

Staff Report: Small and Tiny Homes Policy Evaluation

October 19, 2020

Planning Services Division

Executive Summary

This report will provide a literature review of best practices with respect to enabling the development of small and tiny homes and other alternative forms of housing. The report provides context for the need for various forms of affordable or attainable housing within the City of Greater Sudbury. Preliminary consultation with the community provides some context for the demand for various forms of housing within the community. A summary of what is currently permitted within the City and enabling policies that have been approved in recent years is provided and an assessment of potential improvements to these tools or introduction of new tools that are used in other communities is also provided. A series of action items are proposed that will build on the current policy framework and further enable the development of small homes and alternative forms of housing within the City and assist in improving the diversity of housing stock both in form and with respect to affordability, as follows:

- Complete an Education and Outreach Program, including a User Guide for Small and Tiny Homes and alternative forms of housing
- Review potential amendments to the Zoning By-law to facilitate tiny home development and report back with findings and recommendations
- Conduct an internal review of potential barriers to tiny home development, including demand for various forms and report back with findings and recommendations
- Complete a demand analysis that will assess the form(s) of development most desired by residents looking for alternative forms of affordable housing
- Develop an EOI process for an affordable housing land bank site, through the AHCIP
- Investigate amendments to the density maximums set out in the Official Plan and report back with findings and recommendations

Background

On September 10, 2019, Council passed resolution CC2019-279, which directed staff to “evaluate options for encouraging the development of small and tiny dwellings, including a review of best practices, the establishment of a working group with the Development Liaison Advisory Committee and the Planning staff report back to City Council with findings by the third quarter of 2020 with a recommended policy framework.

This report contains a series of appendices, including Appendix A which is intended to assist in providing context for how various forms of housing are defined and fit within the current Planning and Building framework in the City of Greater Sudbury.

Demand for Affordable Housing and Alternative Forms of Housing/What Does the Community Say

As part of the Social (Community) Housing Revitalization Plan, Housing Services completed a Housing Demand and Supply Analysis. The analysis found that there are nearly 10,000 rental households in the City that are spending more than 30% of their gross household income on shelter costs and nearly 5,000 rental households estimated by CMHC to be in core housing need in the City. The need for affordable housing extends well beyond the 301 households actively looking or qualified for subsidized housing. People within that 10,000 households can range from single parent households to people who are currently sharing an apartment with family members or people struggling to pay market rents by giving up meals or choosing to walk instead of paying bus fares.

In some markets, the development of new market rental housing can free up more affordable units as some tenants choose to move from an older apartment to new and more expensive models which is often referred to as the “filtering process” (N. Barry Lyons, 2019). These market conditions are not observed in Greater Sudbury, as new units exhibit higher vacancies than older and less expensive housing stock. Improving affordability options will have to be led by the introduction of affordable rental housing, rather than new market rent units.

In Greater Sudbury, the forecasted average resale price of an existing dwelling in the fall of 2020 is \$286,000 (CMHC 2018). The affordable purchase price of a home is \$257,400 (10% below the average purchase price of a resale unit). The average unabsorbed (new, unsold) price of a home in the first 6 months of 2020 was \$559,799 (CMHC 2020). Average market rents in Greater Sudbury are \$676 (Bachelor), \$904 (one-bedroom), \$1,114 (two-bedroom) and \$1,183 (three or more bedrooms) (CMHC 2020), affordable rents would be 20% below those values.

There continues to be a need for affordable housing in Greater Sudbury. Of the City’s current population of 161,531, approximately 6% are spending a significant amount of their income on shelter costs and there is limited housing rental availability within the affordable range. This report proposes a series of action items that will further the City’s efforts to encourage the development of affordable housing, including small and tiny homes.

A series of one-on-one interviews were undertaken with members of the development community as well as some community members who have expressed interest in affordable housing and tiny homes. A summary of Key Themes from the interviews is provided in Appendix C – Consultation Summary and include the following:

- Slab on grade, single floor plan;
- Townhouses, condos, 4-plexes increasing in popularity;
- Co-housing;
- Condominium developments – in, particular vacant land viewed as a potential solution;
- Second units, enabling more;
- Common space;
- Energy efficiency, and
- Affordability.

In speaking with members of the community who were specifically interested in the development of Tiny Homes, it appears that the primary concern is affordable housing (cost of construction) and that having the ability to have a transportable form of housing is a secondary concern.

Defining Small and Tiny Homes

There are various definitions of what constitutes a tiny house or a small house. Generally speaking, a tiny house is between 100-400 sq.ft and a small house is between 400-1400 sq.ft. The Urban Land Institute (ULI) defines a small house as being under 1,400 sq.ft. Through the Development Charges By-law, CGS currently defines a small dwelling as being under 1,000 sq.ft. The challenge with tiny homes is that, from a municipal/building code perspective, a tiny house on wheels (THOW) is evaluated very differently than a tiny house affixed to a permanent foundation. Those affixed to a permanent foundation and constructed to Ontario Building Code Standards are allowed through the same permitting process required of a standard size dwelling. Whereas a tiny house on wheels, is classified as a 'trailer', does not fall under the Ontario Building Code Act and is often not permitted through zoning. A summary of the various forms of tiny houses and their attributes is provided in Appendix B.

A 'Tiny Town' comprised of a number of THOWs is considered to be a Trailer Park and limitations on the location of a Tiny Town would be as per the Zoning By-law for the City of Greater Sudbury which states that travel trailers can only be used for human habitation when located in a camping ground.

There are greater options for Tiny Homes when constructed in compliance with the Building Code and mounted on a permanent foundation. A group of Tiny or Small Homes construction on permanent foundations could be accomplished through a condominium style development. It is recommended that this option be further explored through Action Item 4 (outlined in the recommendation section of the report).

The tiny house industry is starting to adapt and develop products that are Building Code compliant and are able to be affixed to a permanent foundation (as opposed to being constructed on a trailer base). Other issues to consider when looking to construct a tiny home include: location (e.g. is it a permitted use), construction method/form, housing tenure, cost of construction, ability to finance, and resale value. From a municipal perspective consideration must be given to responsiveness to community needs/demand, and municipal fiscal impacts.

Best Practices/Trends

A review of best practices and trends related to small and tiny homes as well as alternative forms of housing was undertaken. The review included municipalities across Canada as well as the United States and Europe (Scandinavian Countries, in particular Denmark, are often cited as embracing alternative forms of housing). The review examined both policy trends and specific development examples. A summary of key examples can be found in Appendix E. A number of concepts or trends from the review are examined within this section of the report.

Laneway Houses/Additional Residential Units/Secondary Dwelling Units

Many municipalities are adopting policies to permit these forms of housing. Permissions vary by municipality and Greater Sudbury has already introduced permissive policies which will be discussed in the Section entitled, 'What Greater Sudbury Has Already Done'.

Eliminating Minimum Floor Area Requirements

Many municipalities or tiny home developers cite that one of their key challenges is that many municipalities have minimum required ground/gross floor area for residential dwellings. These minimum can range, but in many cases were greater than what is considered to be tiny or even small. Greater Sudbury does not have a minimum ground/gross floor area requirement.

Co-Housing

Co-housing is term often applied to various models of housing that may or may not require Planning Application approvals depending on the form. Co-housing developments that include multiple dwelling units, whether they be in the form of a multiple dwelling or comprised on individual units on a single property will often require some form of Planning approval. Whereas Co-housing, using a 'co-ownership' model may not require Planning approvals when the form of development is a single dwelling unit where each resident has a private bedroom/sitting room, but share a kitchen and living space.

Pocket Developments/Tiny Towns

Pocket Developments are a form of infill development within existing communities that tackle affordability and are consistent with infill and intensification policies. Whereas Tiny Towns are typically established outside of a settlement area, similar to a trailer park or mobile home park. The development of a Tiny Town outside the City's settlement boundary would not achieve goals of intensification and use of existing infrastructure. Affordability would be decreased because of a lack of access to public transportation and distance to services and other amenities. Similar to Mobile Home Parks, servicing of such developments would be a concern. While co-housing communities can be drivers of regional development, if the goal is affordability for its occupants, consideration of location, ability to service the site and access to community services must be key (Larsen, 2019).

Housing Tenure

The cost of land can be a barrier to ownership. Appendix A provides a description of various models including Life Lease Housing, Land Lease Community Housing, Community Land Trusts and Affordable Rent to Own (ARTO). Some models, such as ARTO offer shorter term solutions where ownership is ultimately transferred to the tenant, whereas in longer term models the land remains that of the owner (whether it be a municipality, non-profit, etc). These forms of housing tenure are options for organizations or municipalities who want to take an additional step in reducing the cost of housing for certain developments.

What Greater Sudbury Has Already Done

Greater Sudbury has been progressive in enabling Small and Tiny Homes. Though they are not listed as specific terms within the Zoning By-law, a number of policies and enabling tools have been approved over the past five years which have been intended to encourage these forms of

housing. A summary of these policies and initiatives is provided below and in Appendix D and includes some initiatives such as:

- The introduction of secondary dwelling units (up to three dwelling units per property);
- The introduction of the R1-7 Zone;
- Parking reductions for affordable housing developments;
- Increasing the areas where shared housing is permitted;
- The introduction of the Affordable Housing Community Improvement Plan;
- The introduction of housing related incentives into other CIPs;
- The introduction of development charge exemptions or reductions for certain types of housing developments;
- The land banking strategy; and
- Affordable housing strategy website.

The appendix not only provides a description of each tool, but also what part of the Housing Continuum is served by the tool, the benefit or anticipated result of the use of the tool as well as potential improvements that could be made to each tool.

What Else Can Greater Sudbury Consider

Official Plan Amendments (Density Maximums)

At present, the Official Plan contains maximum density of 36 units per hectare in low density areas (single detached dwellings, semi's, duplexes, and townhomes), 90 units per hectare in medium density developments (low density forms and small apartment building no more than 5 storeys in height) and 150 units per hectare in high density areas (all housing type, excluding single detached dwellings). Within Town Centre designations a maximum of up to 30 units per building may be permitted, provided that the net residential density does not exceed 60 units per hectare, subject to servicing capacity. Densities in the Downtown designation are permitted to exceed the maximum of 150 units per hectare. The intention of maximum densities is to preserve the character of certain areas. Section 2.3.2, program 2 allows that the City may establish minimum density standards for new residential development in Living Area 1 lands. This is in keeping with the planning principles of intensification. The maximum densities are intended to preserve the character of the area and ensure that development is harmonious with adjacent uses and their buildings. There is opportunity to review the current maximum densities to ensure that they continue to preserve the character of the City while permitting a broader range of infill developments.

Secondary Dwelling Units (Zoning By-law Amendments)

Since the Secondary Dwelling Unit policies were adopted in 2016, a number of provisions in the Zoning By-law have been identified as potential barriers to their development. In particular, lot coverage, setbacks, height restrictions (where the unit is proposed above an accessory structure such as a garage), and parking have been identified as restricting the range of locations where Secondary Dwelling Units would be permitted. It is recommended that a review of potential amendments be undertaken, ensuring consistency with current work being undertaken as part of the Residential Parking Study and the Accessory Guest Room Accommodation Review. Additionally, it is recommended that the review include the R1-7 zone and the current lot depth requirements which were identified through stakeholder consultation as a potential barrier to the use of this 'smaller lot' zone.

Education and Outreach

There is more that Greater Sudbury can do with respect to educating both the development community and the general public on housing policies in the City. A user guide to assist people through the development process would build on work completed by Building Services for the Secondary Dwelling Unit Homeowner Guide. An Education and Outreach program could be developed and reach groups such as the Seniors Advisory Panel, DLAC, and could include pop-ups at malls or attendance at the Home Shows.

It is recommended that an Education and Outreach program be developed with a view to ensuring that communication is executed in a way that reaches a broad audience and is presented in a way that is accessible to that audience.

Identify and Address Potential Obstacles (challenges) in the Development Process

Through stakeholder consultation a number of potential barriers to the development of Small/Tiny Homes and alternative forms of housing were identified. Barriers included many that are standard considerations reviewed as part of the development process including: lot grading requirements, fire flow, servicing requirements, while some were more general in nature such as the prescriptive nature of the system and not being flexible when reviewing unique concepts. Staff propose to meet internally to review the approval process for Small/Tiny Homes and alternative forms of housing and report back with recommendations for process enhancements.

Demand Analysis

While Greater Sudbury has statistics on the current number of households that are on waitlists for affordable housing, or are identified as 'at risk' and there is an unknown number of households looking for alternative forms of housing, whether they be seniors or younger adults and we do know there is an interest in tiny/small homes and alternative forms of housing. We do not know with certainty the number of households that would actually move into any of these alternative forms of housing were they to be developed, whether it be by the public sector or the private sector or an alternative partnership arrangement.

If it were determined that there was demand, for example for a vacant land condominium type development, the council approved Land Banking Strategy and Affordable Housing CIP could be utilized to facilitate this.

Land Banking

There is an opportunity to use the land banking strategy to develop a model Secondary Unit development which would incorporate 3 dwelling units on a single lot. This could serve as an example to those interested in developing Secondary Dwelling units and become part of the education and outreach program. It is recommended that staff be directed to undertake an Expression of Interest for a small site identified as suitable for the development of affordable housing through the land banking strategy.

Summary and Recommendation

Small and tiny houses in various forms are already permitted in the City of Greater Sudbury, in particular in the form of Secondary Dwelling Units. There are no restrictions in the Zoning By-law preventing the construction of a Tiny/Small House on an individual lot, provided that it is affixed to a permanent foundation and complies with the Ontario Building Code. There are changes that can be made to the Zoning By-law that would facilitate the development of small dwelling units in a greater range of locations throughout the City and education and outreach can form a key component in informing the public as to what is permitted. To address this need and to gain further insight into the potential development of pocket communities (Tiny/Small Homes as part of a multi-unit development) it is recommended that staff undertake further work in the form of a demand analysis and conduct an internal review process to identify potential obstacles to this form of development. To further work related to both secondary dwelling units and the land banking strategy it is recommended that staff be directed to undertake an Expression of Interest for a potential land bank site that could accommodate up to three units and be eligible for the incentives offered through the Affordable Housing CIP Secondary Dwelling Unit Incentive Program. The proposed action items were developed with the view of addressing Greater Sudbury's need, recognition of demand (based on interviews) and a review of best practices. The proposed list of action items is as follows:

Action Item 1 – Complete an Education and Outreach Program, including a User Guide for Small and Tiny Homes and alternative forms of housing

Action Item 2 – Review potential amendments to the Zoning By-law to facilitate tiny home development and report back with findings and recommendations

Action Item 3 – conduct an internal review of potential barriers to tiny home development, and demand for various forms and report back with findings and recommendations

Action Item 4 – complete a demand analysis that will assess the form(s) of development most desired by residents looking for alternative forms of affordable housing

Action Item 5 – develop an EOI process for an affordable housing land bank site, through the AHCIP

Action Item 6 – Investigate amendments to the density maximums set out in the Official Plan and report back with findings and recommendations

Appendices

Appendix A – Tiny House Form Summary Table

Appendix B – Attainable/Affordable Housing Tools Table

Appendix C – Consultation Summary

Appendix D – Literature Review of Best Practices Summary

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