



**City of Kingston
Information Report to Council
Report Number 24-004**

To: Mayor and Members of Council

From: Paige Agnew, Commissioner, Growth & Development Services
Jennifer Campbell, Commissioner, Community Services

Resource Staff: Tim Park, Director, Planning Services
Ruth Noordegraaf, Director, Housing & Social Services

Date of Meeting: January 9, 2024

Subject: Development Analysis over the Past Three Years and Potential Impact on Precarious Housing, Homelessness and Vacancy Rate

Council Strategic Plan Alignment:

Theme: 1. Support Housing Affordability

Goal: 1.1 Promote increased supply and affordability of housing.

Executive Summary:

At the May 16, 2023 Council meeting, Council passed a motion which requested information by Q4 2023 on a development analysis to include the number of planning applications submitted in the last 3 years, number of units approved, number of affordable housing units, number of units appealed, as well as Development Charges and taxes associated with all units, and an estimate of the impact of such delays on precarious housing, homelessness and the vacancy rate. This report provides Council with the requested information.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY COMMISSIONER

**Jennifer Campbell,
Commissioner, Community
Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	

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Options/Discussion:**Background**

This report addresses the following motion of Council passed on May 16, 2023:

Moved by Councillor Ridge

Seconded by Councillor Stephen

Whereas the housing crisis is impacting all municipalities, including the City of Kingston; and

Whereas the City of Kingston experienced a 7% growth in the most recent census from Statistics Canada and had a 1.2% vacancy rate in the 2022 CMHC report; and

Whereas City Council has set its strategic priorities 2023-2026 which includes to promote increased supply and affordability of housing;

Therefore Be It Resolved That Council direct staff to report back in Q4 2023 with a development analysis which will include the number of planning applications submitted in the last 3 years, number of units approved, number of affordable housing units, number of units appealed as well as development charges and taxes associated with all units and that staff estimate of the impact of such delays on precarious housing, homelessness, and the vacancy rate.

Development Analysis

Between January 1, 2020 and May 31, 2023, the City received 89 development applications that sought to create 8,997 new residential units within the City. These consist of applications for Official Plan amendment, zoning by-law amendment, Site Plan Control, draft plans of subdivision and final plan of subdivision. These applications proposed developments of varying sizes and intensities, ranging from single-detached homes to large-scale, multi-phased developments. As shown in Table 1, of the 8,997 proposed residential units, approvals have been granted for 2,258 units as of May 31, 2023. Applications associated with a total of 764 units were appealed to the Ontario Land Tribunal (OLT). At the time of writing this report, all appeals were resolved.

It should be noted that Table 1 provides a summary of only those applications submitted between January 1, 2020 and May 31, 2023, and does not capture approvals given during this timeframe for applications that were submitted prior to 2020. As well, the Building Permits indicated in Table 1 are only in relation to the planning applications submitted between January 1, 2020 and May 31, 2023. Since May 31, 2023, an additional 2,600 units have received planning approvals, bringing the total approved units to 4,858 in relation to the planning applications submitted within this timeframe.

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Table 1: Residential Development Applications Submitted between January 1, 2020 and May 31, 2023

Year of Application Submission	Proposed Residential Units	Approved Residential Units (as of May 31, 2023)	Appealed	Building Permits Issued (as of May 31, 2023)
2020	2,246	1,234	271	1,136
2021	4,144	755	470	73
2022	2,138	269	0	201
2023 (as of May 31 st)	469	0	23	0
Total	8,997	2,258	764	1,410

Between January 1, 2020 and May 31, 2023, planning approvals were given for 6,446 new residential units in total as shown in Table 2 below. These include planning applications submitted prior to 2020. These include 2,258 units indicated in Table 1 (i.e. applications submitted over the 3.5-year period), plus an additional 4,188 units that were associated with planning applications submitted prior to 2020. Of the total 6,446 units, Building Permits have been issued for 4,362 units. A total of 1,608 units have received zoning by-law amendment or draft plan of subdivision approval but require a final approval in the form of Site Plan Control or final plan of subdivision prior to being eligible for Building Permits. These final approvals are in progress for 1,242 units but have not yet been initiated for development applications associated with 476 units.

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Table 2: Total Approved Units between January 1, 2020 and May 31, 2023 for Residential Development Applications Submitted Post-2020 and Pre-2020

Applications Submitted Post-2020	Applications Submitted Pre-2020	Total Approved Units Between January 1, 2020 and May 31, 2023	Total Building Permits Issued Between January 1, 2020 and May 31, 2023
2,258	4,188	6,446	4,362

There were 17 development applications proposing a total of 3,191 new residential units that were either appealed to the OLT, where a decision from the OLT was received, or where the appeal was withdrawn after January 1, 2020. As such, they include applications submitted prior to 2020 as well as those captured in Table 1 that were submitted after January 1, 2020. As shown in Table 3 below, the appeal processes associated with 16 of these 17 development applications have been resolved (totaling 1,521 units), resulting in approvals for 1,426 homes, and refusal of one development application by the OLT that proposed 95 residential units. Building Permits have been issued or initiated for 891 approved units. The one unresolved appeal is associated with a development application proposing a total of 1,670 units that was submitted in 2017. Of the 3,191 units that were appealed, 1,705 units were associated with applications refused by the City, and 702 units were associated with appeals filed as a result of a non-decision on the application by the City within the decision timeframe prescribed by the *Planning Act*.

Table 3: Ontario Land Tribunal Activity after January 1, 2020 (Pre-2020 and Post-2020 Applications)

Type of Appeal	Appeal by Third-Party	Appeal as a Result of Refusal by the City	Appeal as a Result of Non-Decision	Total Units Appealed	Appeals Resolved	Appeals Pending
Number of Units	784	1,705	702	3,191	1,521	1,670

Development Charges and Property Taxes

Development Charges related to the 8,997 proposed applications based on rates at the time of planning application submission between January 1, 2020, and May 31, 2023 is estimated at \$102.4 million, with exemptions including demolition credits and unit reductions based on the

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number of bedrooms under the *Development Charges Act* estimated at \$13.4 million for a total of approximately \$89 million after the exemptions, as outlined in Table 4 below.

For applications submitted before 2020 but approved between January 1, 2020 and May 31, 2023, the Development Charges applicable are \$51.3 million, with \$23.4 million already paid at the time of Building Permit issuance. For the 2,258 approved applications shown in Table 4 below, and the associated \$34.1 million, \$12.3 million has already been paid.

Table 4: Estimated Development Charges and Property Taxes

Planning Applications Submitted Between January 1, 2020 and May 31, 2023	Units	Development Charges	Development Charge Exemptions	Property Taxes
Proposed Units	8,997	\$102.4 million	\$13.4 million	\$24 million
Approved Units	2,258	\$37.3 million	\$3.2 million	\$6.2 million

The value of the annual property taxes associated with the planning applications is estimated at approximately \$30.2 million as outlined in Table 4 above. As most properties have not yet been assessed by the Municipal Property Assessment Corporation (MPAC) at this time, the estimated taxes are based on the average taxes depending on the type of housing development (i.e. single-detached, semi-detached, rowhouse and multi-unit residential).

For the applications submitted before 2020 but approved between January 1, 2020 and May 31, 2023, the property taxes are estimated to be approximately \$11.6 million.

Housing and Homelessness Projects

Table 5 provides an overview of housing and homelessness projects completed from 2020 to 2022. The completed projects show various project types including homelessness accommodations, transitional and supportive housing, and affordable housing. During the time examined in this report, a total of 97 housing solutions were created amongst the identified projects.

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Table 5: Housing and Homelessness Projects Completed 2020 to 2022

Project	Proponent	Project Type	Units
20 Cliff Crescent	KFHC	Affordable housing	6
1 Curtis Crescent	KFHC	Affordable housing	10
113 Lower Union Street	Tipi Moza/City	Indigenous transitional housing	19
146 Clergy Street	Ryandale	Transitional housing for men	7
805 Ridley Dr. (East Wing)	Dawn House/City	Transitional/supportive housing for women	12
27 Wright Crescent	KFHC	Affordable and rent-gearred-to-income	23
1 Curtis Crescent	KFHC	Affordable housing for youth (16 to 24)	9
3 Cassidy Street	Ongwanada	Developmental disability youth	7
84-90 Rose Abbey Drive	Habitat for Humanity	Affordable home ownership	4
Total			97

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Table 6 provides a list of affordable and transitional housing projects that have been financially supported by the City and that are either under construction or anticipated to start construction shortly. These projects total 237 new affordable housing and transitional units.

Table 6: Ongoing Affordable Housing Projects

Project	Proponent	Affordable Units	Project Type	Status
1316 Princess Street	Kingston & Frontenac Housing Corporation	52 units	Affordable and Rent-Geared-to-Income Housing	Construction started summer 2022; completion targeting summer 2024
1336 Princess Street	Kingston Co-Operative Homes Inc.	38 units	Affordable Housing	Construction started summer 2022; completion targeting summer 2024
484 Albert Street	Kingston Home Base Housing	48 units	Supportive/ Transitional Youth Housing	Zoning By-Law Amendment approval obtained in summer 2021
1752 Bath Road	ARM Construction Company	28 units	Affordable Housing	Foundation permit obtained fall 2023
805 Ridley Drive (West Wing)	City of Kingston and Dawn House for Women	17 beds	Transitional housing for vulnerable women	Renovation work underway
111 MacCauley Street	Habitat for Humanity	8 units	Tiny House Pilot Project	Construction ongoing, completion targeting spring 2024
206 Concession	City of Kingston and	18 beds	Addiction and mental health housing	Construction to start November 2023;

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Project	Proponent	Affordable Units	Project Type	Status
Street	Addiction and Mental Health Services		stabilization program	completion targeting November 2024
255 Yonge Street	City of Kingston	3 units	Indigenous housing	Construction to start April 2024; completion targeting November 2024
44-62 Barbara Avenue	HJK1 Holdings Ltd.	5 units	Affordable Housing	Construction underway; completion targeting winter 2024
730 King Street West	Homes For Heroes	20 units	Affordable Transitional Housing for veterans	Occupancy expected in early 2024

There are also various emergency shelter solutions that came online between 2020 and 2022 such as the Integrated Care Hub, Concession Street Centre, Adelaide Street Centre, St. Mary's and Ridley West. These sites are being offered by various providers and provide additional emergency housing solutions to residents.

Potential Impact

The motion of Council directing the preparation of this report requested staff to estimate the impact on precarious housing, homelessness and the vacancy rate resulting from delays in proposed housing projects appealed during the development approvals process. While it is difficult to identify and quantify any direct impacts of appealed projects on the housing market, and particularly housing for vulnerable community members, staff have provided some insights for consideration.

The vacancy rate provides a measure of rental housing availability and is a primary indicator of the health of a rental market. A vacancy rate of three percent is considered the optimal vacancy rate balancing supply and demand pressures and stabilizing rent escalation. The construction of new rental housing does add to the supply of housing and the potential for increased availability; however, there can be other factors that limit the impact of supply growth on the vacancy rate. In the Canada Mortgage and Housing Corporation's (CMHC) annual rental market report, it was identified that in 2022 the purpose-built rental housing supply expanded by about 55,000 units

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nationwide. While the expansion of supply was notable relative to previous years, the demand for rental housing was greater than the expansion of supply contributing to the national vacancy rate declining to its lowest level since 2001. CMHC explained the strong increase in demand for rental housing which included high immigration, the prohibitive cost of ownership housing deterring a portion of renter households that would otherwise transition to ownership housing and thus freeing up rental units, and post-secondary students returning to on-campus learning following the pandemic period.

For Kingston, the 2022 CMHC rental market report indicated that despite an increase of 405 primary market rental housing units, Kingston's vacancy rate remained relatively unchanged and the second lowest in the province for the second year in a row. CMHC commented that the strong demand for rental housing in Kingston was driven by improved labour conditions, particularly for the 15-to-24 age group which tends to be renters, higher population growth relative to past years, and post-secondary students returning to in-class studies. Based on the relationship between supply growth and the potential multitude of demand pressures, it is difficult to estimate the impact of projects delayed by appeals during the development approvals process.

Another consideration to understand the impact of new housing construction on housing market conditions, and particularly housing that is available for vulnerable and homeless community members, relates to the disparity in rents between newly constructed units and existing, older rental units. Typically, rents associated with units in newly constructed projects tend to be higher than the rents for existing housing stock. CMHC's annual data collection for the primary rental market disaggregates rents by the age of the building. In support of the five-year review of the 10-Year Municipal Housing and Homelessness Plan (the 10-Year Plan) completed in 2019, data was obtained from CMHC breaking down rents for projects constructed before 2015 and projects completed after 2015. The data showed that units completed after 2015 had rents at least 140 percent of the rent for a similar-sized unit constructed before 2015. Accordingly, the 10-Year Plan review found the benefit of new construction on housing affordability is muted when on average newly constructed units have a 40 percent rent premium. The review noted that most newly constructed units would align with this trend with potential outliers including new projects developed by non-profit housing providers benefiting from government funding programs.

With regards to the impact of delayed projects on precarious housing and homelessness, none of the projects currently under appeal are projects that include mandates to house vulnerable or homeless community members. Typically, projects intended to provide housing for vulnerable and homeless community members are specialized projects providing on-site support services designed specifically to meet the needs of the target client group. In recent history, no non-profit supportive housing, transitional housing or emergency shelter facilities have been the subject of land use planning approval appeals.

While the relationship between delays in the completion of new market housing projects and the housing challenges experienced by vulnerable and homeless community members is difficult to identify and quantify, expansion of the housing supply is necessary to accommodate the growing population and should continue to be a focus. New rental supply coming online at the

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top end of the rent profile will have some positive impact on vacancies and attract mid to higher income renters into new units freeing up existing units. However, rents for vacant units tend to increase to the new market rent level. This means that if a renter vacates a one-bedroom apartment that rents for \$1,100 for example, it is most often the case that the new rent will be greater, and given current market conditions, the new rent could be substantially greater.

Traditionally, housing intended for vulnerable and homeless community members is developed by non-profit organizations benefiting from government funding assistance where housing projects are designed to provide on-site support services to meet the needs of the client and support their progression in housing stability and independence. In this regard, the expansion of housing supply is needed across the full housing continuum including emergency shelter facilities, transitional and supportive housing, affordable rental and affordable ownership housing, and market rental and ownership housing. It has been estimated by CMHC that almost 80% of Canadians can meet their own housing needs through market housing solutions. Accordingly, the expansion of market housing supply is an important objective that governments and developers should vigorously pursue while providing support for housing partners to continue expanding the supply of purpose-built housing facilities targeting the varied and complex needs of vulnerable and homeless community members.

Existing Policy/By-Law:

None

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

None

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Alexandra Dowker, Manager, Service Standards and Data Management, Planning Services

Exhibits Attached:

None