
HINDS BROOK

Housing Needs Report
September 2024

496857 GREY ROAD 2
HOUSING NEEDS REPORT
TRAVIS & ASSOCIATES
File: 2.317

1.0 Introduction

On September 9, 2024, the Town of the Blue Mountains (“**TBM**”) council ratified the declaration of a housing crisis within the municipality.

Housing affordability is a growing concern for the public and all levels of government across Canada, with accommodation costs rising faster than income. As identified in the November 17, 2023 ‘Town of the Blue Mountain – Housing Needs Assessment’ (“**HNA**”), this issue is particularly pronounced in TBM where average home pricing has risen to \$1.6 million¹, and new home pricing averages over \$1.7 million². The HNA confirms that the market pricing of most homes currently available far exceeds affordable levels for the local workforce and much of the population that resides in TBM.

For the residents of TBM and County of Grey, it is critical to address this housing gap so that those who work in TBM can afford to live and raise a family where they work, and those who have long called TBM home can continue to do so.

This Housing Needs Report had been requested by TBM staff in support of an application for an Official Plan Amendment, Zoning By-law Amendment, Draft Plan of Subdivision and Common Elements Plan of Condominium to develop a 376 lot development at 496857 Grey Road 2.

2.0 Attainable and Affordable Housing Definitions and Thresholds

The Province of Ontario has defined affordable housing in the latest Provincial Policy Statement (“**PPS**”), including establishing thresholds for development charge (“**DC**”) exemption eligibility under the Planning Act. At the time of writing, no definition of attainable housing has been established within the provincial policy.

TBM defined Attainable Housing within the January 2021 Community Improvement Plan: Housing Within Reach (“**CIP**”), including eligibility for applicable incentive/ grant programs. The Town is currently nearing completion on their review of the Official Plan. The draft released to the public in late August 2024 indicates that the definition established in the CIP will be incorporated into the new Official Plan. At the time of this writing, TBM has not established a definition for affordable housing.

As such, this report will assess the Provincial definition of affordable housing and the TBM definition of attainable housing.

Provincial definition for Affordable Housing (PPS, Aug 2024):

In the case of ownership housing, the least expensive of:

- 1) 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*
- 2) Housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the municipality.*

Based on this definition, the province publishes price thresholds for DC exemption eligibility applicable under the Development Charges Act. At the time of writing, the affordable purchase price of a row/ townhouse in TBM is \$452,700.

¹ Section 4.2, Page 34 - The Town of the Blue Mountains – Housing Needs Assessment (Parcel, November 17, 2023)

² Section 4.2, Page 31 - The Town of the Blue Mountains – Housing Needs Assessment (Parcel, November 17, 2023)

Municipal Definition for Attainable Housing (CIP, January 2021):

Section 4.22 - Attainable shall mean below or near market housing that is offered and maintained to remain within reach of the following for a set time period, regardless of market pressures. In the case of home ownership, housing for which the purchase price results in annual accommodation costs which do not exceed 30% of the gross annual income for households within the income range of 50 – 130% of median income for the Town of The Blue Mountains. Annual household income information will be based upon the most recent Census of Canada statistics for the Town of The Blue Mountains and is updated at least every five years and may be updated more frequently in consultation with the Blue Mountains Attainable Housing Corporation.

Under the CIP, to be eligible for applicable incentives and/or grants, price control must be implemented for a Minimum Attainability Period, defined as follows:

Section 4.20.2 - By default, the minimum attainability period shall be 15 years. At its discretion, the Town reserves the right to enter an agreement with an eligible applicant for a minimum period of time that differs from the default minimum period required by this Plan.

3.0 The Developments Attainable and Affordable Housing Goals

3.1 Attainable Housing

Homefield Communities' goal is to develop attainable housing communities and combat the housing crisis in TBM, Grey County, Ontario, and nationwide. This project aims to bring approximately 234 units to TBM's housing stock that meet the attainable housing cost thresholds and the remainder of the units to be priced significantly lower than what is available within the current housing stock in TBM due to the use of land lease ownership model.

To understand the requirements of TBM's attainable housing definition and the market in TBM as a whole, Homefield Communities engaged Altus Group to complete an in-depth attainable housing and market study for this development. A memorandum from Altus Group outlining the results of the detailed report can be found in Appendix A.

The most recent Census data for TBM median household income is \$101,000. When adjusted to 2024 based on an index of average weekly earnings in Ontario, the median household income is \$115,923³. Based on the CIP definition, this translates to a maximum household accommodation cost of \$3,767.49 per month. These accommodation costs include mortgage expenses, mortgage insurance, property taxes, monthly fees (land lease or otherwise) and utilities.

As referenced in the appended memo by Altus Group, based on their review of comparable townhome products in the local market (both land lease and freehold) and the proposed townhomes at this project, including applicable monthly fees, approximately 62% of the development, or approximately 234 units, will meet the attainable accommodation cost thresholds at market pricing, under both a land lease and freehold tenure. This represents all Type 3 and 4 townhomes, which offer smaller units without dedicated rear yards.

Homefield Communities intends to deliver attainable housing at market pricing by virtue of unit size and appropriate density. It does not intend to implement any price controls detailed in the CIP, and therefore will not seek any incentives or grants based on the current definition.

3.2 Challenges with Price Control for Ownership Housing

While price control is a very effective tool for affordable rental housing, there are some notable issues with price controls for ownership housing.

³ Altus Group (September 2024)

- 1) Price controls are implemented for a term, in the case of the definition outlined in the CIP, the “minimum attainability period”, which is generally 15 years. When this term expires, the property owner will benefit from an immediate increase in property value. This will result in speculative home buying by profit-seeking entities as the term expiry approaches who seek to benefit from this arbitrage opportunity as price control requirements come to an end. The speculative home buying will have the opposite effect of its intention by removing attainable homes from the housing supply and ensuring that what is brought to market in this manner only contributes to housing attainability for a brief period.
- 2) A home purchase is typically the largest investment that a household makes, requiring significant savings for a down payment and ongoing mortgage expenses thereafter. All homebuyers, including those seeking more attainable homes within their budget, seek homeownership not just for accommodation but also to build equity for their future. Price control will, therefore, deter homebuyers who will instead seek opportunities where their hard-earned savings can grow.

Because of these challenges, Homefield Communities aims to deliver housing that will be attainable without the need for price control. Homes that meet the attainable housing cost thresholds through the use of land leases, unit size, and community density so they remain attainable indefinitely.

3.3 Delivering Attainable Housing without Price Control

3.3.1 Land Leases

Land leased communities offer homebuyers the opportunity to own a home without purchasing the land that they sit on. The land is leased to the homeowner on a long-term renewable basis. Removing land value from the home purchase allows for significantly lower purchase price and downpayment requirements. Additionally, the reduced mortgage carrying costs offset the monthly land lease fees resulting in lower overall accommodation costs, particularly with recent policy changes which allow for longer mortgage amortizations for land lease homes. This has been confirmed through review of current freehold and land lease homes available in the region⁴. Homefield Communities is a developer of land lease homes and intends to develop the subject site as a land lease community, however Altus have confirmed that the type 3 and 4 townhomes (234 units), would meet the attainable accommodation cost threshold under both a land lease and a freehold tenure based on their unit size and built form.

3.3.2 Unit Sizes

The HNA identifies that one of the major housing gaps in TBM is the oversupply of larger units, resulting in nearly 70% of households in the TBM being “overhoused”, with home sizes far exceeding the household's needs⁴. There is generally a lack of smaller units that meet households' needs without burdening them with the excessive accommodation costs that come with larger units.

Homefield Communities is proposing townhomes at 1,240 sq. ft. for type 3 and 1,180 sq. ft. for type 4, considerably below the size of typical townhomes in the region of approximately 1,770 sq.ft.⁵. In Altus Group's detailed report, they found that the average market price for freehold townhomes in the region is \$468 per sq. ft. when accounting for common-elements maintenance fees. For land lease fees, which are typically greater than common-elements maintenance fees,

⁴Altus Group (September 2024)

⁵Section 5.0 – Gap 3, Page 47 - The Town of Blue Mountains – Housing Needs Assessment (Parcel, November 17, 2023)

the market pricing of the homes is further reduced. Following a review of Homefield Communities, current underwriting and unit pricing projections, and based on size, built form and comparable market pricing, Altus Group's detailed report, which is summarized in their memorandum (Schedule A), confirms the proposed type 3 and 4 townhomes will meet the attainable accommodation cost thresholds as defined within the CIP.

Mechanisms such as zoning controls on maximum unit size can be implemented to ensure this development delivers missing middle housing stock.

3.3.3 Development Density

Homefield Communities is planning to deliver four types of townhomes to ensure community needs are met and maximize the ability to provide attainable housing. The development density plays a significant role in delivering attainable housing. Increasing the density of a new development allows fixed costs (land and servicing) to be spread over more homes and reduces the costs to individual residents. Homefield Communities is able to increase the density through the use of different townhouse typologies and increasing the use of shared amenities. For example, while rear yards are desirable for homeowners, they require significantly more land contributing substantially to home costs. All type 3 and 4 units will not have dedicated rear yards, providing buyers an attainable housing option which is not available in TBM. Providing these housing options allows homeowners to forgo a dedicated rear yard in favour of a lower-cost home while enjoying thoughtfully designed communal amenities such as parks, open space programming and recreational trails.

3.4 Affordable Housing

The Province of Ontario publishes Affordable Housing purchase price thresholds as defined by the PPS and the Development Charges Act. At the time of writing, the affordable purchase price of a rowhouse in TBM is \$452,700. Housing meeting this price threshold would be exempt from development charges.

For the reasons noted in section 3.2, there are challenges with price controls for ownership housing. These challenges are mitigated if the purchaser is a not-for-profit entity such as a housing cooperative or a public agency that owns and operates affordable rental housing. Homefield Communities is open to discussing the potential to supply affordable housing within the proposed development subject to collaborating with a suitable non-profit entity that will purchase, own and operate the affordable units and enable the supply of much-needed affordable rental units to the community. The POTLs associated with these units could also be sold to the collaborating entity, so land lease fees would not apply to the affordable units.

The ability of Homefield Communities to deliver affordable housing and the quantity of affordable units that can be provided will depend on other development outcomes. Most notably:

- 1) Project timelines, including approvals and servicing allocation.
- 2) Servicing costs, which will vary widely depending on the servicing strategy employed by the development.
- 3) Financial levers provided by TBM, Grey County, Province of Ontario and the federal government.
- 4) Business structure with the collaborating entity.

4.0 Alignment with the Town of the Blue Mountains Housing Needs Assessment

HNA identified five housing "gaps" that are largely contributing to the housing crisis in TBM. The alignment of the development in meeting the identified needs and bridging these gaps is detailed below.

4.1 Gap 1: Affordable Housing

The report identifies a current need for approximately 215 affordable units and forecasts that as many as 40% of all new units could need to be affordable to accommodate population growth.

The proposed development aims to deliver approximately 234 attainable units, 62% of the community. Additionally, affordable rental units may also be feasible subject to the considerations detailed in section 3.4. Both will provide significant contributions to increasing the overall affordability of TBM's housing stock.

4.2 Gap 2: Purpose-Built Rental Housing

The report indicates that there is currently no purpose-built rental housing in TBM, with renter households being limited to secondary rental markets in more expensive housing typologies.

Purpose-built rental units are typically within multi-unit buildings that allow for higher-density housing. The subject site is not appropriate for this type of built form. More significant multi-unit buildings (typically mid-rise) that accommodate purpose-built rentals are best suited for denser urban environments, typically within urban centers and along established corridors.

4.3 Gap 3: Smaller Housing Units

As previously identified, there is a lack of smaller housing units within TBM, with nearly 70% of households considered "overhoused". The report indicates that some of these households would consider living in smaller housing units if available. It also shows that the need for smaller housing units is expected to increase in the future.

The proposed development aims to deliver 234 units that are below 1250 sq. ft. in size, substantially smaller than most housing currently available in TBM. This will help improve local housing options and ensure that the housing stock better aligns with the needs of households.

4.4 Gap 4: Seniors Housing & Long-Term Care

The report indicates that TBM has no dedicated senior housing or long-term care facilities despite a higher proportion of residents over age 60 relative to Grey County and the Province.

The proposed development is not contemplating any dedicated seniors housing or long-term care facilities. Similar to purpose-built rental housing, these housing typologies are typically contained in larger buildings that are not appropriate for this site.

4.5 Gap 5: Workforce Housing

The report confirms that 64%⁶ of the workforce live outside TBM and commute in from neighbouring municipalities and notes that, ideally, housing stock affordability should be balanced relative to local incomes.

The proposed development aims to target the local workforce as homebuyers within the development by providing attainable housing that will allow households to reduce their commute times and live in their desired community. This will have the added benefit of reducing long-term environmental impacts from excessive transportation requirements and allowing workers to take back their commute time to spend with family and on leisure.

⁶ Section 2.0, Page 10 - The Town of Blue Mountains – Housing Needs Assessment (Parcel, November 17, 2023)

5.0 Conclusion

Using the land lease ownership model, and by delivering unit sizes and built form that are generally lacking and much needed in TBM, Homefield Communities plans to provide a community which sells homes at prices significantly lower than what is available within the current local housing stock. Altus Group has confirmed (see Appendix 1) that approximately 234 units (all type 3 and 4 townhomes) are anticipated to meet the attainable accommodation cost threshold as defined, at market pricing. Homefield Communities intends to deliver this attainable housing to TBM without the need for price control by using land leases, unit size, and appropriate density, which can contribute indefinitely to TBM's supply of attainable housing.

Homefield Communities is also open to discussing the potential to contribute some affordable housing through this project in partnership with a suitable non-profit entity subject to consultation with staff and consideration of development constraints.

Appendix 1

Altus Memo

September 13, 2024

Homefield Communities
1202 – 45 St. Clair Avenue West
Toronto ON M4V 1K9
416.637.9309

C/O Andrew Adams, Managing Director

Via email: andrew@homefieldcommunities.com

Dear Andrew Adams:

**Re: 496857 Grey County Rd 2, The Blue Mountains
Homefield Proposed Residential Community**

Our File: P- 7241

Altus Group was retained by Homefield Communities (the Client). The Client is submitting an application to the Town of The Blue Mountains (TBM) for a new residential community at 496857 Grey County Rd 2 (the Subject Site). The proposal consists of 376 traditional and back-to-back townhouses with an approximate range between 1,180 and 1,540 sq. ft. The Client intends to develop the site as a land lease community, however, market conditions for a freehold tenure have also been assessed. Focusing on medium-density housing, the proposed development will help deliver attainable housing of a much-needed typology to the Town of The Blue Mountains, where over 60% of the workforce currently commute to work from out of town.

The Town of The Blue Mountains is a small but relatively fast-growing community with a rich array of natural and community amenities. Average incomes in the community are somewhat elevated. The town's existing housing stock is heavily weighted toward single detached housing.

The proposed development will bring a new community to TBM. The Client is considering land-lease tenure. The proposed development includes a somewhat different mix of units than many of the competitive land lease communities, in that it is offering three-storey townhouse units on smaller lots. The proposed development has a large array of greenspace within its plan and has superior access to natural and community amenities.

The proposed development envisions bringing significant housing units to market as attainable housing as per the Town's community improvement plan definition. Many of the units being proposed in the development can be priced as attainable housing, and still have competitive pricing vis-à-vis market activity within the existing resale market and within other similar communities currently marketing.

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The key buyer group for the project, particularly among the larger units in the project, is a family buyer market focused on individuals who may be currently employed in TBM area and are seeking new attainable housing in the market. There is a relatively low share of families with kids in the local market area in townhouse products, primarily reflecting the paucity of this product type locally. TBM has a documented concern that a large share of the local workforce lives outside of the municipality due to a lack of attainable housing supply. The project amenities will be attractive to young families, and the potential price points medium-density offerings in the proposed project may compete well with single-family options on the resale market, which have seen significant price appreciation in recent years.

Typically land-lease communities have a target market focus on the mature 55+ buyer, and this is the case among many of the competitive communities we reviewed. The proposed development at the subject site will also attract this type of buyer as a secondary target market group. This aligns with the skew in the population of the TBM (and the in migration age profile), which is significantly skewed toward the 55-75 age range.

TBM Attainable Housing

The definition of Attainable Housing in the Town's CIP relies on threshold amounts for which the targeted purchase price and land-lease fee together result in annual accommodation costs that do not exceed 30% of the gross annual income for households within the income range of 50 – 130% of median income for the Town of The Blue Mountains.

Based on Census of Canada income data for TBM, median income in 2020 was \$101,000, which adjusted to a 2024 is \$115,923 based on an index of average weekly earnings in Ontario. Based on this, attainable thresholds are determined based on households with 50% of median income (\$57,961) and 130% of median income (\$150,699).

Based on market information (typical prices in the market, land lease fees or CEC fees) and the current financial climate, the range of attainable house pricing for the Subject Site was determined and used for the analysis and conclusions included in this letter and the detailed report. We assessed an array of housing costs to include in the calculation including typical utilities, taxes and the land lease fee. Costs for financing were assessed based on a conventional 25-year mortgage at recent interest rates (average of the past five years) 20% down payment and incorporating the costs of CMHC mortgage default insurance.

Market Pricing

The Client intends to develop the subject site for an array of medium-density housing, including forms that are not so common in the local market area. This will support provincial and municipal goals to increase attainable housing supply and provide for a densification of population in an area with existing amenities and services.

In order to evaluate potential market pricing for the proposed development on the Subject Site, Altus Group surveyed some 20 freehold and condominium townhouse projects in the broader regional market area currently marketing new units. Average prices for freehold units in the review were about \$830,000 for units averaging 1,800 sq. ft. Pricing in the market is at about \$486 per square foot. Average prices for land-lease units in the review were about \$550,000 for units of about 1,400 sq. ft. Pricing in the market is at about \$384 per square foot.

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A review of the resale market revealed average townhouse prices of \$485,000 per unit for 1,400 sq. ft. units on average.

The Client intends to bring forward a development plan with some 376 new units in a land lease community. The units are envisioned to be of four typologies including:

- Type 1: 3.5 bedroom, 3-storey townhouses on 20' lots, of approximately 1,485 sq. ft.;
- Type 2: 4 bedroom, 3-storey townhouses on 24' lots of approximately 1,538 sq. ft..
- Type 3: 2.5 bedroom, back-to-back 3-storey townhouses on 22' lots, of approximately 1,220 sq. ft.; and
- Type 4: 2.5 bedroom, 3-storey townhouses on 16' lots of approximately 1,180 sq. ft..

Based on our review of market comparables, the type 3 and type 4 units will meet the attainable accommodation cost threshold in TBM at a market price point for the proposed townhomes under both a land lease and a freehold scenario. Due to the land lease structure, type 1 and 2 units are also anticipated to be priced substantially below typical townhome pricing in the region.

Given this, and given the ranges of market prices reviewed, the development plan would very likely achieve attainable housing status among the type 3 units (2.5 bedroom, back to backs on 22' lots) or type 4 units (2.5 bedroom, 3 storey towns on 16' lots) due to the land lease tenure, unit size and the proposed development plan. It is anticipated that these units would also meet the attainable housing cost threshold under a freehold tenure as well.

Our analysis has not analyzed the cost of providing new supply, but assuming these units can be financially feasibly developed within this range, then the provision of attainable housing units, especially among the type 3 and type 4 models would be reasonably competitive against both the resale market and against other new projects in the broader market area.

I trust the foregoing is in order.

ALTUS GROUP



Peter Norman,
VP & Chief Economist