

**Community Planning and Economic Development  
November 14, 2013**

**TO:** Chair and Members of Community Planning & Economic Development

**SUBMITTED BY:** Original Signed by  
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Jane Fraser, Director of Planning and Infrastructure

**DATE:** October 22, 2013

**SUBJECT:** Affordable Housing Functional Plan Update

**INFORMATION REPORT**

**ORIGIN**

- November 10, 2011, Staff Report “*Affordable Housing Functional Plan Update*”
- July 22, 2013, Community Planning and Economic Development Standing Committee (CPED) motion requesting a staff report “to provide an update on the November 2011 report and the status of the Affordable Housing Functional Plan (AHFP), as required under the 2006 Regional Plan”.

**LEGISLATIVE AUTHORITY**

- 1996 Service Agreement with Government of Nova Scotia
- Provincial Statement of Interest on Affordable Housing
- Halifax Charter s. 82 regarding agreements on housing projects
- Halifax Charter s. 244(5)(k) incentive or bonus zoning
- RMPS Policy S-40 Affordable Housing Functional Plan

## **BACKGROUND**

CPED requested an update on the November 2011 information report, which outlined how the Affordable Housing Functional Plan (AHFP) could be addressed through the Regional Plan Five-Year Review (RP+5) and Centre Plan processes. The 2006 Regional Plan mandated the creation of an AHFP to meet HRM's housing needs through a range of incentives and implementation tools. While several studies have been completed, the functional plan has not been realized mainly due to uncertainty regarding HRM's fundamental role in the provision of affordable housing. Several initiatives that will impact the local housing and land use policy context have also been initiated, which call into question the need for a standalone AHFP. This report provides an update on how the objectives of the proposed AHFP can be achieved through enhanced Regional Plan policy, community planning and other initiatives.

## **DISCUSSION**

The Regional Plan first five-year review process (RP+5) initiated by Council in October 2011, was focused on four key themes: Sustainable Solutions, Enhanced Regional Centre, Improved Community Design, and greater integration between Land Use and Transportation Planning. The review considered community and stakeholder feedback, background research, as well as the completed and outstanding functional plans. With regard to some functional plans, the review identified opportunities for the objectives to be met through clearer regional policy or changes to local community plans, thereby eliminating the need for some of the outstanding functional plans. For example, the Centre Plan process provides an opportunity to improve housing affordability and choice in the urban core of HRM, the Regional Centre. The revised draft Regional Plan is proposing to shift from the 2006 Regional Plan goal of developing a stand-alone AHFP to the following:

- incorporating the components of the AHFP into the updated Regional Plan (draft policies S-9, S-29 to S-33);
- requiring upcoming secondary plans to improve housing affordability and social inclusion by removing barriers, creating mixed use and transit oriented developments, and considering incentives such as density bonusing in the Regional Centre (draft policy S-29); and
- providing policy support for partnerships with housing providers (such as the Province), and incentives that support affordable housing projects such as the waiving of fees (draft policy S-33).

In addition, Attachment A provides a summary of the components of the AHFP envisioned in the 2006 Regional Plan and demonstrates how the RP+5, community plans, and other initiatives, could achieve the same objectives. The November 2011 report suggested that a number of outcomes could be addressed through the RP+5 and Centre Plan, which are detailed and updated below.

**1) Define our operational definitions of housing affordability in order to focus our efforts and determine the most effective and efficient “Opportunities of Value”:**

At the time of amalgamation in 1996, HRM underwent a service exchange with the Province of Nova Scotia, which resulted in the authority over housing being fully transferred to the Province. Since this time, there has been ongoing debate over HRM’s role and involvement in housing. Until directed otherwise, staff’s focus is on land-use planning measures to increase affordable housing options by reducing physical and systemic barriers to affordability, including transportation costs. These measures are clearly within HRM’s authority to engage in planning and development activities that create complete and healthy communities.

The new provincial Housing Strategy for Nova Scotia<sup>1</sup> emphasizes the importance of partnerships, including those with local governments, to provide more housing options to Nova Scotians. Priorities include increasing options for a mix of incomes and tenures, making home ownership and rental more affordable, and providing housing options for seniors and vulnerable Nova Scotians. The Strategy was accompanied with the creation of a new centralized entity, Housing Nova Scotia, to deliver all of the key provincial housing programs.

The Halifax Charter enables HRM to partner with other levels of government to implement housing projects. The RP+5 provides policy support for partnering with the Province and housing organizations. Staff recommends that provincial definitions of affordable housing guide HRM’s policies and programs.

**2) Evaluate a full range of development-related and finance-related incentives to make densification more affordable:**

To date, densification incentives have focused on more efficient and cost effective development approval processes through the use of site plan approvals and offering additional building mass in exchange for provision of affordable housing (density bonusing).

HRM has been advocating for expanded legislative authority to enable site plan approval and incentive zoning throughout HRM, which the Halifax Charter currently limits to downtown Halifax. The amending legislation was introduced in the Provincial Legislature in the spring of 2013 but has not yet been proclaimed by the Lieutenant Governor. These changes are necessary to enable more timely development in the Regional Centre, and to increase the opportunities for bonus zoning in exchange for additional affordable housing choices. Effective implementation of density bonusing will require long-term monitoring and maintenance of the resulting affordable units, which is beyond HRM’s current capacity and mandate. To ensure that the units remain affordable, some form of agreement with the Province, or other housing provider, is required to accompany these negotiations. The amending legislation also places additional limitations upon density bonusing, the impact of which will need to be determined.

**3) Analyse development fees over a 5-year period and assess the impact of diverting a portion of development application fees for housing affordability purposes:**

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<sup>1</sup> See <http://housingns.ca/>

Municipal charges for residential developments generally fall into four categories: Development Charges (DC) that cover growth-related capital costs associated with new developments or re-development; Building Permits; Parkland Dedication; and Application and Processing Fees.

The underlying rationale for development charges is that development related to growth should pay for itself rather than imposing a burden on residents living elsewhere. As part of RP+5, a study by Gardner Pinfold Consultants examined the economic impacts of infrastructure costs and charges<sup>2</sup>. This study investigated whether increases associated with anticipated charges for HRM and Halifax Water infrastructure, along with potential costs associated with underground wiring, could increase house prices and impact location choice. The study also assessed the relative affordability of HRM's property taxes and fees as compared to a number of other Canadian municipalities. The study found that:

- Development charges imposed by HRM account for about 1.1% of the median price of a new single detached house in HRM, which is among the lowest of the cities surveyed;
- Overall, all government fees in HRM account for 17.2% of the median new house price of \$380,000, with provincial and federal sales taxes accounting for almost 80% of the costs;
- While any increase in house prices reduces affordability, the magnitude of the impact depends on the size of the increase, income distribution, how strictly mortgage rules are applied, and conditions in housing markets;
- Each \$5,000 increase in development charges would add \$29 to the monthly mortgage payment, based on the application of current mortgage rules;
- HRM ranks in the bottom half of the group of major Canadian cities in terms of average property taxes paid: \$2,968 vs. an average of \$3,262 (2010 data); and
- HRM also ranks just below the group average in terms of the percent of income going to taxes and fees (3.9% for HRM vs. a group average of 4.3%).

Development fees and charges are collected to cover infrastructure costs of development proposals. While the study provides a useful background on the status of those fees in HRM, further work is required to determine whether a portion of those fees could be diverted towards affordable housing projects or partnerships with government or non-profit organizations. Regional Plan draft policy S-33 provides support for HRM to investigate the reduction or waiving of fees to support affordable housing.

#### **4) Complete the Affordable Housing Functional Plan:**

While the completion of the functional plan was not part of the Council approved scope of the RP+5, the main components are addressed fully or in part by RP+5 and other initiatives (see Attachment A). In addition, there are some recent initiatives which could result in furthering the development of affordable housing:

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<sup>2</sup> Gardner Pinfold Consultants Inc. June 2013. *Economic Impacts of Growth Related Infrastructure Costs*.  
<http://www.halifax.ca/boardscom/documents/5HRMDCFfinal.pdf>

- *HRM Administrative Order 50 Respecting the Disposal of Surplus Real Property*<sup>3</sup> established a process for community groups to access surplus municipal properties. Although the Administrative Order does not identify affordable housing as a priority at this time, affordable and special needs housing groups may participate in the process.
- *HRM Auditor General Report on Grants, Donations and Contributions*<sup>4</sup> identified a need to review HRM By-Law T-200, Tax Exemption for Non-Profit Organizations. The review is currently underway and may provide an opportunity to identify certain communities or sectors as priorities of Council.

**5) Adopt and integrate measures as a function of the larger Regional/Centre Plan review:**

The RP+5 review seeks to address affordable housing through clearer direction for secondary planning processes<sup>5</sup>, as outlined in this report. Local land use by-law regulations have a significant impact on housing diversity, access and affordability. While it is suitable to provide the overarching goals for housing through the Regional Plan, real impact will be achieved through secondary planning where planning measures can respond to specific community needs and aspirations. Following RP+5, work will begin on updating community plans beginning with the Regional Centre. The revised Regional Plan policies provide specific policy directions for the development of complete communities with access to transit and a variety of housing options and amenities.

**6) Regional Plan Performance Measures related to housing choice and affordability:**

Through the RP+5 review, performance measures were revised to ensure closer alignment with the goals, objectives and policies of the Regional Plan. The proposed measures related to housing affordability are based on a variety of data sources and will reflect the combined impact of municipal, provincial and federal policies and market forces. They include:

- Cost of housing relative to income by growth centre (every 5 years)
- Share of rental housing versus home ownership (annually)
- Total number of dwellings, by type and by sub-region (annually)
- Average value of dwellings (annually)
- Number of beds in homeless shelter and number of beds occupied (annually)
- Households in core housing need<sup>6</sup> (every 5 years)

There has also been discussion about HRM's role in housing affordability at other recent community meetings and inter-governmental conversations. This report represents where

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<sup>3</sup> Staff report on Admin Order 50 (April 9, 2013)

<http://www.halifax.ca/council/agendasc/documents/130409ca1114.pdf>

<sup>4</sup> HRM Auditor General Report on Grants, Donations and Contributions (Jan 2011)

<http://www.halifax.ca/auditorgeneral/documents/CombinedPDF.pdf>

<sup>5</sup> See Draft 3 Policy S-9 and S-29 to S-33

<sup>6</sup> According to Canada Mortgage and Housing Corporation (CMHC), acceptable housing is in adequate condition (does not require major repairs) of suitable size and affordable (costs less than 30% of before-tax household income). A household is said to be in core housing need if its housing fails to meet one of these standards and if it is unable to pay the median rent for alternative local housing meeting all standards, without spending 30% or more of its before-tax income.

affordable housing is positioned in the current landscape and in the Draft revised Regional Plan, with the understanding that Council may direct further changes during the approval process.

**FINANCIAL IMPLICATIONS**

No financial implications.

**COMMUNITY ENGAGEMENT**

Through the RP+5 process, significant public input has been received on the importance of housing diversity and affordability, including the need for transit-oriented development “gentle density” in the form of secondary units and elimination of barriers to special needs housing.

**ATTACHMENTS**

Attachment A            Comparison of 2006 Regional Plan proposed scope of the AHFP and proposed policies

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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## Attachment A – Comparison of 2006 Regional Plan proposed scope of the AHFP and proposed RP+5 policies

2006 Regional Plan	<b>RP+5/ Secondary</b> <i>Italics indicate proposed policies</i>
<p>S-40 HRM shall prepare an Affordable Housing Functional Plan to meet its affordable housing needs in a phased approach using a range of incentives and implementation tools.</p> <p>The Affordable Housing Functional Plan should consider:</p>	<p><b>S. 3.1 Objectives:</b> protect neighbourhood stability and support neighbourhood revitalization; provide housing opportunities for a range of social and economic needs and promote aging in place; support housing affordability.</p>
<p>1. creating a definition of affordable housing for the purpose of regional and local priorities;</p>	<p>The Provincial Government is identified as the leader in provision of affordable housing.</p> <p><b>Implementation:</b> HRM would adopt provincial definitions of affordable housing. The Regional Plan and secondary plans under it are based on land use measures that improve housing affordability for all.</p>
<p>2. preparing a housing needs assessment and developing neighbourhood change indicators;</p>	<p><i>S-32 HRM shall monitor housing and demographic trends to assist in determining future housing needs.</i></p> <p><b>Implementation:</b> This function can occur as part of performance measures monitoring and will track income growth targets, cost of housing relative to income, aging population etc. HRM is participating in a national Neighbourhood Change Research Partnership locally led by Dalhousie University School of Planning (<a href="http://neighbourhoodchange.ca">http://neighbourhoodchange.ca</a>). The first phase of a local study is due to be released this fall (<i>Neighbourhood Change in Halifax Regional Municipality, 1970 to 2010: Applying the “Three Cities Model”</i>).</p>
<p>3. establishing implementation mechanisms to ensure a reasonable distribution of adequate, acceptable and affordable housing including financial and non-financial incentives;</p>	<p><i>S-29 When preparing secondary planning strategies, means of furthering housing affordability and social inclusion shall be considered including:</i></p> <ul style="list-style-type: none"> <li><i>a) creating opportunities for a mix of housing types within designated growth centres and encouraging growth in locations where transit is or will be available;</i></li> <li><i>b) reducing lot frontage, lot size and parking requirements;</i></li> <li><i>c) permitting auxiliary dwelling units or secondary suites within single unit dwellings;</i></li> <li><i>d) permitting homes for special care of more than three residents of a scale compatible with the surrounding neighbourhood;</i></li> <li><i>e) permitting small scale homes for special care as single unit dwellings and eliminating additional requirements beyond use as a dwelling;</i></li> <li><i>f) introducing incentive or bonus zoning in the Regional Centre;</i></li> <li><i>g) allowing infill development and housing densification in areas seeking revitalization; and,</i></li> <li><i>h) identifying existing affordable housing and development of measures to protect it.</i></li> </ul> <p><b>Implementation:</b> Regional Centre Plan project, secondary planning and Community Grants Program.</p>
<p>4. creating and monitoring affordable housing targets;</p>	<p><b>Implementation:</b> Appendix A (RP+5) will contain performance measures for housing affordability and growth</p>

<p><b>2006 Regional Plan</b></p>	<p><b>RP+5/ Secondary</b> <i>Italics indicate proposed policies</i></p>
	<p>targets for urban, suburban and rural communities. New secondary plans will also contain performance measurements. Staff do not believe that a target for subsidized housing units is appropriate given HRM's supporting role. However, it may be useful to track the number of subsidized units that have been constructed with HRM's support.</p>
<p>5. identifying funding opportunities and partnership possibilities for housing projects;</p>	<p><i>S-30 Where Provincial strategies or programs are made in support of affordable housing, HRM may consider means to further or complement such strategies or programs through its programs, policies or regulations.</i></p> <p><i>S-31 HRM may consider partnerships or financial support for housing organizations.</i></p> <p><i>S-33 HRM shall investigate other means of supporting affordable housing including reducing or waiving of fees.</i></p> <p><b>Implementation:</b> Community Grants Program; HRM Development Approvals; Administrative Order 50 for less than market sales of surplus properties.</p>
<p>6. identifying strategies that encourage innovative forms of housing;</p>	<p><i>See Policies S-29 to S-33 above</i></p> <p><b>Implementation:</b> Community Grants Program; joint applications to programs such as FCM Affordability and Choice Today (ACT) to promote regulatory reform.</p>
<p>7. identifying possible locations for affordable housing demonstration projects;</p>	<p><i>See Policies S-29 to S-33 above</i></p> <p><b>Implementation:</b> Affordable housing is a priority when HRM is disposing of assets. Projects like Bloomfield are an example of this.</p>
<p>8. identifying possible incentives for non-profit and for-profit affordable housing developers such as bonus zoning;</p>	<p><i>S-29 Introducing incentive or bonus zoning in the Regional Centre; S-33 HRM shall investigate other means of supporting affordable housing including reducing or waiving of fees.</i></p> <p><b>Implementation:</b> Centre Plan; Community Grants Program</p>
<p>9. identifying areas requiring neighbourhood revitalization through community input and support;</p>	<p><i>See Policy S-29 above</i></p> <p><b>Implementation:</b> Centre Plan, other Secondary Planning documents, Council-approved Community Visions</p>
<p>10. investigating the potential of HRM real estate assets and business strategies (acquisition, leasing and sale) to support affordable housing retention and development;</p>	<p><b>Implementation:</b> Administrative Order 50 sets out a process for community interest properties, which may include affordable or subsidized housing.</p>
<p>11. creating a public education and communication tool kit to address a range of housing issues;</p>	<p><b>Implementation:</b> Not directly addressed in policy. Potential for inclusion in implementation as part of future secondary planning and community engagement.</p>
<p>12. developing accessible and adaptable housing design guidelines.</p>	<p><i>See Policy S-29 above</i> <i>See Policy E-29 related to Community Energy Plan</i></p> <p><b>Implementation:</b> Secondary planning, review of National Building Code and when implementing other housing components of RP+5.</p>