facing the community and emphasize the importance of working together with the local municipalities, local agencies, private and non-profit developers and all other stakeholders to help facilitate its provision.

RECOMMENDATION 43

That the Housing Advisory Committee work with CMHC, local municipalities and other organizations to ensure that crucial housing data is collected on a regular basis to help the Committee monitor St. Thomas/Elgin County's progress in meeting identified housing targets. In particular, average market rents need to be published for all municipalities within St. Thomas/Elgin County and detailed information on residential starts and completions is required for all municipalities within St. Thomas/Elgin County.

APPENDIX A: HOUSEHOLD AND HOUSING PROJECTIONS

The following tables provide projections of households and housing by type in St. Thomas/Elgin County. Population projections were obtained from area municipalities (Lapointe Consulting had prepared projections for St. Thomas, Central Elgin and Southwold).

Table A-1: St. Thomas/Elgin County Projected Households, 2001-2026

Year	Hhlds	5-Year Change #	5-Year Change %
2001	30,245		
2006	32,417	2,172	7.2%
2011	35,006	2,588	8.0%
2016	37,619	2,613	7.5%
2021	40,002	2,383	6.3%
2026	42,033	2,030	5.1%

Source: Lapointe Consulting Inc.

Table A-2: St. Thomas/Elgin County Additional Housing Requirements, 2001-2026

Dwelling Type	2001-2006		2006-2011		2011-2016		2016-2021		2021-2026	
	5-Year	Annual	5-Year	Annual	5-Year	Annual	5-Year	Annual	5-Year	Annual
Single Detached	1,717	343	2,045	409	2,051	410	1,846	369	1,560	312
% of Total		79.2%		79.0%		78.5%		77.4%		76.8%
Semi Detached	52	10	74	15	77	15	78	16	62	12
% of Total		2.3%		2.9%		2.9%		3.4%		3.0%
Row Housing	66	13	93	19	92	18	84	17	60	12
% of Total		3.0%		3.7%		3.4%		3.6%		3.0%
Apartments	337	67	376	75	394	79	375	75	348	70
% of Total		15.5%		14.5%		15.1%		15.7%		17.2%
Total	2,172	433	2,588	518	2,613	522	2,383	477	2,030	406
% of Total		100.0%		100.0%		100.0%		100.0%		100.0%

Source: Lapointe Consulting Inc.

Projections of Housing by Type and Tenure

A distribution of additional housing requirements by type and tenure was prepared for each municipality based on past trends in the housing stock and in residential development. Detailed projections by type and tenure were available for St. Thomas, Central Elgin and Southwold but in other cases, the housing requirements had to be estimated. The column at the right hand side of the table indicates the total additional stock required by tenure. The table indicates the total additional housing required by dwelling type for each municipality. The bottom row indicates the total additional units required over the fifteen year period by dwelling type and tenure.

Table A-3: St. Thomas/Elgin County Additional Housing Requirements by Type and Tenure, 2001-2016

Municipality	Singles/Semis			Row Housing			Apartments			Total		
	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total
City of St. Thomas	2,165	240	2,405	40	159	199	29	267	296	2,234	666	2,900
% Across	*90%*	*10%*	82.9%	*20%*	*80%*	6.9%	*10%*	*90%*	10.2%	*77%*	*23%*	100.0%
% Of Total			**38%**			**55%**			**40%**			**39%**
Municipality of Bayham	499	55	554	5	25	30	5	52	57	509	132	641
% Across	*90%*	*10%*	90.0%	*20%*	*80%*	4.0%	*10%*	*90%*	6.0%	*79%*	*21%*	100.0%
% Of Total			**9%**			**8%**			**8%**			**9%**
Township of Malahide	437	49	486	9	37	46	-	-	-	446	86	532
% Across	*90%*	*10%*	95%	*20%*	*80%*	5%			0%	*84%*	*16%*	100.0%
% Of Total			**8%**			**13%**			**0%**			**7%**
Town of Aylmer	694	76	770	10	38	48	13	120	133	717	234	951
% Across	*90%*	*10%*	80%	*20%*	*80%*	5%	*10%*	*90%*	15%	*75%*	*25%*	100.0%
% Of Total			**12%**			**13%**			**18%**			**13%**
Municipality of Central Elgin	883	99	982	8	32	40	40	93	133	931	224	1,155
% Across	*90%*	*10%*	85.0%	*20%*	*80%*	3.5%	*30%*	*70%*	11.5%	*81%*	*19%*	100.0%
% Of Total			**16%**			**11%**			**18%**			**16%**
Township of Southwold	414	45	459	-	-	-	-	68	68	414	113	527
% Across	*90%*	*10%*	87.1%				*0%*	*100%*	12.9%	*79%*	*21%*	100.0%
% Of Total			**7%**			**0%**			**9%**			**7%**
Municipality of Dutton-Dunwich	275	30	305	-	-	-	5	25	30	280	55	335
% Across	*90%*	*10%*	94%				*20%*	*80%*	6%	*84%*	*16%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**5%**
Municipality of West Elgin	275	30	305	-	-	-	-	30	30	275	60	335
% Across	*90%*	*10%*	94%				*0%*	*100%*	6%	*82%*	*18%*	100.0%
% Of Total			**5%**			**0%**			**4%**			**5%**
Elgin County	3,477	384	3,861	32	132	164	63	388	451	3,572	904	4,476
% Across	*90%*	*10%*	86.3%	*20%*	*80%*	3.7%	*14%*	*86%*	10.1%	*80%*	*20%*	100.0%
% Of Total			**62%**			**45%**			**60%**			**61%**
St. Thomas/Elgin County	5,642	624	6,266	72	291	363	92	655	747	5,806	1570	7,376
% Across	*90%*	*10%*	85.0%	*20%*	*80%*	4.9%	*12%*	*88%*	10.1%	*79%*	*21%*	100.0%
% Of Total			**100%**			**100%**			**100%**			**100%**

Source: Lapointe Consulting Inc.

APPENDIX B: MULTI-RESIDENTIAL AND RESIDENTIAL TAX RATES, ST. THOMAS & ELGIN COUNTY

The table below illustrates the current multi-residential and residential tax rates and the ratio of the multi-residential rate to the residential rate fro St. Thomas and Elgin County municipalities. As can be seen, in most municipalities in the area, the multi-residential tax rate is twice the residential tax rate. This difference in rate has a significant impact on the cost of operating rental housing as compared to ownership housing.

Table A-4: Multi-Residential and Residential Tax Rates, St. Thomas and Elgin County

Municipality	Multi-Residential Tax Rate	Residential Tax Rate	Ratio of Multi-Residential to Residential Tax Rate
County of Elgin	1.175188	.500975	2.345802
City of St. Thomas	3.7937	1.6173	2.3457
Municipality of Bayham	2.841096	1.403333	2.024534
Municipality of Central Elgin	3.24182	1.57416	2.059397
Municipality of Dutton-Dunwich	2.922348	1.437970	2.032273
Municipality of West Elgin	2.89151	1.42483	2.029372
Town of Aylmer	3.328857	1.610410	2.067087
Township of Malahide	2.818241	1.393590	2.022288
Township of Southwold	-	1.079314	-

Note: Individual municipality tax rates contain both the education and Elgin County tax rates, with the exception of the City of St.Thomas which only contains the education tax rate. The education tax rate is similar for both residential and multi-residential units.

APPENDIX C: LIST OF KEY INFORMANTS

Name	Organization
Abe Harms	Mennonite Central Committee – Aylmer Resource Centre
Adrian Martin	Martin Support Housing Inc.
Anne Ashfield	Rehoboth Homes
Anne Kenny	Elgin Community Futures Development Corporation
Bill Siemens	Mennonite Central Committee – Aylmer Resource Centre
Cathy Irwin	Addiction Services of Thames Valley
Cathy Topping	Thumbs Up
Cindy Moniz	St. Thomas Youth Employment Counselling Centre
Dave Chambers	Elgin and St. Thomas Housing Corporation
Gerry Den Hartogh	Royal Canadian Legion Lord Elgin Branch 41
Heather Debruyn	Canadian Mental Health Association
Helen LeFrank	Elgin Community Futures Development Corporation
Jim Akey	Tara Hall
Kate Demare	OW
Kelly Ryan	Canadian Mental Health Association
Lee Okovita	Elgin Community Care Access Centre
Linda Manchen	Elgin-St. Thomas Health Unit
Luann Good Gingrich	University of Toronto (Observer)
Marilyn Main	Violence Against Women
Marla Champion	YWCA
Maureen Rowden	Tara Hall
Mickie Keefeer	St. Thomas-Elgin Second Stage Housing
Nancy Rolling	Elgin and St. Thomas Housing Corporation
Sandy Wilson	YWCA
Shirley Kosky	Elgin-St. Thomas Health Unit
Tom McCallum	Elgin Association for Community Living