

Seeking Feedback on Housing Needs in Rural and Northern Municipalities - SUBMISSION FROM the Rural Ontario Municipal Association (ROMA)

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The Rural Ontario Municipal Association (ROMA) is dedicated to strengthening Ontario's rural municipal communities. As the rural arm of the Association of Municipalities of Ontario (AMO), ROMA advocates through AMO on rural matters to the provincial and federal governments on behalf of the 430 Ontario municipalities that are rural or have rural areas inside their borders.

The ROMA Board includes 10 zone representatives from all corners of the province, and at-large members, drawn from AMO Board's Rural Caucus. Reflecting a broad cross-section of rural Ontario, the Board is prepared to address the challenges being faced by Ontario's diverse rural communities.

ROMA undertakes a range of activities on behalf of its membership, including developing policy positions and reports on issues having an impact on, and of interest to rural municipalities in particular; representing and expressing the rural municipal viewpoint within AMO and to other levels of government and authorities; representing rural municipalities in intergovernmental discussions and negotiations; and informing rural municipal governments, the media and the public on municipal issues.

AMO's recent work on housing, including the [2022 Housing Blueprint](#), response to the Housing Affordability Task Force Report, and various submissions to the province, has been strengthened through collaboration between AMO and ROMA to ensure rural perspectives are captured.

The Rural Ontario Municipal Association believes it is time to paint a more accurate picture of Rural Ontario --- one that highlights the economic contributions that rural areas already make, the multiplicity of existing and potential linkages among rural areas and between urban and rural areas.

When people think about Rural Ontario, they often picture peaceful pastoral scenes, charming towns and villages with friendly residents, a strong sense of community, and not a care in the world, all nestled amid a serene natural environment. No wonder Rural Ontario has been

viewed as a safe haven from the storms of the COVID-19 pandemic. For the most part, this idealized view of Rural Ontario is accurate but it is far from complete.

Just as importantly, the widespread tendency to see Rural Ontario as little more than “non-metro” overlooks the many contributions Rural Ontario makes to the vitality --- and resilience --- of the province’s economic and social fabric. For example, more than a million Rural Ontarians go to work each day to produce goods and provide services for every part of the Ontario economy. Every year, their efforts generate more than \$300 billion in economic activity with exports of goods from Rural Ontario topping \$100 billion a year.

The new story also includes the many recovery, growth and resilience-building opportunities that the COVID-19 pandemic has revealed for Rural Ontario, and for the province as a whole. Rural Ontario has long been known for strengths in resource-based sectors, its nature-based and artisanal tourism, and its “blue collar” workforce. Those characteristics remain and will almost certainly be a key part of Rural Ontario’s economic and social appeal in a post-COVID world. What has been missed in recent decades however, is Rural Ontario’s continuing evolution into a network of vibrant --- and increasingly appealing --- places to live, work and play.

Rural Ontario has untapped potential to contribute to the province’s economic strength and resilience, by supplying more raw materials and manufactured goods for in-province markets (as well as exports) and by ensuring that vital goods are close at hand “just in case” global supply chains remain both unpredictable and expensive. This is particularly important for materials and goods that are strategically important and are likely to remain in high demand. ROMA welcomes the Province’s decision to create [Supply Ontario](#) as one vehicle for these endeavours.

ROMA sees opportunity for Rural Ontario to grow its resource-based sectors, its tourism product and experiences, its education and training capabilities, the productivity of its diversified workforce, and the affordable, welcoming nature of its communities --- all as an integral part of the province we call home.

At the 2022 ROMA Annual General Meeting, the Board released [Opportunities for Rural Ontario in Post-Covid World](#). This seminal policy paper developed to rethink strategies and solutions for the economic and social sustainability of post-COVID rural Ontario, identifies 23 recommendations under 5 key themes as a roadmap for rural Ontario to reach its full potential. ROMA is focusing on and advocates for:

- Recognition of digital connectivity as essential infrastructure and expanding its utilization in both public and private sector organizations as well as at home.

- A creative approach to addressing the impacts of Ontario’s housing affordability and availability challenges and providing the full spectrum of housing options including attainable housing and purpose built rental.
- Enhancing growth and development planning for Rural Ontario, including revisions to the Provincial Policy Statement to open up growth opportunities beyond Rural Ontario’s settlement areas.
- Addressing current and future labour force challenges --- including within the municipal sector itself, and increasing Rural Ontario’s share of immigrants to Canada and Ontario, and
- Creating service delivery ecosystems that serve residents closer to home, taking pressure off sometimes beleaguered services and institutions in urban areas. A collaborative, provincial-municipal approach to improving access to services, including especially the challenges of long-term care, including reworking the provincial funding formulae that puts municipal finances at risk in a period of turbulence and uncertainty.

Need to Address “Full Spectrum” of Housing

One of the most significant impacts of COVID-19 on Rural Ontario is in the area of housing. As individuals and organizations across the province make different choices about where and how to live and work, the impact on housing in Rural Ontario has been dramatic. Available housing stock has become much more limited, prices have risen considerably with many homes being purchased at prices “above asking”, and the construction industry has been working at breakneck speed to bring more units to market. The implications for Rural Ontario are many:

- Good quality, reasonably-priced rental accommodation has long been in short supply in rural areas and COVID-19 has intensified the pressure to shift the balance between apartments and single-family dwellings. Responding to these pressures introduces development challenges related to servicing multi-unit buildings (ex. water and sewer services, parking requirements, mixed use zoning, accessory accommodations).
- Residents on fixed (or low-incomes) may have difficulty paying the operating costs of their current homes as energy prices, insurance other similar costs rise. Many feel pressured to downsize or to move to rental accommodation... but have nowhere to go within their own community. The upswing in short-term rentals constrains supply further. Embracing new types of housing (ex. tiny homes) may be difficult for some municipalities even if they know there is demand. Without innovation in the housing market, many of these residents will be compelled to move to larger urban centres and out of the social or family networks that are the best antidote to loneliness or depression.

- Most rural communities are challenged (as are urban centres) to provide sufficient affordable housing units to address ever-changing wait lists. Low-cost financing options may be unavailable if inflation and interest rates rise.
- Finally, there is also a shortage of homes for families who want to live and work in Rural Ontario. Unless this issue is addressed, employers will continue to have difficulties attracting workers and the contribution of Rural Ontario to the social and economic life of the province will be constrained.

Recommended Solutions to Act on Housing Opportunities contained in the Opportunities Report include:

Accelerate Digital Connectivity from Home

- Work with provincial and federal governments to expand and process connectivity initiatives more quickly
- Increase the number of local “hotspots” where residents and visitors can access the internet (including municipal offices, libraries etc.) for work, education and/or training purposes
- Monitor availability of non-traditional alternatives (ex. Low Earth Orbiting satellites) and share information with residents, businesses, not for profit organizations and institutions
- Provide public service information on cybersecurity and prevention of digital fraud.

Expand Training/Retraining for Construction Workforce

- Work with colleges and/or private training organizations to develop targeted ‘rapid response’ training programs to increase the supply of moderate skill-high-demand occupations (ex. drywallers, insulation installations, manual labourers)
- Recruit recently-retired building inspectors to join a broader group-based best practices effort to understand how and when alternative methods of satisfying building code requirements could/should be deployed
- Design and implement a specific training program for renovation construction to accelerate access to qualified contractors for homeowners wishing to add secondary suites or accessory accommodations quickly and efficiently.

Streamline Approvals and Inspections to Accelerate Supply

- Recruit recently-retired building inspectors to join a broader group-based best practices effort to understand 6 to 12 month assignments with municipalities to address inspector shortages
- For those municipalities with development charges, consider targeted/time-limited reductions in development charges for any/all of housing units that are small/have few bedrooms and fixtures, are modest in size (example: tiny homes and/or rental units) or can use technologies that do not strain local services or cannot use them due to distance (ex. wastewater treatment, sewage systems). The goal is to avoid adding unnecessary costs to housing that is intended for low-income residents or families.

Create Solutions for On-Farm and On-site Housing for Tourism Operations

- Prepare an interpretation of the Provincial Policy Statement that provides exemptions for its focus on “settlement area” to encourage municipalities to develop policies that provide for short-term/discontinuous housing on working farms, tourism facilities in rural areas, and other similar businesses, to ensure that they can cost-effectively offer housing to seasonal/summer workers. The policy should be deemed to apply to businesses and workers who do not have access to private transportation or public transit.
- Work with community colleges to accelerate design and construction of code-compliant housing that can be built and inspected before transfer/placement at a specific site. This could include small modular housing units that could be grouped together to provide accommodations for multiple workers at resorts or remote job sites.
- The same approach could be taken to creating housing for those working in the forestry sector or in mining.

Advance Better Funding/Finance Arrangements in Housing Types

- Work with the Province to provide time-limited incentives for builders to build more of the types of housing most in short supply in Rural Ontario; these include rental accommodation such as townhouses or small square footage apartments. Incentives might include exemptions from parking spot requirements or agreements with nearby public organizations that have ample parking, or targeted/time-limited discounted development charges or building permit fees. As one mechanism through which market failure might be addressed, the Province would be invited to compensate municipalities for a share of the (documented) foregone revenues.

Build “Local” Supply Chains for Materials, Logistics and Skilled Labour

- Encourage business/trade associations, economic development officers and the provincial Ministry of Economic Development, Job Creation and Trade to create an online directory for businesses with production facilities in Ontario that can (or could) expand production of finished materials, parts and construction components that are most contributing to construction project delays and/or rapidly increasing costs. Opportunities to move significant volumes of construction materials from other provinces to job sites might also be considered.
- Work with the Province to expand programs to bring recently-retired skilled trades workers back into the labour market on a short-term basis to complete small housing developments or housing for vulnerable populations

Recommendation 16: (Opportunities) That ROMA work with the Province on a broader strategy that encompasses housing availability and affordability, including reviewing municipal and provincial processes and regulations, pursuing opportunities to increase in-province supply of materials and components, and accelerating the availability of the construction and trades labour force. ROMA welcomes the attention being paid to housing through the creation of the Premier’s Task Force on Affordable Housing and believes that a broader conversation is in order, particularly one that includes direct municipal representation, and consideration of measures that may be more appropriate for rural areas.

Recommendation 17: (Opportunities) That ROMA advocate to the Province for a range of funding and financing options and incentives that would help rural municipalities address the full breadth of housing needs in their communities, including but not limited to affordable and attainable housing --- whether for ownership or rent. Example: housing well-suited to youth, seniors downsizing from larger family homes, or immigrants seeking their first home as they get settled in a new community.

Recommended Solutions and Examples of actions that might be taken to pursue the opportunities outlined for Growth and Development Planning include:

Re-imagine the Provincial Policy Statement

- Permit development of residential, commercial and industrial properties outside of settlement areas without requiring a comprehensive review. The Statement acknowledges that “Ontario’s settlement areas vary significantly in terms of size, density, population, economic activity, diversity and intensity of land uses, service levels, and types of infrastructure available” and that “it is in the interest of all communities to use land and resources wisely...” (Section 1.1.3) However subsequent sections of the Statement are prescriptive on how best to address development pressures, including:

- A strong emphasis on intensification and redevelopment within built-up areas, including provincial targets “representing the minimum target for affected areas” (those with targets established through provincial plans).
- Focusing new development in designated growth areas (which may not exist in Rural Ontario) and linked to intensification and redevelopment targets.
- An expectation of “timely provision of the infrastructure and public service facilities required to meet current and projected needs”.
- Identification of a settlement area or expansion of a settlement area boundary “only at the time of a comprehensive review” and only when certain other conditions have been met.

From a Rural Ontario perspective, the “notwithstanding” clause (1.1.3.9) does not address the most challenging aspects of the Statement (intensification and redevelopment targets and servicing capacity). Preservation of prime agricultural areas, referenced in multiple sections of the Statement, is in the interest of Rural Ontario municipalities and ROMA fully supports inclusion of related references in the Provincial Policy Statement.

- Broaden the permitted uses of rural lands to include a wider range of business types (beyond “home occupations and home industries” --- 1.1.5.2) including health and social services, education and training facilities, co-working facilities, professional services firms, light manufacturing or other non-agricultural production that could serve regional or provincial supply chains. These developments could make use of different types of infrastructure --- particularly servicing --- while still achieving the same goals of environmental protection and efficient investments
- Incorporate direct reference to “alternative solutions” or [“compliance alternatives”](#) (as described in the Ontario Building Code) in the Provincial Policy Statement to assist developers, builders and municipal building inspectors in rural areas expedite permitting or construction-related matters. These may be most helpful in areas that could use new environmental technologies instead of wastewater and/or sewage systems that are commonplace in urban environments. (OBC reference: Article 1.2.1.1. Part A of the Ontario Building Code).
- Acknowledge the challenges of providing “transit” in settlement areas --- and elsewhere --- in Rural Ontario. New business models such as ride-sharing services, on-demand transportation, and car-sharing services mean that conventional transit is far from the only mobility option for rural areas. The Provincial Policy Statement should acknowledge other

options in cases where conventional public transit will not meet the financial sustainability test even with significant settlement area growth.

Protect Sensitive Environments and Agricultural Lands

- The natural environment is key to both the lifestyle appeal and economic health of Rural Ontario. Rural municipalities have a vested interest in ensuring that sensitive environments continue to be protected and that development that could affect them is carefully considered. Active discussions with Indigenous Communities should also be part of any deliberations with clarification and fulfilment of “duty to consult” being considered the minimum standard.
- Work with the Province to ensure that municipalities are engaged in decisions related to uses of Crown lands or other natural resources. Municipalities are responsible for operating and maintaining much of the transportation infrastructure and emergency response services relied upon by those who access these lands.

Advance Better Funding Arrangements

- Work with the provincial and federal governments to either refine or extend funding arrangements for physical infrastructure, based on the Infrastructure Index approach recently put forward by the Province. ROMA would support the extension of this type of approach to other areas of funding where spatial considerations and physical assets are involved.
- Digital infrastructure is now an essential service and must be considered separately from other types of infrastructure (ex. transportation, environmental services). Please see pages 32 for examples of actions to improve digital infrastructure and related connectivity.

Encourage Mixed Use Development

- Develop “neighbourhoods” --- whether in settlement areas or not ---- that combine different forms of housing, small enterprise workplaces, stores for essentials (ex. food, pharmacy), co-working facilities, bed and breakfast accommodations, doctors’ offices, and other medical or social service establishments). This approach could help to reduce social isolation as well as improve access to services. Some of the facilities in these neighbourhoods might also be used for training and skills development either on-site or virtually.
- Zoning bylaws could be developed to accommodate smaller, less expensive housing (such as tiny homes) or other buildings that are self-contained from a servicing perspective and may be attractive to residents wishing to downsize or new arrivals making a conscious choice about lifestyle and environmental footprint. Still others may simply find this type of living

easier to manage on a fixed income. Enabling policies could be considered that encourage apartments above shops or secondary suites in large homes, look for creative solutions for parking, encourage home-based businesses, or scale development charges or building permits to incentivize the desired type of housing.

Recommendation 18: (Opportunities) That ROMA advocate with the Province for review of the Provincial Policy Statement to either clarify or modify the Statement to ensure that the legitimate development aspirations of Rural Ontario are not constrained by outmoded views of the economic and social potential of Rural Ontario.

ROMA ATTAINABLE HOUSING TASK FORCE

Over the next few years, each of the themes identified in the Opportunities Paper will be considered in more detail with a view of developing evidence based solutions. The ROMA Board has identified that attainable housing has by far been the key priority for ROMA members. At its March Board meeting, ROMA established a Rural Attainable Housing Task Force to develop policy solutions and strategies that consider the realities of rural Ontario. Its focus will be: attainable housing and purpose built rentals, barriers to development (legislative, regulatory and policy) and strategies to incentive development.

ROMA began the Task Force by distributing a housing survey to its 430 municipalities in April 2022. Two hundred and forty-four (244) municipalities responded. The Task Force will be drilling down into the data over the next 2 months, however we can share with you some of the high level responses:

- Open-ended responses to question concerning whether the municipality had faced housing development challenges due to restrictions contained in Federal or Provincial Legislation/ Regulations Including the Provincial Policy Statement.
 - 40% of respondents said yes
- Responses to question concerning which of the issues are the most important contributors to the attainable housing challenge in your municipality right now
 - 75% of respondents stated cost/affordability and demand for housing
 - 66% of respondents stated shortage of purpose-built homes and cost to build named
- 65% of the respondents said the increase in the cost of housing in their municipality in the past two years was due to in-migration of new residents from other higher-cost markets
- Open-ended responses to the question concerning the single most Important Issue for ROMA (226 responses):

- Policies and regulations/legislation at both provincial and municipal levels
- Affordability, often mentioned in relation to rental housing, seniors housing
- Housing Supply, including references to variety of housing types required
- Construction workforce
- Dealing with in-migration beyond local capacity to serve
- Cost of construction
- Land availability
- Servicing costs
- Improved, Expedited Funding
- Attracting developers/builders
- Revisions to Provincial Policy Statement
- Push province on more “creative” solutions

ROMA’s consultations in 2021 confirmed that municipalities, economic development officials, sector-focused associations, and not-for-profit organizations are eager for a new, collaborative approach to fulfilling Rural Ontario’s potential.

ROMA sees many opportunities to navigate the impacts of the COVID-19 pandemic in ways that will result in a stronger, more resilient Rural Ontario and therefore the province as a whole. In particular, ROMA has identified actions that can help to rebalance the demographic makeup of the Rural Ontario population, redesign policies to ensure that they fit the realities of Rural Ontario, and seize the opportunity to build greater economic resilience into the Ontario economy.

ROMA's position is simple: **Rural Ontario: A Full Partner in Prosperity**

Until the commissioning of the Opportunities for Rural Ontario in a Post-COVID World report, there had been no definitive analysis of the role that Rural Ontario plays in the provincial economy. For all industries/sectors, non-Census Metropolitan Areas accounted for a little over \$100 billion of the Ontario total (\$764 billion) in 2017, roughly 15 percent of the provincial total. Applying the same percentage to the 2020 provincial GDP data ([\\$851 billion](#)) would suggest that non-CMAs account for \$128 billion in GDP. However, CMA definitions often include significant portions of the rural areas surrounding urban centres (see Section 3 **Opportunities**) and therefore under-represent the contribution of Rural Ontario to the provincial economy.

Data analysis undertaken to prepare the Profile of Rural Ontario (presented in Section 4 **Opportunities**) suggests that the overall level of economic activity in Rural Ontario is more than \$320 billion a year, with \$180 billion in goods production alone. While additional analysis should be undertaken to validate or refine these data, these numbers are large enough to suggest that Rural Ontario may have production capacity and an associated labour force to make an even larger --- and more strategic --- contribution to

the Ontario economy. By considering vital goods that are currently imported into the province, Rural Ontario could make a significant contribution to increasing the resilience of the provincial economy.

ROMA encourages the government to consider the significance of Rural Ontario and its contributions to the health, wealth and vitality of the province. The results of the ROMA Attainable Housing Task Force, which will be evidence based, will provide opportunities for the provincial government to collaborate with rural municipalities with a view of obtaining attainable housing and purpose built rentals outside of the large urban municipalities.