



## **The Regional Municipality of Durham**

### **Committee of the Whole Agenda**

Council Chambers  
Regional Headquarters Building  
605 Rossland Road East, Whitby

**Wednesday, January 16, 2019**

**9:30 AM**

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**1. Declarations of Interest**

**2. Statutory Public Meetings**

There are no statutory public meetings

**3. Delegations**

- 3.1 Linda Gasser, re: 2019 Solid Waste Management Servicing and Financing Study (2019-COW-3) [Item 6.2 C)]

**4. Presentations**

- 4.1 Ramesh Jagannathan, Director, Transportation and Field Services, Works Department; and Mary Simpson, Director, Financial Planning and Purchasing, Finance Department, re: 2019 Transportation Servicing and Financing Study (2019-COW-2) [Item 6.2 B)]
- 4.2 Mirka Januszkiewicz, Director, Waste Management, Works Department; and Mary Simpson, Director, Financial Planning and Purchasing, Finance Department, re: 2019 Solid Waste Management Servicing and Financing Study (2019-COW-3) [Item 6.2 C)]

**5. Correspondence**

**6. Reports**

- A) Provincial Consultation on Increasing Housing Supply in Ontario ([2019-COW-1](#))
- B) 2019 Transportation Servicing and Financing Study ([2019-COW-2](#))

3 - 35

See Enclosed Booklet

C)	2019 Solid Waste Management Servicing and Financing Study ( <a href="#">2019-COW-3</a> )	36 - 76
D)	2019 Regional Social Housing Servicing and Financing Study ( <a href="#">2019-COW-4</a> )	77 - 103
E)	Durham Region Comments on the “Preserving and Protecting our Environment for Future Generations A Made-in-Ontario Environment Plan” ( <a href="#">2019-COW-5</a> )	104 - 118
F)	Durham’s Response to Bill 66, Restoring Ontario’s Competitiveness Act, 2018 ( <a href="#">2019-COW-6</a> )	119 - 135

**7. Confidential Matters**

There are no confidential matters to be considered

**8. Other Business**

**9. Adjournment**

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## The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Commissioner of Planning and Economic Development, Commissioner of Finance, and Commissioner of Social Services  
Report: [#2019-COW-1](#)  
Date: January 16, 2019

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**Subject:**

Provincial Consultation on Increasing Housing Supply in Ontario

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**Recommendations:**

That the Committee of the Whole recommends to Regional Council:

- A) That Report #2019-COW-1 be endorsed and submitted to the Ministry of Municipal Affairs and Housing as Durham Region's response to Environmental Bill of Rights Registry #013-4190 regarding Increasing Housing Supply in Ontario, including the following key comments and recommendations:
- i. that the Province account for all factors impacting housing affordability in their action plan, including but not limited to, land costs, construction costs, housing demand by type, real interest rates, availability of mortgage financing, speculation, income levels, consumer confidence, government regulations and broader economic conditions. A narrow focus on supply is expected to produce only a limited set of options and potential solutions;
  - ii. that the Province recognize that all levels of government need to work in consultation together to develop solutions that achieve housing affordability, while respecting the limited revenue options for municipalities to recover the costs of infrastructure;
  - iii. that the Province work with the federal government to increase the total funding available for the development of affordable rental units and take

additional measures to provide direct support for low to moderate income households to make rental housing more affordable;

- iv. that the Province respect the following when making decisions that may impact municipal revenues:
  - a. the Development Charge framework is a cost recovery mechanism for growth-related infrastructure;
  - b. That there are many factors that determine the cost of housing and development charges represent a relatively small component of overall housing costs;
  - c. development charges are the primary fiscal tool available to municipalities to fund growth-related infrastructure;
  - d. there should be flexibility for municipalities that wish to use development charges as a tool to promote a certain type or area of development in line with local circumstances (for example, Durham Region Council passed a new development charge by-law in June 2018 with modifications to promote the development of secondary units, infill apartment units and social and affordable housing);
  - e. increases in development charges are driven by general cost escalation, and new provincial legislation and regulations;
  - f. economic growth in the housing sector relies on municipal investment in infrastructure required to service land. Any discount or waiver of municipal development charges may defer these municipal investments in infrastructure needed to accommodate future development;
  - g. municipal investment in infrastructure contributes to economic growth and job creation via the purchase of material and utilization of contractors to improve the road, water supply, sanitary sewerage, police, paramedic and transit infrastructure;
  - h. any discount or waiver of municipal development charges would undermine the concept of “growth-pays-for-growth” and would continue to impact housing affordability, as one-time growth-related costs would be passed on to existing and future homeowners and businesses through higher property taxes and user rates on an ongoing basis to fund the municipal revenue shortfall, as well as delay servicing; and
  - i. there is no mechanism to ensure that any reduction in

development charges will be reflected in lower housing prices.

- v. that the Province maintain the Non-Resident Speculation Tax and consider increasing the rate above the current 15% as another way to further control increases in home prices in the future if necessary;
- vi. that the Province reaffirm its commitment to extend GO Rail service to Bowmanville and build the critical infrastructure along the Lakeshore East GO line, including new stations in Oshawa, Courtice and Bowmanville;
- vii. that the Province allow municipalities to have discretion to determine what actions to take, including implementing financial and planning tools to increase housing supply where it is needed;
- viii. that the Province consider further changes to the Building Code to make it less onerous for developers to rough in secondary units during the construction of new homes, without compromising the safety of future residents.
- ix. that the Province maintain rent control and vacancy decontrol for all rental housing units, but review rent control guidelines and caps to be more reflective of actual operating costs such as maintenance, property taxes, heat and electricity rates.
- x. that the Province increase resources at the Landlord and Tenant Board (LTB) and make further process improvements, including:
  - a. Allowing landlords to pursue unpaid utility arrears and related costs at the LTB;
  - b. Encouraging mediation as a first step in LTB action;
  - c. Providing for dedicated mediation resources at the LTB to support smaller landlords;
  - d. Requiring tenants to disclose to the landlord any issues they intend to raise at rental arrears eviction hearings and provide reasonable time for the landlord to address these issues;
  - e. Allowing a stay of eviction only if all arrears have been paid; and
  - f. Simplifying LTB forms so landlords and tenants can better understand rights, responsibilities and LTB processes.

- xi. that the Province consider the following when evaluating innovative housing options:
  - a. Shared ownership - Government investment in shared ownership will not increase the housing supply or otherwise contribute to a social benefit. Shared ownership has always been permissible.
  - b. Shared equity models, such as Trillium Housing, have a second mortgage tied to appreciation which is repayable when the property is sold, or when the mortgage is refinanced.
  - c. Shared rental – roommate matching services should be operated outside of landlord or municipal government environment.
  - d. Investing in the non-profit housing sector will provide affordable units in perpetuity through funding of financial incentives to offset development costs, regeneration initiatives, and operational subsidies to support reduced rents.

B) That a copy of Report #2019-COW-1 be forwarded to Durham's area municipalities.

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## **Report:**

### **1. Purpose**

- 1.1 The Ministry of Municipal Affairs and Housing (MMAH) has requested comments on the [Increasing Housing Supply in Ontario](#) consultation document, detailed in the Environmental Bill of Rights Environmental Registry posting ([EBR Posting 013-4190](#)).
- 1.2 The commenting window for the consultation document closes on January 25, 2019. To meet this deadline, staff recommends that Committee's report and recommendations be forwarded to MMAH following Committee of the Whole on January 16, 2019. A cover letter will indicate that the recommendations will not be ratified by Regional Council until January 30, 2019 and that the Regional Clerk will notify the Ministry of Council's decision at that time.

- 1.3 The purpose of this report is to provide an overview of the provincial consultation and the Region's comments on Increasing Housing Supply in Ontario (refer to Attachment #1).

## **2. Background**

- 2.1 The Increasing Housing Supply in Ontario consultation document states that strong demand and limited supply in Ontario has resulted in rapidly rising housing costs over the last few years. The Province proposes to develop an action plan to address barriers to new housing supply, which it assumes will address cost issues and in turn affordability.
- 2.2 Since the consultation document is principally concerned with housing supply, it does not cover initiatives specifically related to community housing (e.g. social and supportive housing), other factors that affect affordability, nor does it define affordability. This will limit the effectiveness of the action plan in stimulating affordable housing development as defined by the Provincial Policy Statement (PPS) and as required through the Regional Official Plan and Growth Plan.
- 2.3 The terms 'affordable' and 'housing affordability' are used in a general sense in the consultation document; whereas 'affordable housing' is specifically defined in the PPS for both ownership housing and rental housing. 'Affordable housing' is defined as the least expensive of 30 per cent of household income, or 10 per cent below market price of a resale home (in the case ownership) or average market rent (in the case of rental). The definition of 'affordable housing' is often criticized for being too narrow and not reflective of what many consider to be affordable.
- 2.4 The consultation document is organized into five broad themes as provided below:
- 1) Speed: It takes too long for development projects to get approved.
  - 2) Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.
  - 3) Cost: Development costs are too high because of high land prices and government-imposed fees and charges.
  - 4) Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected.
  - 5) Innovation: Other concerns, opportunities and innovations to increase

housing supply.

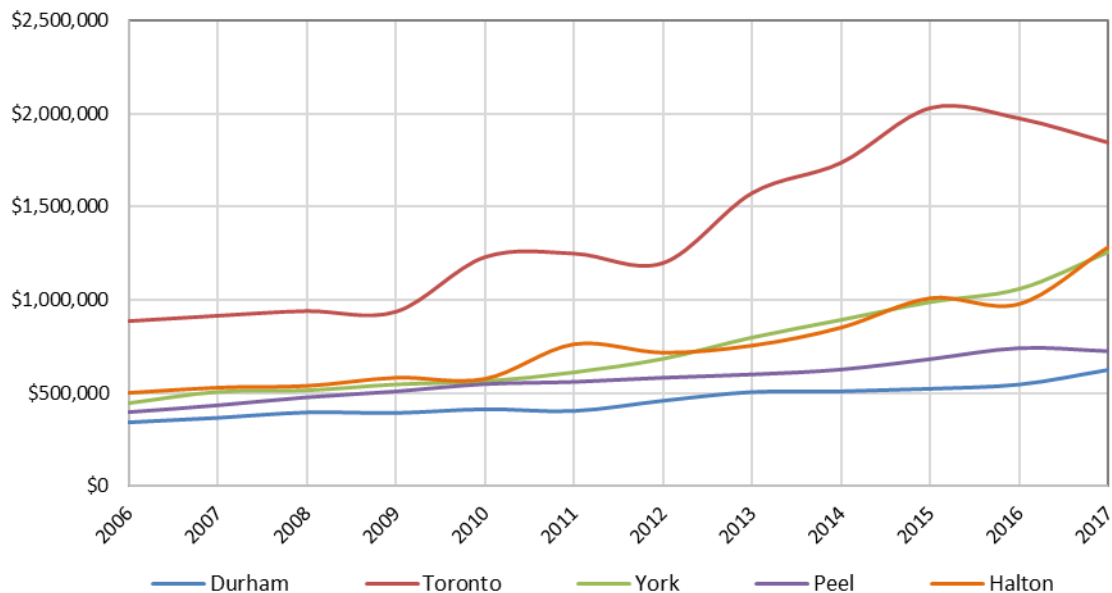
### **3. Background on the GTA Housing Market**

#### **The Ownership Market**

- 3.1 Since the late 1990s, the ownership housing market in the GTA has been very strong. After the region recovered from a housing boom of the late 1980s and subsequent decline of the early 1990's, pent-up demand fueled residential construction in the early 2000's. Mortgage amortizations were extended in 2007, which made monthly payments less expensive for homebuyers, and further stimulated demand.
- 3.2 Demand for housing was depressed for a short period due to the American financial crisis in late 2008, but the response of central banks to drop interest rates to historic levels made borrowing costs lower and home prices resumed their ascent by the end of 2009.
- 3.3 Since 2008, home prices in the GTA have more than doubled. Tight housing supply and strong demand have contributed to escalating home prices across Ontario, and particularly in the GTA. Housing affordability has become a concern for federal, provincial and municipal governments.
- 3.4 Supply is only one of many factors that contributed to deteriorating affordability in the GTA housing market. Historically low interest rates, the extension of mortgage amortizations, a relatively strong economy and market speculation (both foreign and domestic) have increased the demand for housing.
- 3.5 Home prices in the GTA have risen significantly over the last decade. Durham has historically offered lower priced housing options when compared to elsewhere in the GTA, although elevated home prices are still a concern.



Figure 1  
New Single Detached Home Prices in the  
GTA



- 3.6 Since 2008 when mortgage rates fell in response to the recession, resale home prices in Durham have increased 115% (7.2% per year). Similarly, across the GTA average prices have increased by 108% (6.9% per year) over that period.<sup>1</sup>
- 3.7 In January 2018, federally regulated mortgage rules were further tightened to require that all mortgage applicants (including those who had a down payment of 20 per cent or more) be required to pass a stress test to ensure that applicants could handle their mortgage payments if rates increased. These and other measures were introduced nationally to address increased debt-to-income ratios.
- 3.8 On December 6, 2018, Bank of Canada Governor Stephen Poloz affirmed that, "Interest rates have been extraordinarily low for an extraordinarily long time. The inevitable result has been strong demand for housing, rising house prices and an accumulation of household debt."<sup>2</sup>
- 3.9 Market speculation has also increased demand for housing in the GTA in recent years. During the first three months in 2017, investors made up over 16.5% of all low-rise home purchases in the GTA. By comparison, the proportion of sales by

1 Toronto Real Estate Board - Market Watch, average annual resale home prices

2 Bank of Canada Year-End Economic Progress Report, December 6, 2018

investors was closer to 8% in 2012.<sup>3</sup>

Figure 2  
Interest Rates vs. GTA Resale Prices



**3.10 In order to arrive at an effective set of solutions to address housing affordability, it is recommended that the Province account for all factors impacting housing affordability in their action plan. A narrow focus on supply is expected to produce only a limited set of options and potential solutions.**

3.11 At the peak of home price appreciation in 2017, the Province introduced a new 15% Non-Resident Speculation Tax (NRST) to mitigate the influence of foreign ownership in the Greater Golden Horseshoe (GGH) housing market. Similar to British Columbia, which introduced its own foreign buyers tax in 2016, Ontario's housing market cooled off for a short period of time. Between April 2017 and April 2018, the average price of a resale home in the GTA decreased from \$920,791 to \$804,584 (down 12.6%)<sup>4</sup>.

**3.12 It is recommended that the Province maintain the Non-Resident Speculation Tax and consider increasing the rate above the current 15% as another way to further control increases in home prices in the future if necessary.**

3.13 The ownership housing market appears to have stabilized over the last two years. From November 2017 to November 2018, the average price of a resale home in the

<sup>3</sup> Realosophy Special Report – A Sticky End, April 2018

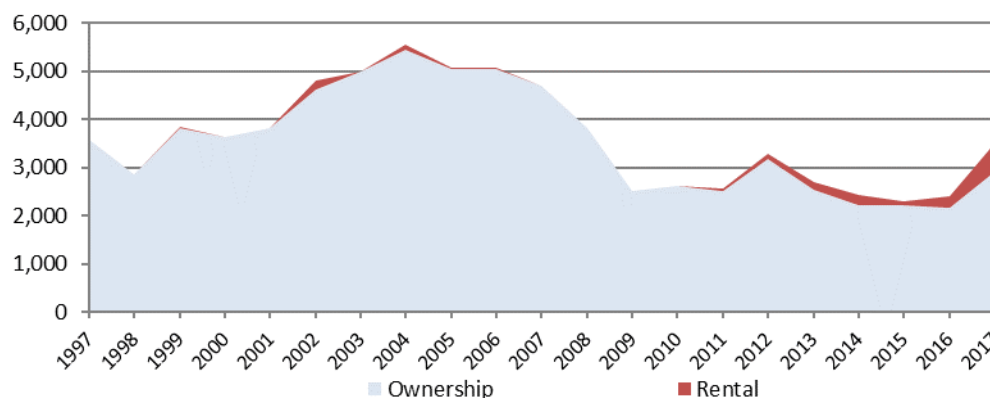
<sup>4</sup> Toronto Real Estate Board - Market Watch, average monthly resale home prices

GTA increased by 3.5% from \$761,757 to \$788,345.

## The Rental Market

- 3.14 The development of private purpose-built rental accommodations has decreased significantly across Ontario since the early 1970s, largely due to changes in tax incentives for developers and the rise of ownership condominium development.
- 3.15 Federal funding for new social and affordable rental housing began to diminish in the mid 1980s and was ended in 1993. Following an increase in affordable housing construction in the mid 1980s to early 1990s, the Province ended its funding for new construction in 1995.
- 3.16 In 1997, the Provincial government eliminated rent control for units built after 1991 in order to stimulate new rental housing development, but this was largely ineffective.
- 3.17 There has been a decline in the construction of purpose-built rental housing in Durham Region since the 1980s and very little rental housing has been developed in the last two decades. Between 1997 and 2017 only 2.3% of housing completions consisted of rental units.

Figure 3  
Housing Completions in Durham

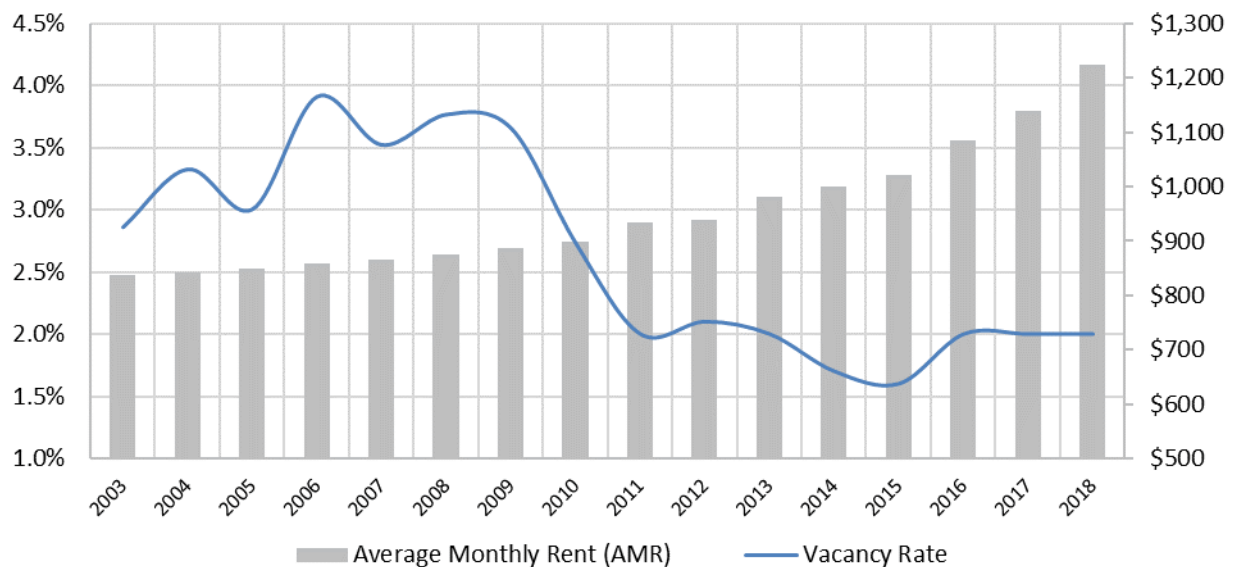


- 3.18 The last five years has seen a slight increase in rental supply, particularly in luxury rentals where rents are more than double the average market rent in the region. Much of the new affordable units developed since the mid 2000s have been as a result of federal-provincial investment programs.
- 3.19 About 36 per cent of renters in Durham are housed in the secondary market (e.g.

second suites, private condominiums for rent), but there is limited information about the suitability and affordability of these units.

- 3.20 Rental vacancy rates in Durham have declined significantly in the last ten years. The vacancy rate has remained close to 2 per cent or lower since 2011 and monthly rents are beginning to increase significantly.

Figure 4  
Vacancy Rates vs. Average Monthly Rent



- 3.21 In 2017, the Province introduced the Fair Housing Plan that expanded rent control to units built after 1991, funded a \$125M development charge rebate program, and reduced multi-residential tax rates for new developments. The development charge rebate program was subsequently cancelled in late 2018, and the Province has since announced its intention to eliminate rent control for new rental units built after November 2018.

- 3.22 Most renters in Durham have low to moderate income, and there is a gap between the rent they can afford to pay, and the rents required to support the cost of new rental housing development/investment.

- 3.23 Since 2005, the Region of Durham has leveraged approximately \$63 million in federal and provincial funding for the development of affordable housing. This has resulted in construction of 549 new affordable rental units, an average of 30.5 units per year. Given that there are over 7,000 households on the Durham Access to Social Housing waitlist for affordable housing, additional investment is needed from

both the federal and provincial levels of government to create additional affordable rental units.

- 3.24 It is recommended that the Province work with the federal government to increase the total funding available for the development of affordable rental units and take additional measures to provide direct support for low to moderate income households to make rental housing more affordable.**

#### **4. Provincially Identified Barriers to New Housing Supply**

- 4.1 The following are staff's comments on the five themes identified in the Province's consultation document.

##### **Theme 1 – Speed**

- 4.2 The Province has requested input on how to streamline the development approval process while balancing competing interests and protecting the public interest.
- 4.3 In 2016, the Region's Affordable and Seniors' Housing Task Force was established to identify strategies that support the creation and maintenance of affordable rental and seniors' housing as set out in the Region's Community Strategic Plan, the Regional Official Plan, and At Home in Durham, the Durham Housing Plan 2014-2024. On November 8, 2017, Regional Council endorsed 34 Recommendations including 2 that address streamlining development approvals and improving process certainty.
- 4.4 Consistent with Recommendation 2-3 of the Task Force Report, the Region is engaged with municipal partners, to improve certainty and to advance affordable rental and seniors' housing projects, where opportunities exist.
- 4.5 Recommendation 2-4 encourages local municipalities to improve process certainty. The Region supports municipalities that are considering the adoption of a Community Planning Permit System, and other opportunities for concurrent review and approval of official plan amendments, zoning by-laws and site plans.
- 4.6 Municipalities are working with the development industry to balance the requirements for development approvals and market supply through expediting processes, implementing one window comment procedures, streamlining the circulation process, and working with agency partners.
- 4.7 Municipalities will continue to implement electronic tracking of applications and

moving towards electronic plan submission so that real time information can be provided.

- 4.8 Other examples of efforts in Durham that have made the development approvals more efficient and provide greater process certainty include the following:
- a. The Region has streamlined the site contamination review protocol to provide flexibility in certain circumstances.
  - b. The Region has updated the Memorandum of Understanding with its five conservation authorities to clarify roles and responsibilities.
  - c. Examples of current area municipal initiatives to expedite priority projects includes the establishment of dedicated review teams to streamline the review of major mixed-use projects as well as expedited site plan and building approval processes for specific priority projects.
- 4.9 Many time-consuming development approvals matters are related to provincial agencies such as; Ministry of Natural Resources and Forestry (Species at Risk approvals, construction windows for tree removal and instream works), Ministry of Environment Conservation and Parks (Environmental Assessment Part 2 order requests, Environmental Compliance Approval for Storm Water Management facilities), and Ministry of Transportation (submission response times).
- 4.10 It is recommended that the Province consider increasing provincial staff budgets to expedite provincial reviews related to development approvals. Furthermore, the Province should consider scoping provincial requirements in such a way that will not have a negative effect on the natural environment.**

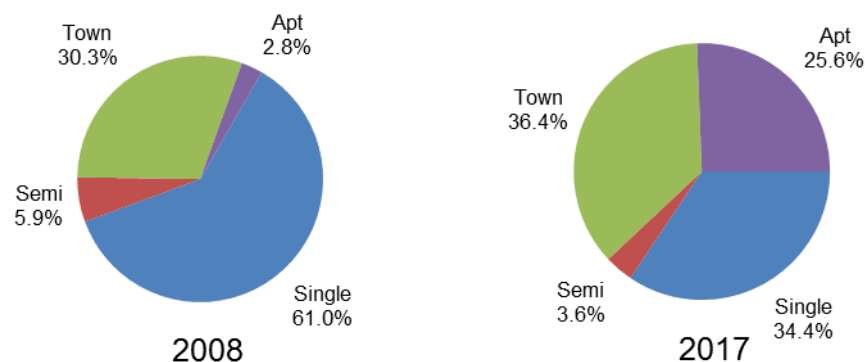
## **5. Theme 2 – Mix**

- 5.1 In the consultation document, the Province states that concerns have been raised regarding restrictions on what can be built to get the right housing mix where it is needed.
- 5.2 In Durham, there is a healthy supply of land that is suitably designated for residential development. To conform with the Growth Plan, the Region expanded its settlement area boundaries through ROPA 128 to accommodate 960,000 people. At the end of 2018 the Region's population was approximately 690,000.
- 5.3 At the end of 2017 there were 375 active applications, for a total of 24,159 potential

units, that were either Draft Approved or “In Process” (application received but not yet draft approved)<sup>5</sup>. Additionally, new residential units may be created through Site Plan, Part Lot Control and building permits issued for accessory apartments.

- 5.4 Through the next decade and beyond, large areas of appropriately designated land will be developed including: Seaton in Pickering; Brooklin in Whitby; Kedron and Columbus in Oshawa; and Bowmanville East and West Urban Centres, and Brookhill in Clarington. Additionally, the Region can expect significant growth through intensification across its built-up areas.
- 5.5 The Growth Plan stipulates that 40 per cent of new units be developed within the built-up area. In the last two years, approximately 50 per cent of all residential building permits issued in Durham were for new units within the built-up area.
- 5.6 New housing forms are needed within existing neighbourhoods that support transit while maintaining the qualities that make these communities desirable places to live. This includes a balanced mix of more medium density forms of development such as townhouses and low-rise apartments that can bring gentle density to established communities. Secondary units can also add density to stable neighbourhoods.
- 5.7 Durham is making progress to support higher density, mixed communities in line with the ROP and Growth Plan. In the last ten years, the overall housing mix has shifted from 61 per cent single-detached homes and 2.8 per cent apartments to 34.4 per cent singles and 25.6 per cent apartments.

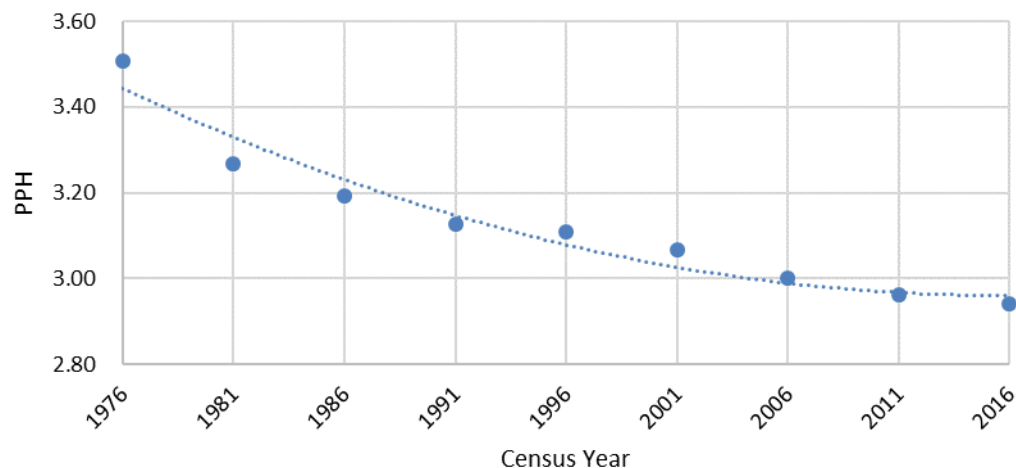
Figure 5  
Building Permits for New Residential Units in Durham



- 5.8 Over time there has been a trend toward fewer people per household in Durham.

Whereas in the past, most households required larger homes with multiple bedrooms, now many households can be accommodated in smaller units within higher density housing, in locations well-served by existing amenities.

Figure 6  
Persons Per Household in Durham



- 5.9 Smaller households can be accommodated in higher density residential developments within centres and corridors well served by transit, which will contribute to more housing supply and greater choice for residents.
- 5.10 **In order to accommodate more growth opportunities through transit supportive intensification in Durham, it is recommended that the Province reaffirm its commitment to extend GO Rail service to Bowmanville and build the critical infrastructure along the Lakeshore East GO line, including new stations in Oshawa, Courtice and Bowmanville. The area around these stations are “Major Transit Station Areas”, where much of the Region’s growth to 2041 will be directed.**

#### Affordable Rental Housing

- 5.11 A healthy housing mix should include a better balance between home ownership and rental tenure. There is a need to create more purpose-built rental housing in Durham Region, as demand is far outpacing supply. This is particularly true for affordable rental housing as costs have increased well above inflation and income growth over the past decade.
- 5.12 However, most renters in Durham lack the income to drive demand for new market rental development. They face more affordability issues and have fewer housing



options than homeowners.

- a. On average, renters have less than half the income of owners.
- b. Only about 51% of renters in Durham can afford CMHC average market rent, and about 63% are receiving Ontario Works or ODSP.
- c. Rental affordability is particularly acute for single non-seniors, who are often provisionally accommodated (i.e. in temporary accommodation or lacking security of tenure) and are increasingly using emergency shelters.

5.13 The Region recently completed a survey for online rental listings in Durham. In total, 833 rental listings were surveyed across all eight local municipalities in Durham through September and October of 2018. The results of the survey indicate that an average one-bedroom apartment in Durham is listed for \$1,518 – far more than the posted CMHC average market rent of \$1,153.

5.14 The gap between what the average renter can pay, and the cost of development means developers need assistance to make new rental housing profitable (e.g. through land, up-front capital costs for development, reduced municipal charges, or through other incentives). However, these costs would need to be offset by other funding sources, normally collected by municipal or upper tier levels of government through property taxes or user rates.

5.15 In 2018, the Region approved a new development charge by-law with changes to promote secondary units, infill apartment developments and social and affordable housing development as follows:

- a. A new service category in the Development Charge By-law was established to fund capital costs for new social and affordable housing development owned by the Region or by a third-party developer in receipt of federal or provincial affordable housing funding. This fund will collect \$387 for every single-detached dwelling built in Durham.
- b. The Development Charges Act provides exemptions of up to two additional residential units within an existing residential unit; however, the new units must be attached to the existing unit. This exemption from development charges was broadened to include additional units that are not attached to the primary residence but are on the same site so as to encourage innovative affordable housing options as suggested in the Affordable and Seniors' Housing Task Force recommendations.

- c. The definition of apartment was modified to include single storey dwelling units within or above a garage or commercial use in the Region's new DC By-law in order to address the affordability of infill apartment developments. The previous definition of apartment restricted it to units which are in an apartment building that consists of a minimum of three dwelling units with a common entrance to grade. Therefore, a unit within or above a garage or commercial use would not have previously qualified as an apartment and would be subject to the medium density multiple development charge rate, which is more than double the rate for a one bedroom or smaller apartment.
  - d. The collection of development charges for social and government assisted affordable housing units which generally occurs at the time of building permit issuance are deferred up to 18 months from the date of the first building permit. The purpose of the deferral is to help alleviate cash flow challenges these, often not-for-profit, developers have when constructing social or government-assisted affordable housing projects and to align the payment of development charges with timing of associated grant payments.
- 5.16 Affordable rental housing in the Region is largely made up of social housing and some units that have received funding through provincial and federal funding programs such as Affordable Housing Program and Investment in Affordable Housing (AHP/IAH). There is no mention made in the consultation document on reinstating the provincial role or enhanced funding to support the development of affordable rental or social housing.
- 5.17 Other solutions to make housing more affordable for tenants are the Regional rent supplement and a Canada Housing Benefit to be provided by the federal government as part of the proposed National Housing Strategy. However, such forms of financial housing assistance will have limited effect in markets like Durham, which have a low rental supply and low vacancy rates.
- 5.18 **It is recommended that the Province allow municipalities to have discretion to determine what actions to take, including implementing financial and planning tools to increase housing supply where it is needed. Any measures taken to increase supply in the housing market should be designed to address local needs. In Durham there is a significant need for affordable rental housing.**
- 5.19 Although secondary units such as basement apartments and garden suites can be a source of affordable rental housing, there is no guarantee of continued rental use or rental affordability. Although the Province has regulated that secondary units in existing and new residential units are exempt from development charges, further

incentives for secondary units will not guarantee rental use or rental affordability.

- 5.20 It is recommended that the Province consider further changes to the Building Code to make it less onerous for developers to rough in secondary units during the construction of new homes, without compromising the safety of future residents.**

## **6. Theme 3 – Cost**

- 6.1 There are many factors that influence the cost of housing. Land costs, construction costs, housing demand by type, location, real interest rates, the availability of mortgage financing, speculation, income levels, consumer confidence, government policy, regulations and broader economic conditions influence housing prices. The Province articulates in the consultation document that government-imposed costs, such as development charges, make it more difficult and expensive to develop new housing.
- 6.2 Development charges are a small component of overall housing costs but enable significant investments in local communities and infrastructure. With respect to government-imposed fees, there are few fiscal tools available to municipalities, including user rates, municipal land transfer taxes and development charges. Municipalities alone cannot bear brunt of development costs to incentivize development. The Region's portion of development charges for a single-detached home is \$29,274, or 4% of an average new home<sup>6</sup>.
- 6.3 If municipalities discount or waive development charges, cost-effectiveness and housing affordability would still be impacted, as follows:
- a. One-time growth-related costs will increase the burden on all other property taxpayers and user rate payers and will be passed on to existing and future homeowners and businesses through higher taxes and user rates on an ongoing basis to fund the shortfall.
  - b. There would be no guarantee that a discount in development charges would be reflected in the form of lower housing prices, as it would be difficult to ensure that developers pass any of these reductions on to the homeowner or renter.

- c. The lack of dedicated funding to finance growth capital servicing will require growth capital projects to compete for funding and will likely delay servicing.
- 6.4 Any government investment in affordable rental housing should provide a social benefit over the long-term. This is especially true of municipal investments given that local governments have limited capacity to raise revenues to meet community needs.
- 6.5 The following analysis provides the financial impact on Durham's user rates and property taxes, if development charge funding were not available.

#### Debt

- 6.6 There is currently an estimated \$65 million in outstanding water and sewer debt to be repaid from development charges.
- a. The debt servicing costs for sewers for 2019 is \$13 million, to be repaid by development charges. Without development charge funding, a sanitary sewer user rate increase of approximately 13 per cent would be required to fund these ongoing debt obligations.
  - b. The debt servicing costs for water is \$0.5 million per year to be repaid by development charges. This would require a 0.5% increase in water rates.
- 6.7 There is an additional \$355 million in potential debenture financing over 2019 – 2028 forecasted to be repaid from development charges related to water supply and sanitary sewerage services.

#### Roads Capital Program

- 6.8 Based on the last three years, development charge funding provides approximately \$35 million in annual funding towards the roads growth-related capital program. Without this development charge funding, this would need to be financed through property taxes. A property tax increase of nearly 6 per cent would be required to fund this shortfall.

#### Water Supply and Sanitary Sewer Capital Program

- 6.9 Based on a recent 10-year forecast, approximately \$500 million in development charge funding will be required to finance the water supply growth related capital program and over \$200 million for the sanitary sewerage capital program. Without development charge funding, the growth-related capital programs would be re-examined and reprioritized in accordance with the financial resources available.

- 6.10 Significant increases in water supply and sanitary sewerage user rates would be required, likely resulting in the delay of growth-related capital projects required to support future development (residential and non-residential).
- 6.11 Without development charge funding for growth related capital projects the supply of serviced land would be restricted, which may drive up the cost of land for future development.

#### Other Services

- 6.12 The Region also collects development charges for other services (Police, Paramedics, Health and Social Services, Social Housing, Long-Term Care and Regional Transit) to assist in financing the growth-related cost of facilities and vehicles. The 2017 Transit DC Study and 2018 Regional DC Study identified approximately \$260 million in capital costs to be funded from development charges over the next ten years. These costs would have to be financed through property taxes and/or higher user fees (for transit) if development charge funding was not available.

#### Front-Ending Agreements

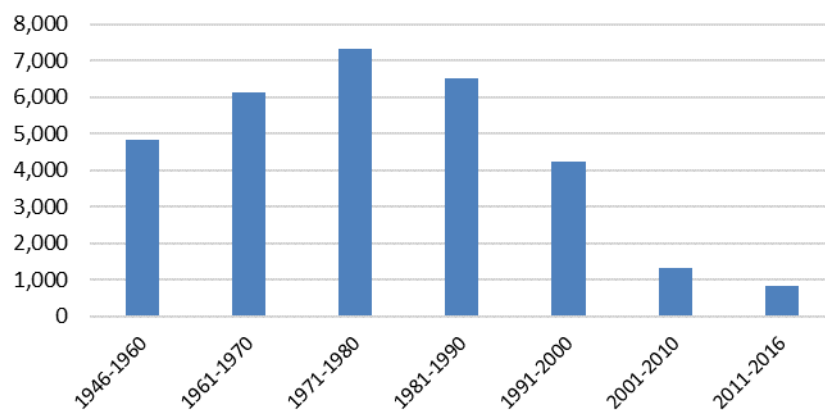
- 6.13 The Region has executed two front-ending agreements with the Seaton Landowners Group and the West Whitby Landowners Group, which are in effect currently. Under these agreements, the landowners are committed to front-end a significant amount of capital costs in return for development charge credits as they develop their lands. The West Whitby landowners are front-ending an estimated \$40 million, and the Seaton landowners are expected to front-end an estimated \$300 million for which they will both be entitled to DC credits. There would be no mechanism for landowner groups to recover their costs if development charges were no longer in force.
- 6.14 It is recommended that the Province respect the following when making decisions that may impact municipal revenues:**
- a. The Development Charge framework is a cost recovery mechanism for growth-related infrastructure;**
  - b. That there are many factors that determine the cost of housing and development charges represent a relatively small component of overall housing costs;**
  - c. Development charges are the primary fiscal tool available to municipalities to fund growth-related infrastructure;**

- d. There should be flexibility for municipalities that wish to use development charges as a tool to promote a certain type or area of development in line with local circumstances (for example, Durham Region Council passed a new development charge by-law in June 2018 with modifications to promote the development of secondary units, infill apartment units and social and affordable housing);**
- e. Increases in development charges are driven by general cost escalation, and new provincial legislation and regulations;**
- f. Economic growth in the housing sector relies on municipal investment in infrastructure required to service land. Any discount or waiver of municipal development charges may defer these municipal investments in infrastructure needed to accommodate future development;**
- g. Municipal investment in infrastructure contributes to economic growth and job creation via the purchase of material and utilization of contractors to improve the road, water supply, sanitary sewerage, police, paramedic and transit infrastructure;**
- h. Any discount or waiver of municipal development charges would undermine the concept of “growth-pays-for-growth” and would continue to impact housing affordability, as one-time growth-related costs would be passed on to existing and future homeowners and businesses through higher property taxes and user rates on an ongoing basis to fund the municipal revenue shortfall, as well as delay servicing; and**
- i. There is no mechanism to ensure that any reduction in development charges will be reflected in lower housing prices.**

## **7. Theme 4 – Rent**

- 7.1** The consultation document indicates that it is difficult for tenants to find rental housing that is affordable and meets their needs. It states that many landlords find that the Residential Tenancies Act (RTA) make it challenging to be a landlord and cites this as a barrier to new housing supply.
- 7.2** In 1997, rent control was eliminated for units built after 1991 to increase the rental housing supply. This exemption did not result in increased rental development. In Durham, rental development has been in steady decline since the 1980s.

Figure 7  
Rental Housing Construction



- 7.3 In 2017, the Province extended rent control to post-1991 development projects. At that time, almost 80% of the current rental housing stock in Durham was already subject to rent controls (consistent with Ontario at 80%).
- 7.4 The government is now proposing to exempt rental units built after November 2018, similar circumstances to the 1997 changes that did not result in increased development.
- 7.5 Rent control provides protection against economic evictions and unreasonable rent increases aimed at removing tenants without due process. There is a need to balance this with the ability of landlords to raise enough revenue to support maintenance and repair.
- 7.6 Landlords need to be able to increase revenue (rents) in line with increased operating costs. The current alignment of rent control guidelines with the Consumer Price Index (CPI) is too broad to be effective.
- 7.7 Vacancy decontrol (the ability to increase rents at turnover) should be maintained to support capital improvements and rental housing stock regeneration.
- 7.8 **It is recommended that the Province maintain rent control and vacancy decontrol for all rental housing units, but review rent control guidelines and caps to be more reflective of actual operating costs such as maintenance, property taxes, heat and electricity rates.**
- 7.9 The Landlord and Tenant Board (LTB) was introduced in 1997 to adjudicate landlord and tenant disputes. The LTB is currently under-resourced, resulting in long delays.

A better resourced LTB would improve the system for both landlords and tenants.

**7.10 It is recommended that the Province increase resources at the LTB and make further process improvements, including:**

- a. Allowing landlords to pursue unpaid utility arrears and related costs at the LTB;**
- b. Encouraging mediation as a first step in LTB action;**
- c. Providing for dedicated mediation resources at the LTB to support smaller landlords;**
- d. Requiring tenants to disclose to the landlord any issues they intend to raise at rental arrears eviction hearings and provide reasonable time for the landlord to address these issues;**
- e. Allowing a stay of eviction only if all arrears have been paid;**
- f. Simplifying LTB forms so landlords and tenants can better understand rights, responsibilities and LTB processes.**

**8. Theme 5 – Innovation**

8.1 The consultation document invites creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing.

8.2 The Affordable and Seniors' Housing Task Force Recommendation 2.11 encourages innovative forms of housing, including pocket housing, garden suites, secondary units, as well as innovative forms of tenure, including co-ownership and life-lease housing.

**8.3 It is recommended that the Province consider the following when evaluating innovative housing options:**

- a. Shared ownership - Government investment in shared ownership will not increase the housing supply or otherwise contribute to a social benefit. Shared ownership has always been permissible.**
- b. Shared equity models, such as Trillium Housing, have a second mortgage tied to appreciation which is repayable when the property is sold, or when the mortgage is refinanced.**
- c. Shared rental – roommate matching services should be operated outside of landlord or municipal government environment.**
- d. Investing in the non-profit housing sector will provide affordable units in**



**perpetuity through funding of financial incentives to offset development costs, regeneration initiatives, and operational subsidies to support reduced rents.**

## **9. Conclusion**

- 9.1 The Province has issued a consultation document to inform the development of an action plan to increase housing supply and make housing more affordable in Ontario.
- 9.2 The consultation document is principally concerned with increasing housing supply to address affordability. It addresses development approvals, housing supply, development costs, landlord and tenant rights, and innovative housing.
- 9.3 Supply is not the only factor impacting housing affordability. As noted in this report, a myriad of factors, including interest rates, economic conditions and market speculation can affect housing prices and demand. The Province should take additional measures to address demand and provide further support for low to moderate income households to make housing more affordable.
- 9.4 Any measures taken to increase supply should address local housing needs. Furthermore, municipalities should determine if any changes are needed to increase housing supply in their communities.
- 9.5 Municipalities should not be expected to shoulder the cost of increased housing supply, and any government investment should ensure a social benefit (e.g. affordability) over the long term.
- 9.6 Regional staff will be fully engaged in any provincially-led housing initiatives, including all opportunities to provide input through the various stages of provincial consultation. Staff will report back to Committee and Council as consultations and implementation of provincial initiatives progress.
- 9.7 This report was reviewed by Works Department staff.

## **10. Attachments**

Attachment #1: Increasing Housing Supply in Ontario Consultation Document

Respectfully submitted,

Original signed by

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Nancy Taylor, BBA, CPA, CA  
Commissioner of Finance and Treasurer

Original signed by

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Dr. Hugh Drouin  
Commissioner of Social Services

Original signed by

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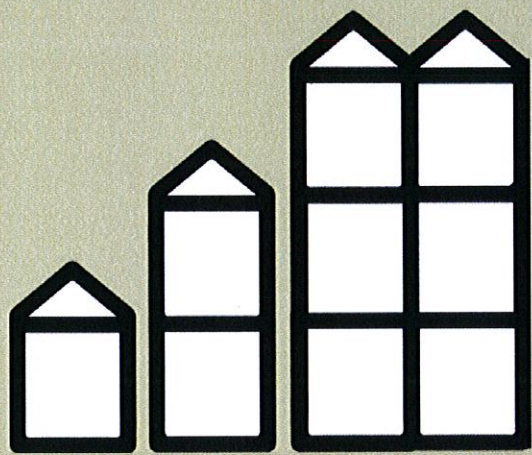
Brian Bridgeman, MCIP, RPP  
Commissioner of Planning and  
Economic Development

Recommended for Presentation to Committee

Original signed by

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Elaine C. Baxter-Trahair  
Chief Administrative Officer



# INCREASING HOUSING SUPPLY IN ONTARIO

Consultation Document



Find out more at:  
[www.ontario.ca/housingsupply](http://www.ontario.ca/housingsupply)



# Increasing Housing Supply in Ontario

## Consultation Document

### About this consultation

A strong demand for housing and limited supply in Ontario has resulted in rapidly rising housing costs over the last few years. In high-growth urban areas, high prices and rents have made it too hard for people to afford the housing they need. High prices also affect other parts of Ontario, including northern and rural communities, where a lack of supply has made ownership more difficult and quality rental housing hard to find.



To help increase the supply of housing in Ontario, the government is developing a Housing Supply Action Plan that will address the barriers getting in the way of new ownership and rental housing.

To inform the Action Plan, the government wants to hear the views of all Ontarians on how to expand the housing supply in Ontario. Your input will provide important information about how we can make it easier for Ontarians to find an affordable place to call home.

Share your ideas by visiting [ontario.ca/housingsupply](https://ontario.ca/housingsupply) or emailing [housingsupply@ontario.ca](mailto:housingsupply@ontario.ca) by January 25, 2019.





# Introduction

Housing is one of the largest cost burdens for households in Ontario, and an imbalance between strong demand for housing and limited supply means these costs have risen dramatically over the last few years. Across Ontario – in both urban and rural communities – high prices and rents have made it hard for people to afford the housing they need.

Creating more housing, of the types and sizes people need, will help make home ownership and renting more affordable and give people more choice.

The government is developing a Housing Supply Action Plan to address the barriers to creating more housing. It will include measures that the Province can take to increase the supply of new ownership and rental housing in Ontario. The Housing Supply Action Plan will support the government's commitment to reduce red tape and make it easier to live and do business in Ontario.



This consultation does not cover initiatives specifically related to community housing (e.g., social and supportive housing). However, the barriers and potential solutions being explored may have a positive impact on community housing providers, such as by either making it easier to develop new housing, or by easing some of the pressure on waitlists.

# Barriers to new housing supply

The government has heard from many individuals and groups that it has become too complicated and expensive to build new housing in Ontario. There are five broad themes:

## 1. Speed: It takes too long for development projects to get approved.

To get a new home from the drawing board to the market, a number of different planning, building and site-specific approvals and permits are needed. These may be required by municipalities, provincial ministries, agencies, utilities, and occasionally federal authorities.

A single housing project may require approvals from many of these entities. Duplication, lack of coordination and delays add burden to the development process and increase costs for builders and homebuyers. Potential appeals of these decisions can add further delays and uncertainty.

The various regulatory requirements and approvals were established to serve specific public interests, policy objectives or government goals. For example, rules and processes exist to ensure the health and safety of residents, protect environmentally and culturally sensitive areas, and support economic development and a vibrant agricultural sector. Efforts to streamline these requirements need to balance these multiple goals.

### What do you think?

- How can we streamline development approval processes, while balancing competing interests and the broader public interest?





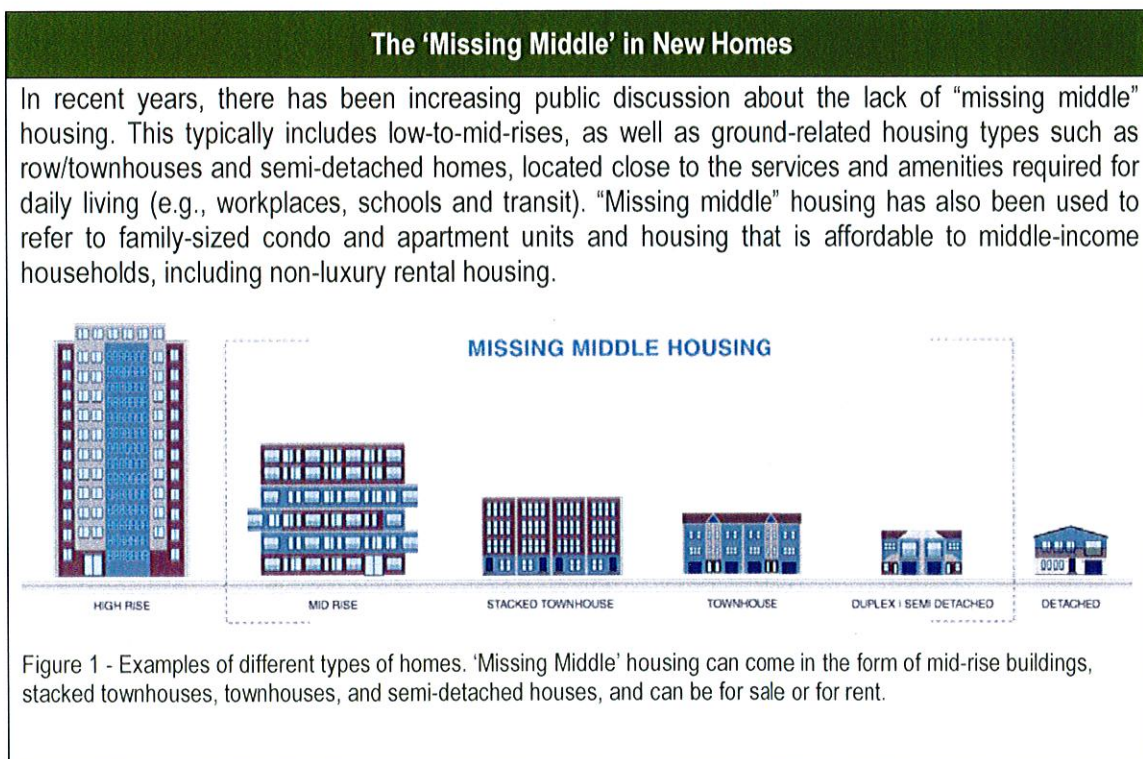
## 2. Mix: There are too many restrictions on what can be built to get the right mix of housing where it is needed.

Many people have pointed out that the mix of housing types being built does not fully reflect what people are looking for, and certain types of housing are not being built where demand is greatest. For example, the government has heard that not enough housing appropriate for families and seniors wishing to downsize is being built near transit, schools, workplaces and amenities.

Market conditions, provincial policies and plans, local planning priorities, and municipal zoning by-laws can all affect the type and location of housing.

Promoting “gentle” density and a mix of housing, and creative re-use of heritage properties and building design ideas can result in more housing, as well as economic and environmental benefits.

The character of some existing neighbourhoods will begin to change as new types of housing are built. The government has heard that plans to make more room for housing also need to respect the existing qualities of these neighbourhoods.



## What do you think?

- How can we make the planning and development system more effective to build the kind of housing people want, and can afford, in the right places with the right supports (e.g., schools, transit and other amenities)?
- How can we bring new types of housing to existing neighbourhoods while maintaining the qualities that make these communities desirable places to live?
- How can we balance the need for more housing with the need for employment and industrial lands?

### 3. Cost: Development costs are too high because of high land prices and government-imposed fees and charges.

New housing development requires access to serviced land (land that has critical infrastructure like water and sewer lines in place). Some people have raised concerns that land prices are driven up because there is a lack of serviced land available for development in locations where people want to live. There have also been debates about how best to pay for that servicing and how to ensure it is done in the most cost-effective manner.

#### Development Charges

Under the Development Charges Act, 1997, municipalities are permitted to levy certain charges on new developments, including housing and commercial developments. These funds are designed to assist municipalities in paying a portion of the costs for growth related services, such as roads, water services, and police and fire services.

Under the Education Act, school boards may also levy education development charges. Education development charges are primarily levied by school boards that cannot accommodate new students in their existing schools and may only be used to purchase and prepare land for future school sites.

Government-imposed costs also make it more difficult and expensive to develop new housing. Examples include municipal and education development charges, planning and building approval fees and federal and provincial taxes.

Rental housing developers have noted that the challenges created by high land prices and government-imposed costs make some of their projects financially unfeasible due to the inability to attract investment capital.

Many of the investments in public infrastructure (e.g., sewer and water services, roads, etc.) needed to support housing development are funded by these fees and charges. There is a need to balance efforts to lower the costs of development with building and maintaining vital public infrastructure.





### What do you think?

- How can we lower the cost of developing new housing while ensuring that funds are available for growth-related infrastructure (e.g., water and sewer systems, fire and police services, schools, roads and transit)?
- How can we make sure that serviced land is available in the right places for housing?

#### 4. Rent: It is too hard to be a landlord in Ontario, and tenants need to be protected.

It is hard for Ontarians to find rental housing that is affordable and meets their needs. In many urban areas, vacancy rates have fallen to historic lows. In northern and rural communities, a long-term shortage of suitable rental units has made it difficult for renters to find a home in their communities.

A rental unit can be an apartment, a house, a condominium unit, a unit in a retirement or care home, or a home in a mobile home park or land lease community.

##### Landlord and Tenant Board

The Landlord and Tenant Board (LTB) is an adjudicative tribunal that is accountable to Ontario's Ministry of the Attorney General, and makes decisions independent of government.

The LTB adjudicates disputes and also provides information to landlords and tenants about their rights and responsibilities under the Residential Tenancies Act, 2006.

Over the past few years, wait times for hearings and orders have increased at the LTB.

In Ontario, rental housing is regulated by the *Residential Tenancies Act, 2006*. This Act establishes rules for landlords and tenants, including rent increase rules. It also establishes the Landlord and Tenant Board, which helps landlords and tenants resolve disputes.

Many small landlords say the Act makes it difficult to be a landlord. On the other hand, tenants have said they need stronger protections against unlawful evictions and poorly maintained rental housing.

Second units, such as basement apartments, are an important part of the rental market and can make better use of existing homes. Yet creating new legal second units is difficult because of government requirements, such as the Building Code and local bylaws/restrictions.

### What do you think?

- How can we make the current system work better for landlords?
- What additional protections should be provided for tenants?
- How do we encourage homeowners to create legal second units and new rental supply?

## 5. Innovation: Other concerns, opportunities and innovations to increase housing supply.

The government is interested in other creative ideas to help increase the supply of housing. Some examples include:

- Innovative forms of homeownership
- State-of-the-art building designs and materials.
- Creative building design ideas to improve the quality of the community.

The government is also interested in hearing your input about other issues that people face when trying to find or afford a home, including issues that new home buyers face.

### What do you think?

- How do we encourage innovation in the building industry while maintaining high standards of safety and efficiency?
- Are there any innovative forms of homeownership (e.g., shared ownership or rent-to-own models) that you feel could help make housing more attainable?
- Do you have any creative ideas to make better use of existing homes, buildings and neighbourhoods to increase the supply of housing?
- What other creative solutions could help increase the supply of housing?
- What type of protections would help new home buyers?





## Your privacy matters

Your privacy is important to us. By participating in this consultation through the online survey or sending your submission, you may be sharing some personal information with the Ministry of Municipal Affairs and Housing. Any personal information collected will be handled according to our [Privacy Statement](#) and used only for research and housing policy development purposes. This information is collected pursuant to section 4 of the Ministry of Municipal Affairs and Housing Act. Questions about the collection of personal information may be directed to:

Director, Market Housing Branch  
Ministry of Municipal Affairs and Housing  
777 Bay Street, 14<sup>th</sup> Floor  
Toronto, Ontario M5G 2E5  
Phone: 416-585-6872  
Email: [housingsupply@ontario.ca](mailto:housingsupply@ontario.ca)



Increasing Housing Supply in Ontario  
[ontario.ca/housingsupply](http://ontario.ca/housingsupply)





## The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Commissioner of Finance and Commissioner of Works  
Report: [#2019-COW-3](#)  
Date: January 16, 2019

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**Subject:**

2019 Solid Waste Management Servicing and Financing Study

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**Recommendations:**

That the Committee of the Whole recommends to Regional Council that the following recommendations be approved:

- A) Whereas the Regional Municipality of Durham's current Long-Term Waste Management Strategy Plan expires in 2020:
- Staff be authorized to commence a process in 2019 to update the Regional Municipality of Durham's Long-Term Waste Management Strategy;
  - A consultant be retained through a competitive procurement process for a two-year assignment to develop and support the consultation and communication components of a Long-Term Waste Management Strategy 2021 – 2040, with the cost of this assignment not to exceed \$200,000, subject to the finalization of the 2019 Solid Waste Management Business Plans and Budgets;
  - Regional Council endorse a vision for the Long-Term Waste Management Strategy 2021 – 2040 that continues and enhances the reduce, reuse, recycle principles and incorporates the vision of waste as a resource as a foundation of the plan.
- B) Staff be authorized to pursue an administrative amendment with the Ministry of Environment, Conservation and Parks (MECP) to revise the existing Environmental Compliance Approval for Durham York Energy Centre (DYEC) processing limit of 140,000 tonnes per year to 160,000 tonnes per year to reduce the need to utilize other disposal options and to optimize the operation of the facility.
- C) Staff be authorized to commence the Environmental Assessment (EA) for the DYEC expansion to process 250,000 tonnes per year, including retaining consulting assistance at a cost not to exceed \$60,000, subject to the finalization of the 2019 Solid Waste Management Business Plans and Budgets.

- D) Whereas the Region's Request for Pre-Qualification 1095-2018 for the receipt, transfer and haulage and processing of organics from the Region's source separated green bin collection program resulted in only one bidder, being Miller Waste Systems, that staff be authorized to enter into negotiations for a sole source contract with Miller Waste Systems for this service, with up to a five-year term and that the Commissioner of Finance, in consultation with the Commissioner of Works, the Region's Solicitor and CAO, be authorized to execute the contract to be funded from the 2019 and subsequent annual Waste Management Business Plan and Budget.
- E) Whereas the Oshawa Waste Management Facility (WMF) has exceeded its design capacity to accommodate the increased users of the site, that staff be authorized through a competitive procurement process to install an additional inbound weigh scale at the Oshawa Waste Management Facility at a cost not to exceed \$100,000 subject to the finalization of the 2019 Solid Waste Management Business Plans and Budgets.
- F) That staff be authorized to retain a consultant to optimize the Oshawa Waste Management Facility to accommodate the future needs of the Region, at a cost not to exceed \$60,000 subject to the finalization of the 2019 Solid Waste Management Business Plans and Budgets.
- G) The 2019 Business Plan and Budget include effective July 1, 2019, a new \$250 per tonne charge for fill material (such as soils, concrete and mixed construction materials) and mixed loads containing fill material at Regional WMFs to manage the fill material received on a full cost recovery basis (a cost \$125 per tonne higher than the current mixed load fee).
- H) Whereas the *Waste Free Ontario Act, 2016* will require changes or replacements to existing program plans and revised agreements for municipalities to participate in the programs for Tires and for Waste Electrical and Electronic Equipment (WEEE), that the Regional Chair and Regional Clerk, in consultation with the Commissioners of Works and Finance, be authorized to amend or replace existing contracts, as applicable, for the Region to be able to participate in the new programs and obtain any available funding.
- I) A consultant be retained to explore alternate beneficial uses and markets for problematic blue box materials (such as glass, plastics and paper) within the Region of Durham at a cost not to exceed \$60,000 subject to the finalization of the 2019 Solid Waste Management Business Plans and Budgets.

**Report:****1. Executive Summary**

- 1.1 For the past twenty years, waste management priorities have been guided by the Long-Term Waste Management Strategy Plan 2000-2020 approved by Regional Council. Most of the plan's goals have been realized and Durham has become a leader in solid waste management.
- 1.2 As the Region moves beyond the timeframes of the previous plan, there is a need to establish goals and objectives for the next 20 years. It is critical to commence an update to the long-term waste management strategy (LTWMS) as the solid waste "world" is changing, resulting in significant impacts to municipalities including the Region. There are new challenges and opportunities with technologies, materials, markets and policies which will impact the Region. These changes will determine what materials are managed and how materials are managed into the future.
- 1.3 To prepare for the future, staff has commenced preliminary work towards the development of a long-term waste management strategy for the years 2021 to 2040. The new long-term waste management strategy will be developed envisioning the creation of programs where waste materials become resources.
- 1.4 The goals of a long-term waste management strategy will include addressing the pressures created by growth and environmental sustainability. Disposal capacity and operational optimization will be required in the near term.
- 1.5 Managing food waste is both a challenge and an opportunity. The promotion and education programs will evolve to ensure there is a focus on changing behaviour and movement towards the reduction of food waste.
- 1.6 **The 2021 to 2040 Long-Term Waste Management Strategy will see the Region manage its solid waste as a resource through innovation and adaptability to enhance environmental sustainability. Promotional and education programs will be a key component for success.**
- 1.7 The Environmental Certificate of Approval (ECA) currently caps the Durham York Energy Centre (DYEC) processing capacity at 140,000 tonnes per year. However, the DYEC was constructed to manage up to 160,000 tonnes per year without any modifications to the infrastructure, processes and services. Amending the ECA permit to allow the DYEC processing of 160,000 tonnes per year is estimated to save up to \$1.3 million in the first year increasing to \$2.1 million in subsequent years, because of increased revenues from electricity and metals, cost avoidance for disposal of bypass waste to landfill and a contractually reduced fee for tonnages processed beyond the Owner delivery obligation of 140,000 tonnes.
- 1.8 The Ministry of Environment Conservation and Parks (MECP) has advised that it will not accept an interim optimization plan for the DYEC without the Regions of Durham and York's commitment to also develop a long-term plan for the DYEC. Therefore, the development of a focused Environmental Assessment (EA) Terms of Reference

for the DYEC long term capacity expansion plan should commence in 2019.

- 1.9 The need for disposal capacity and increased diversion can be addressed through the implementation of a Mixed Waste Pre-sort and Transfer Facility. The Mixed Waste Pre-sort and Transfer facility will remove organic waste from the garbage (single family and multi-residential) and other recyclables. An Anaerobic Digestion facility would process the organic waste to produce a bio-fuel, fertilizer and a soil augmentation. Significant disposal capacity can be created, and diversion targets could be achieved with these systems in place.
- 1.10 Staff will report in 2019, with an update on the waste composition study, potential partnerships and service delivery models for the development of a Regional long-term organics management strategy and related financial implications. Authority to proceed to the RFQ stage for the Mixed Waste Pre-sort and Transfer facility with the Anaerobic Digestion process will be sought.
- 1.11 **Creation of disposal capacity and increasing diversion through optimization and technology will be necessary.**
- 1.12 Recyclable markets will continue to be a challenge and revenues remain uncertain in 2019. Some materials are becoming very difficult to market and revenues have decreased significantly and, in some cases, have become a cost.
- 1.13 **A study to explore alternate uses/markets for problematic materials is required.**
- 1.14 The Oshawa Waste Management Facility has exceeded its manageable capacity due to the significant growth in the area and associated usage of the facility. An optimization study and infrastructure improvements are necessary. An additional inbound scale is required to address congestion and traffic queuing onto Ritson Road. A study on site optimization is proposed.
- 1.15 **Staff will bring forward the study results and recommendations.**
- 1.16 The *Waste Free Ontario Act, 2016* will require the Region to make changes to existing programs and revise agreements to participate in the programs for Tires and Waste Electrical and Electronic Equipment (WEEE). It is recommended the Regional Chair and Regional Clerk, in consultation with the Commissioners of Works and Finance, be given authority to amend or replace existing contracts, as applicable, for the Region to be able to participate in the new programs and continue to obtain any available funding.
- 1.17 **Staff will bring forward analysis and recommendations as new legislation comes forward.**

## **2. Introduction**

- 2.1 On November 29, 2018 the MECP released its draft environment plan: "Preserving and Protecting our Environment for Future Generations A Made-in-Ontario

Environment Plan.” The plan outlines high level objectives for environmental actions in Ontario and includes expanding organics diversion and consultation on an organics landfill ban, exploring thermal treatment options to recover resources from waste, a commitment to move Ontario’s existing waste diversion programs to the extended producer responsibility model and host a Provincial Litter Clean Up day. At the time of the writing of this report, the Plan has been posted for public consultation on the Environmental Bill of Rights website for final comments by January 29, 2019.

- 2.2 As reported to Regional Council during 2017 and 2018, the impacts of the “China National Sword Policy” on recycled materials will continue to affect the Region’s solid waste management budgets. Decreased marketing opportunities and diminished revenues are compounded by increased operating costs to separate materials for the end markets. This will create challenges to ensure that all collected material can be managed as a resource. Considering the above, the Region may soon face difficult decisions about the continuance of some of its current diversion programs which could significantly impact the diversion rate. In the meantime, municipalities continue preparing for Extended Producer Responsibility for the blue box program although the timeline for implementation has not been finalized.
- 2.3 Staff will continue reviewing current services and proposing new programs to increase and improve service delivery to the community, including the areas of blue box litter, blue box processing and promotion and education. There will be an enhanced focus on food waste reduction with a view to converting waste to a resource. Staff will investigate opportunities to expand waste diversion in the Industrial, Commercial and Institutional (IC&I) sectors.
- 2.4 The future of solid waste management comes with significant challenges and opportunities which must be met with local solutions that continue to ensure appropriate service levels and efficiencies while keeping pace with changing legislation.
- 2.5 This Servicing and Financing Study is structured as follows:

#### **Planning for the Future**

- Long-Term Waste Management Strategy 2021-2040
- Food Waste

#### **Addressing Growth**

- Organics Management Strategy
- DYEC Operations and Expansion
  - 2018 DYEC Operating Update
  - DYEC Disposal Capacity Increase (Interim Solution)
  - DYEC Expansion (Longer Term Solution)
- New Developments in the Region of Durham – 2019



**Operations: 2019 and Forecast**

- Material Recovery Facility
  - Problematic Markets
- Organics Management Processing
  - Interim Organics Solution
- Contract Management
  - Solid Waste Transfer and Haulage Services
  - Solid Waste Tonnages
- Waste Management Facilities
- Rationalization of Waste Collection Services
- Clarington Municipal Hazard and Special Waste Facility
- Perpetual Care of Landfills
- Environmental Studies – Landfill Remediation
- Scott Landfill Mining Project
- Landfill Project Updates
  - Blackstock Landfill Mining Project
  - Oshawa Landfill
  - Scugog Landfill
- Promotion and Education Plan
- Multi-Residential Waste Collection and Diversion

**Legislation**

- Regulatory Uncertainty
- Carbon Pricing
- Climate Change
- Extended Producer Responsibility Programs
- Blue Box Transition
- Anaerobic Digestion – Long-term Organics Management Strategy
- DYEC Ambient Air Monitoring

**Financial and Risk Implications**

- Solid Waste Management Finance
- The Preliminary 10-year Solid Waste Management Capital Program
- Asset Management Planning
- Looking Forward: Long-term Financial Planning.

**3. Planning for the Future**

- 3.1 Developing a long-term waste management strategy for the next 20 years involves consultation with all Regional stakeholders affected by Regional Solid Waste Management service delivery. Significant changes are expected in the future. The recent shift in provincial policies, the movement toward extended producer responsibility of Blue Box materials, and challenges caused by the “China National Sword Policy” are requiring the entire waste management industry to redefine its strategies and objectives.

- 3.2 In Durham, the focus will continue to be on the 3Rs – reduce, reuse and recycle with new emphasis on resource recovery recognizing waste as a resource. Programs will be developed that encourage residents to reduce the waste generated and increase opportunities for secondary uses for the materials generated through recovery programs. Existing reuse programs will continue and will be augmented through partnerships with other organizations that promote repairs, trading, sales or other initiatives that benefit the community. Recycling programs will be locally beneficial and have sustainable markets for products and packaging. Key waste management performance indicators will move away from the simple tonnage diversion calculations used today to include beneficial impacts of financial, social and environmental factors.

### **Long-Term Waste Management Strategy 2021 to 2040**

- 3.3 The Region of Durham endorsed a Long-Term Waste Management Strategy Plan (Plan) in 1999 for the years 2000 to 2020. A diverse team of staff and members of the public worked extensively to conduct public consultation and develop the Plan. The Plan had four main objectives:
- a. To divert at least 50 per cent of residential waste from disposal by the Year 2007 or earlier.
  - b. To secure an alternate source for the disposal of residential waste, when the City of Toronto's Keele Valley Landfill Site is closed.
  - c. To implement an integrated residential waste management system for the collection, processing and disposal of (1) Blue Box recyclables, (2) Food and Yard waste materials, (3) residual garbage waste, and (4) special wastes.
  - d. To consider an "Energy from Waste" type facility for the disposal of residual garbage waste.
- 3.4 As the Region approaches 2020, the primary objectives of the Plan have been achieved and it is time to develop a new plan to guide waste management decisions for the next 20 years.
- 3.5 Solid waste management is subject to technological, demographic, legislative and global market changes. The waste management landscape has changed significantly since 2000, creating both challenges and opportunities for municipal solid waste management.
- 3.6 In recent years, there have been multiple changes in the waste management landscape in Ontario. Technology changes have resulted in less commodities (newspaper) and more multi-material packaging (pouches) entering the waste stream which presently have little commodity value. The previous provincial government passed the *Waste-Free Ontario Act, 2016* (Act). The Act was intended to move Ontario to a full producer responsibility framework, making the producers of designated materials, currently managed by municipalities, responsible for their end of life management and creating a circular economy.
- 3.7 To date only one regulation has been issued under the Act, related to the end of life management of used tires. Extended producer responsibility regulations are

currently being developed for electronics and municipal hazardous and special waste. The recent change in government has created uncertainty in how responsibilities for the blue box program will be affected under future extended producer responsibility regulations.

- 3.8 The external and internal pressures identified above can present opportunities. The new Long-Term Waste Management Strategy will redefine how waste is viewed and utilized as a resource. Waste management will become a tool for enhancing environmental sustainability and wastes can potentially be used as resources for environmental improvement and financial opportunities. With these challenges and opportunities in mind, staff propose the following Long-Term Waste Management Strategy vision:

**The Region of Durham will manage solid waste as a resource through innovation and adaptability to enhance environmental sustainability.**

- 3.9 Staff have been working throughout 2018 to develop a framework for a new Long-Term Waste Management Strategy 2021 - 2040. Discussion has focused on development of an updated vision for the management and marketing of solid waste.
- 3.10 Developing a robust Strategy for 2021 – 2040 will require support to identify potential impacts of the challenges faced by the waste management industry. Full consultation with the public, local municipalities and other stakeholders on the Strategy will be key to achieving community support and endorsement of action plans that will be developed. Consultant assistance will be required to support public information sessions and consolidate community input.
- 3.11 Funding of \$200,000 will be proposed in the 2019 Business Plan and Budget to undertake the development, research and community consultation required in 2019 and 2020. Throughout the process, and in 2020, staff will report back to Council on the development of the draft Strategy and the results of the public consultations. In 2021, the Strategy will be finalized and presented to Regional Council for endorsement. Funding requests will be identified through future annual Business Plans and Budgets to begin the Strategy implementation, which will include communicating the objectives of the Strategy and providing research and education on how waste can become a resource for the Region and its residents.
- 3.12 The finalized Strategy will be reviewed every five years to adjust for changing regulations, market conditions and other influences, and to assess progress toward meeting the targets of the Strategy. Staff will request funding for this exercise as required in the 2019 and future annual Business Plans and Budgets.

### **Food Waste**

- 3.13 Food waste has garnered global focus in recent years. Government and non-governmental organizations have recognized food waste as a large contributor to climate change in its production, distribution and disposal. Producing food requires significant resources including water and fossil fuels, while rotting food in landfill sites generates methane gas. Governments at all levels are collaboratively working

on strategies to address and minimize food waste.

- 3.14 The Government of Canada is currently consulting on a food policy for Canada led by the Ministry of Agriculture and Agri-Food Canada. While not specifically focused on food waste, a key component of the emerging food policy is the need to protect the environment to ensure continued access to safe, reliable and abundant food grown in Canada. This environmental protection includes land, water and air.
- 3.15 The Province released the Food and Organic Waste Framework (Framework) in April 2018 after a year of consultation. Although focused on avoiding environmental impacts through the reduction of waste generation, the Framework is part of the previous Climate Change Action Plan, recognizing that food waste impacts climate change. Ontario's Framework includes actions to educate the public about minimizing food waste including improved date labelling and donation options. The Framework also includes requirements for municipalities, businesses, institutions and multi-residential buildings to improve the capture and recovery of organic material from the waste stream. The Framework sets ambitious diversion targets for all sectors.
- 3.16 Non-governmental organizations have been even more assertive in efforts to address food waste. The National Zero Waste Council has completed extensive food waste studies and developed policy options for Canadian jurisdictions to use in addressing food waste. Policy actions are suggested for food producers and retailers to avoid food waste such as better date labelling and improved food inventory management systems.
- 3.17 Other non-governmental organizations are taking steps to support and encourage minimizing food waste. The Ontario Association of Food Banks and its members facilitate the transfer of surplus food from farmers and food companies to local food banks for distribution.
- 3.18 At the municipal level, the Region of Durham will include food waste prevention and recovery in the promotion and education program as well as part of the long-term waste management strategy 2021 – 2040.
- 3.19 Durham is an active participant in the Recycling Council of Ontario's study of cost-effective collection options for surplus usable food and food waste for the IC&I sectors. The Composting Council of Canada is also working with the Ministry of Agriculture and Agri-Food Canada to investigate opportunities to use food waste as a resource to rehabilitate Ontario's depleted farming soils.
- 3.20 Moving forward, as the impact of food and food waste is a global issue, staff will continue to investigate additional potential partnerships with other government agencies and non-government organizations involved in this important issue.

#### **4. Addressing Growth**

- 4.1 The DYEC residual tonnages (Table 1) have exceeded Durham's processing capacity and tonnages are increasing annually due to growth. Through waste

composition investigations, it is evident that a significant portion of the residual waste stream is organic waste. The removal of organics from the residual stream with a mixed waste pre-sorting facility could extend the DYEC's processing capacity, thereby deferring the need for a facility expansion beyond 2030 (Figure 1).

- 4.2 Utilizing a mixed waste transfer and pre-sort function to remove organics from garbage bags also creates an opportunity to capture other non-combustible materials and marketable recyclables (such as ferrous and non-ferrous metals) from the garbage stream. These materials can be marketed along with recovered organic waste that can be processed into bio-fuels, fertilizers and organic solids for composting.
- 4.3 The increase in multi-residential and high-density developments in Durham has resulted in the need for specialized services which address municipal collection of organics and recyclables. Utilization of a mixed waste pre-sort system would allow for the capture and processing of organic materials generated by the Region's multi-residential sector and currently within the garbage stream.

### **Organics Management Strategy**

- 4.4 At its meeting on June 13, 2018, Regional Council approved anaerobic digestion (AD) with a mixed waste transfer and pre-sort facility as the preferred technologies for the Region's long-term organics management strategy (Report #2018-COW-146). This approach would address the Regional Council direction to meet 70 per cent diversion and would also secure a made in Durham solution for Solid Waste Management. AD is a modern technology that can provide a long-term sustainable option for food and organic waste disposal.
- 4.5 The results of the Request for Information (RFI #1158-2017) conducted in 2018 indicated that there are companies/consortiums available to implement a mixed waste transfer and pre-sort with AD solution for the Region either through a design build operate and maintain (DBOM) contract or a private sector service contract. Staff will report back to Council in early 2019 on the potential for partnerships, grant funding, and a phased approach while reporting on service delivery and business case analysis and updates. It is anticipated that the report will recommend proceeding to a Request for Qualification process, after which recommendations will be formulated regarding moving forward to a Request for Proposal (RFP) process to secure a suitable long-term organics management solution.
- 4.6 An organics management system that includes pre-sort and AD could:
  - a. Address population growth;
  - b. Relieve capacity constraints at the DYEC;
  - c. Improve environmental sustainability through the reduction of greenhouse gases; and,
  - d. Position the Region to achieve compliance with the Province's food and organic waste objectives.

## DYEC Operations and Expansion

### 2018 DYEC Operating Update

- 4.7 The Durham York Energy Centre (DYEC) is managed under a Project Agreement that includes design, construction, and up to 25 years of operations and maintenance. Notice to Proceed was granted in August 2011 and by 2014 a portion of the Region's post diversion residual waste (waste) was being diverted to the facility for facility testing and commissioning. Facility Commercial Operations was achieved in early 2016, ending the long-haul trucking of the Region's garbage residue to New York State. Since then the Region's waste has been processed or disposed of either at the DYEC or through alternate/ bypass disposal located in south western Ontario or New York State, as follows:

**Table 1: Durham Share of Waste Processing and Disposal Tonnes**

	<b>Actual 2016</b>	<b>Actual 2017</b>	<b>Estimated 2018</b>	<b>Projected 2019</b>
DYEC	96,260	104,972	110,000	110,000
Covanta Alternate Disposal	12,876	13,657	4,566	9,656
Canada Fibres	-	-	3,657	-
Durham landfill	1,174	-	-	-
<b>Durham Residual Tonnes</b>	<b>110,310</b>	<b>118,629</b>	<b>118,223</b>	<b>119,656</b>

Note: Includes MRF residue tonnes disposed of at the MRF contractor's cost (in 2016 2,421 tonnes; in 2017 3,359 tonnes; and, in 2018, an estimated 3,833 tonnes).

- 4.8 The DYEC processed approximately 140,000 tonnes of waste from January 1, 2018 to December 30, 2018 including York Region's share.
- 4.9 It is estimated that the disposal tonnage over the 2019 delivery obligation of 110,000 tonnes (i.e. the 9,656 noted in Table 1 for 2019) will cost an additional \$0.9 million based on the Covanta Project Agreement and the alternate disposal destinations secured. The weighted average disposal cost for bypassed garbage residue estimated for 2019 is approximately \$90 per tonne, including inspection, transfer, haulage and disposal.
- 4.10 Landfill costs are subject to increased risk and price volatility related to landfill capacity constraints and long-haul trucking fuel/diesel pricing, which creates uncertainty for landfill costs in the future.
- 4.11 The final 2019 estimates will be reflected in the 2019 Business Plan and Budget. Projections for 2020 to 2023 are based on current forecast assumptions for tonnages, and contract costs, including estimated changes in inflationary benchmarks based on recent years' actual adjustments.
- 4.12 The 2018 environmental monitoring data has been submitted to the MECP as part of the annual reporting requirements. In 2018, there were no environmental exceedances of air, water or soil verified to be a result of DYEC operations. Source testing at the DYEC in 2018 has shown that the facility is operating within

environmental requirements and confirms that the facility is not significantly impacting the surrounding environment.

### **DYEC Disposal Capacity Increase (Interim Solution)**

- 4.13 In 2010, Regional Council directed a new diversion target of 70 per cent. The DYEC was sized to meet the projected capacity and designed to accommodate expansion. The DYEC design capacity was based on a relatively more cautious assumption that the Region would surpass 60 per cent diversion within a decade. However, higher than expected growth and waste generation with lower than expected diversion rates have led to an earlier than anticipated need for DYEC expansion. As noted in Table 1 above, Durham has exceeded its 110,000 tonne share since the commencement of commercial operations in 2016. Without increased diversion, waste will continue to exceed DYEC capacity, with increasing cost risks associated with long-term landfill capacity, availability and price.
- 4.14 As constructed, the DYEC can process up to 160,000 tonnes per year without any modifications to the infrastructure, processes and services. The Environmental Certificate of Approval (ECA) currently caps the processing capacity at 140,000 tonnes per year. With approval of an environmental screening process and an ECA administrative amendment for up to 160,000 tonnes per year, Durham and York would each gain additional waste disposal capacity and allow a more efficient operation. This interim solution could meet the waste management needs of Durham residents for an additional three to five years. An interim solution is required to meet current capacity requirements. The next stage of expansion to 250,000 tonnes per year will require significant technical and financial effort and approvals could be obtained over a 10-year horizon.
- 4.15 To align with service delivery and waste disposal mandates in Durham, staff recommend that the Regions of Durham and York pursue an administrative amendment with the MECP to revise the existing ECA's maximum allowable processing capacity from 140,000 tonnes per year to 160,000 tonnes per year, citing designed capacity, efficiency and capacity factors.
- 4.16 The recommended administrative amendment to 160,000 tonnes will provide operational efficiencies and greater flexibility in the waste processing rate but will also result in savings related to the reduced contract processing fee for tonnage beyond the current 140,000 tonne per year regulatory limit (110,000 Durham) and additional power and materials revenue recoveries resulting from the additional tonnages processed.
- 4.17 Table 2 presents the preliminary operational forecast for the DYEC based on Durham's current 110,000 tonne delivery obligation and demonstrating estimated net cost savings related to the recommended regulatory administrative amendment from 140,000 tonnes to 160,000 tonnes processing capacity.

**Table 2: Estimated Durham Disposal Costs (2019 to 2023)**  
**(\$ Millions)**

	2019	2020	2021	2022	2023
<b>Covanta Operating Fee</b>	<b>13.2</b>	<b>13.5</b>	<b>13.7</b>	<b>14.0</b>	<b>14.2</b>
Property Taxes	0.5	0.5	0.6	0.6	0.6
Non-Covanta Operating Costs (gross costs)	0.9	0.9	0.9	1.0	1.0
Non-Covanta costs	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>
<b>Total Gross Costs</b>	<b>14.6</b>	<b>14.9</b>	<b>15.2</b>	<b>15.6</b>	<b>15.8</b>
<u>Revenues</u>					
Electricity Revenues (IESO)	(7.0)	(7.1)	(7.1)	(7.2)	(7.2)
Materials Recovery Revenues	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>sub-total Revenues</b>	<b>(7.5)</b>	<b>(7.6)</b>	<b>(7.6)</b>	<b>(7.7)</b>	<b>(7.7)</b>
<b>Net Durham DYEC Cost</b>	<b>7.1</b>	<b>7.3</b>	<b>7.6</b>	<b>7.9</b>	<b>8.1</b>
<b>Covanta landfill disposal (beyond DYEC capacity)</b>	<b>0.9</b>	<b>0.9</b>	<b>1.2</b>	<b>1.6</b>	<b>2.0</b>
<b>Status Quo Cost of Disposal</b>	<b>8.0</b>	<b>8.2</b>	<b>8.8</b>	<b>9.5</b>	<b>10.1</b>
<b>With DYEC ECA Administrative Amendment:</b>					
Reduced Covanta Operations Fee > 140,000 tonnes	0.0	(0.4)	(0.6)	(0.9)	(1.3)
Additional Revenues (IESO and material recovery)	0.0	(0.9)	(1.1)	(1.3)	(1.3)
Covanta landfill disposal (beyond 125,720 tonnes)	0.0	0.0	0.0	0.1	0.5
<b>Sub-total Amendment Savings</b>	<b>0.0</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>(2.1)</b>
<b>Total Cost of Disposal</b>	<b>8.0</b>	<b>6.9</b>	<b>7.1</b>	<b>7.4</b>	<b>8.0</b>

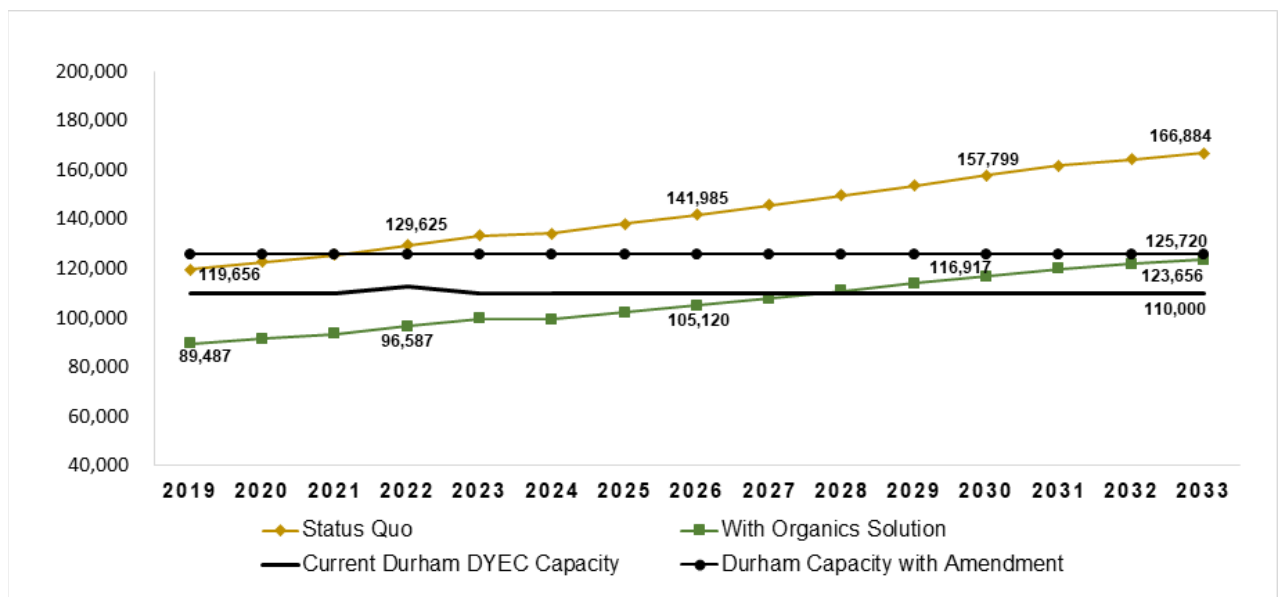
**Footnotes:**

1. Reduced Covanta fee based on deduction of landfill charge and reduced processing fee for tonnages beyond 140,000 tonnes processed (estimated at \$35.45 per tonne in 2019, increasing to an estimated \$38.03 per tonne by 2023). It is assumed York Region uses its full 21.4 per cent share of amended capacity.
2. Includes materials recovery facility residue tonnes, which are the cost responsibility of the MRF contractor (approximate recovery of \$0.3 million).
3. Landfill fees are assumed to escalate from \$90.00 per tonne in 2019 to \$98.21 per tonne in 2023.
4. Power revenues escalation estimates are based on 35 per cent CPI per the IESO Power Purchase Agreement. Conservatively, revenues for ferrous and non-ferrous metals recoveries are not assumed to escalate.



- 4.18 Savings are generated over 2020 to 2023 related to: the elimination of landfill disposal costs over 2020 and 2021; reduced landfill needs over 2022 and 2023; discounted DYEC processing fees for tonnages processed beyond the 140,000 tonne delivery obligation; and additional power and material recovery revenues due to increased processed tonnages. It is anticipated that by 2022, subject to potential implementation of a long-term organics management solution, the new amended tonnage cap will be exceeded due to household growth in Durham and York.
- 4.19 To qualify for an administrative amendment, the changes must have manageable environmental impacts. This proposed capacity increase is not anticipated to have any increased environmental impacts and does not require any changes to facility processes or equipment. However, the MECP reserves the right to decide whether the change is administrative in nature or if it requires a technical review. If an ECA administrative amendment is acceptable to the MECP without further technical review, additional studies will not be required.
- 4.20 An ECA amendment to allow full utilization of existing nameplate capacity at the DYEC facility (i.e. 140,000 tonnes amended to 160,000 tonnes, with Durham's share of capacity assumed to increase 15,720 tonnes from the current 110,000 tonnes capacity to 125,720 tonnes capacity) will allow the facility to operate more efficiently with financial benefits anticipated as noted above. The ECA amendment also provides interim disposal capacity until the Region's mixed waste processing and organics management strategy can be developed.
- 4.21 As demonstrated in Figure 1, it is estimated that the implementation of a long-term organics' management solution, along with the proposed regulatory amendment for DYEC capacity utilization could postpone a DYEC expansion to 250,000 tonnes per year by over 10 years and possibly as much as 15 years, depending upon actual household growth and the future composition of managed wastes and related impacts to diversion processing operations.

**Figure 1: Waste Projections:  
Durham DYEC Capacity Utilization**



**Footnote:**

Mixed waste tonnages are based on estimated 2018 tonnage actuals, 2019 projected tonnes and household growth projections including Seaton. Organics capture rate assumptions for Green Bin source separated organics and mixed waste organics are consistent with the GHD anaerobic digestion study and preliminary business case.

**DYEC Expansion (Longer-Term Solution)**

- 4.22 The MECP has stated that the Regions of Durham and York will need to demonstrate their intention to initiate concurrent planning for both the interim and long-term solutions for solid waste processing capacity at the DYEC. It is therefore proposed that both the environmental screening process leading to an administrative amendment of the ECA to 160,000 tonnes per year and the development of the Terms of Reference for the focused Environmental Assessment (EA) for the expansion to 250,000 tonnes per year be developed concurrently.
- 4.23 The DYEC site and facilities have been designed to accommodate expandability and will allow for continued processing operations during the expansion construction stages. The first steps towards expansion will be discussions with Co-owner York Region and the drafting of a new Terms of Reference (TOR) for an EA (for an expansion to 250,000 tonnes per year). The TOR development would commence in 2019 and will require approximately \$60,000 in consulting services to complete which will be brought forward with 2019 Business Plan and Budget deliberations. The full cost to complete an EA could be as high as \$10 million and could take approximately five to 10 years to complete.
- 4.24 The Region cited the ability to manage Regional waste within its own jurisdiction as a beneficial outcome after years of trucking waste across international boundaries. If the Region does not increase processing capacity via the regulatory amendment and AD or DYEC through expansion, then it will have to consider landfilling excess

waste, where the Region is once again dependent on others for disposal and is at risk for increased and uncertain landfill and long-distance haulage fees.

### **New Developments in the Region of Durham – 2019**

- 4.25 Residential growth in the Region directly impacts waste contracts. When a new development does not meet the specifications necessary to allow for service delivery then the level of collection services could be impacted.
- 4.26 As part of the Development Application Review process, all new residential development applications are reviewed to determine if the Region can provide municipal waste collection services based on the proposed design. The assessment is based on the application of criteria and requirements as governed by Regional Waste By-law 46-2011. Developments that do not meet the Region's Bylaw requirements and standards for municipal waste collection service must obtain their own private waste collection services.
- 4.27 In 2018, the Waste Management Division reviewed numerous development applications for compliance with the requirements for municipal waste collection services. Many of these met the Regional requirements for municipal waste collection services including condominium developments on private roads. Meeting the Regional Waste Guidelines for Service on Private Property, as defined in Regional Waste Bylaw 46-2011, is a condition for a development receiving municipal waste collection services. Developments that do not meet the Guidelines must obtain private waste collection services.
- 4.28 Report #2018-COW-144 "Service Delivery Options for New Developments Accessed by Private Roads that Do Not Meet Design Standards for Municipal Waste Management Services" directed staff to consult with area municipalities, developers and service providers to investigate options for new developments to be able to receive municipal waste collection services, and to evaluate alternate waste collection methods. Regional Waste Management and Planning staff, along with representatives of the local municipalities, are developing options for broader consideration and consultation during 2019. Staff anticipates reporting back to Council by the end of this year.

## **5. Operations: 2019 and Forecast**

- 5.1 While the City of Oshawa and Town of Whitby retain responsibility for local waste collection (excluding Regional Blue Box collection), the Region is responsible for the collection of all waste streams in the remaining six local area municipalities as well as the receipt, transfer/haulage, processing and residue disposal of all wastes collected by the Region, Oshawa and Whitby.
- 5.2 The majority of the Solid Waste Management Operating Budget (approximately 80 per cent of the gross solid waste management budget) is related to private sector waste service contracts. These service contracts include curbside waste and diversion collections, waste transfer and haulage services, processing operations and waste disposal. Private sector processing and operations' contracts include the

Region-owned recycling material recovery facility (MRF) and the Durham York Energy Centre (DYEC) waste-to-energy facility, while compost processing is currently conducted through a service contract at a private sector facility.

- 5.3 Waste collection and processing costs are increasing, and global market conditions continue to result in diminishing revenues for recycling commodities. These pressures, combined with other issues such as a shortage of collection and transport vehicle drivers, impact the Region's ability to maintain the quality and costs of its services.
- 5.4 A large part of the success of the Region's curbside collection programs is its ongoing outreach to the community. Moving forward, communication campaigns will focus on organics management and the reduction and recovery of food waste. The Promotion and Education program will be a focus in the Long-term Waste Management Strategy with a view to the development of new programs aimed at assisting residents to reduce and better manage their food waste.
- 5.5 The Region of Durham is beginning to experience increased levels of contamination in both the Blue Box and Green Bin programs. This is due to new residents moving from other regions, lack of diversified educational outreach and differences between programs in other jurisdictions.

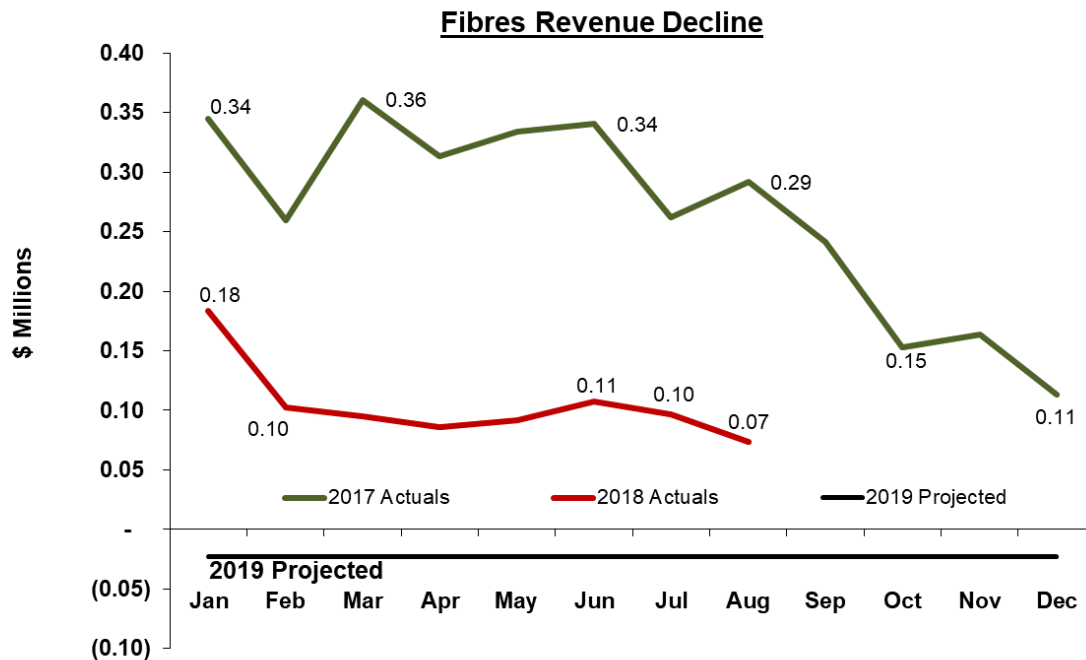
#### **Material Recovery Facility (MRF)**

- 5.6 The volume and cost of managing recyclables continues to rise due to the light-weighting of materials and the increase in plastics, wraps and mixed material packaging. These factors contribute not only to an increasing per unit operating cost and new capital processing equipment requirements, but also negatively impact diversion rates, which continue to be calculated based on tonnage. The weight of products and packaging has been significantly reduced over time as packaging producers seek to reduce their costs and subsidies to municipalities. These subsidies are based on funding for approximately 50 per cent of the net Blue Box program costs and include adjustments for best practice.
- 5.7 For 2019, Stewardship Ontario (industry) subsidy funding is estimated at \$5.9 million, while revenues from the sale of Blue Box materials are estimated to be in the range of \$2.8 million, subject to fluctuations in commodities markets. Combined, these revenue recoveries total approximately \$8.7 million which is reflected in the Budget to offset the overall cost of the Blue Box program, including collection and processing (an estimated \$17 million in 2019).

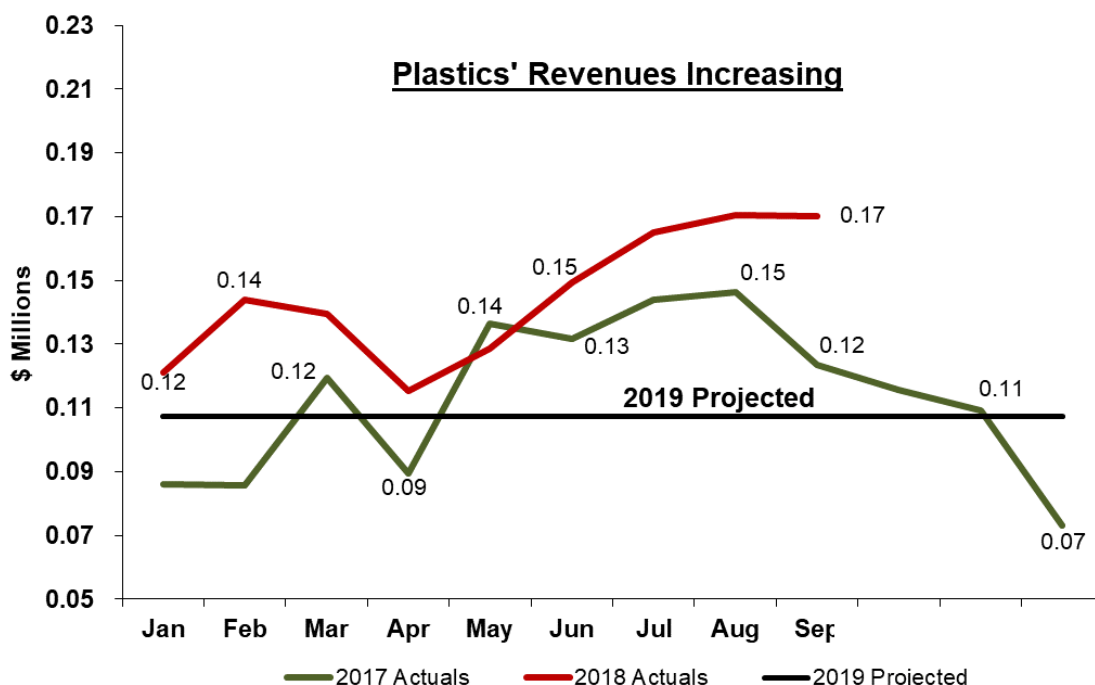
#### **Problematic Markets**

- 5.8 In addition to the uncertainty created by the new *Waste Free Ontario Act, 2016* and its planned regulations, the government for the People's Republic of China in July 2017 notified the World Trade Organization that it intended to prohibit the import of certain wastes including mixed paper and mixed plastics. In its "Chinese National Sword Policy," China also announced a new and stringent 0.5 per cent contamination standard for recycling material imports.

- 5.9 These new restrictions came into effect on January 1, 2018 and effectively banned recycling and scrap commodity imports into China. While this may eventually encourage the creation of more North American based processing facilities, many blue box materials are becoming very difficult to market and revenues have decreased significantly and, in some cases, have become a cost.
- 5.10 Recyclable markets are expected to remain difficult as China tightens its restrictions. The Chinese restrictions will likely continue decreasing the revenue from blue box materials sold into recycling markets.
- 5.11 This is expected to pose an ongoing financial pressure. In addition, plastics and metals markets can also be affected by:
- a. Industry light-weighting of packaging materials;
  - b. World oil prices;
  - c. Demand for raw materials relative to recycled content; and,
  - d. Population growth and economic activity.
- 5.12 Budget to actual price and tonnage variances have been and continue to be tracked and assessed. At least in the near-term, it is expected that there may be no revenue generated from newsprint through 2019, a portion of these losses may be offset by growth of revenues in steel and aluminum.
- 5.13 The following figures demonstrate 2017 and 2018 trends in paper (fibers), plastics and metals revenues, and highlight the basis for projected 2019 budget for each. As demonstrated in Figure 2, revenues are negative and represent a net fibres cost projected for 2019.

**Figure 2: Fibres Revenues (2017 and 2018 and 2019 Projected)**

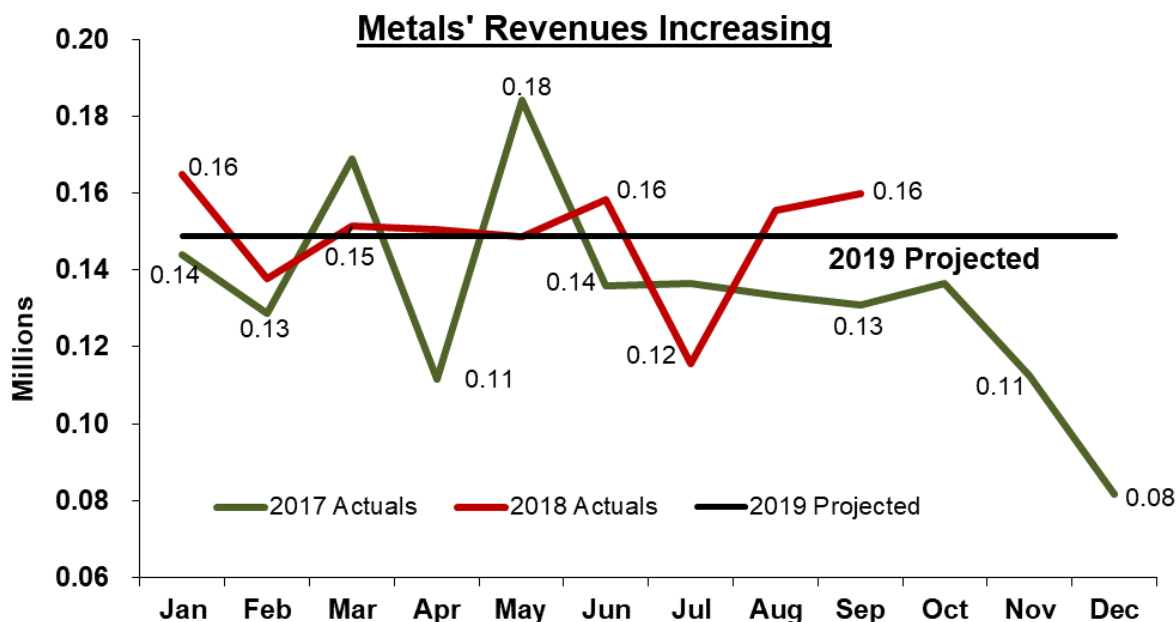
**Footnote:** Old newsprint (ONP), previously representing over 65 per cent of all annual fibres tonnage received, is now processed and marketed with no net revenues and a net cost is projected for 2019. The 2019 projected revenues noted above reflect revenues received for old corrugated cardboard (OCC), mixed paper and gable top containers (e.g. milk and juice cartons).

**Figure 3: Plastics' Revenues (2017 and 2018 actuals and 2019 projected)**

**Footnote:** PETE plastics typically represent over 60 per cent of the Region's plastics revenues and

increasing PETE revenues since mid-2018 offset declines in revenues being received for HDPE and Tubs and Lids (#3-#7 plastics).

**Figure 4: Metals Revenues (2017 and 2018 actuals and 2019 projected)**



**Footnote:** Metals revenues, while they are also subject to volatility are anticipated to remain strong through 2019 and subject to market fundamentals should assist in offsetting costs/risks associated with fibres and plastics.

5.14 The 2019 Budget projection for blue box material revenues totals \$2.8 million, a reduction of 46 per cent compared to 2018 Budget (\$5.2 million).

5.15 The recycled glass processing end market in Ontario is extremely constrained with only one processor in operation. This has created a situation where the processor can set strict demands for contamination levels and the Region's material recovery facility has difficulty meeting them. In addition, the cost to the Region to sort one tonne of glass is \$90 and the cost for transportation and processing is an additional \$60 per tonne.

5.16 Staff continue to monitor this ongoing situation and work with other municipalities, contractors and other stakeholders, to identify alternative marketing opportunities as well as alternate uses for recycling materials to help minimize negative impacts of the global recycling economy on the Region. Table 3 below shows estimated materials' revenues for 2018 actuals and 2019 projected.

**Table 3: Declining Projected Recyclable Materials' Revenues  
(2018 Budget and 2019 Projected)**

	<b>2018 Budget</b>	<b>2019 Projected</b>
Fibres	(\$2,508,300)	\$276,200
Plastics	(1,020,600)	(1,289,100)
Metals	(1,637,700)	(1,785,900)
<b>Totals</b>	<b>(\$5,166,600)</b>	<b>(\$2,798,800)</b>

5.17 Within the 2019 Business Planning and Budget process, staff will propose retaining a consultant to explore alternate beneficial uses and markets for problematic blue box materials within the Region of Durham at a cost not to exceed \$60,000, with financing to be proposed in the 2019 Solid Waste Management Budget and Business Plan. The potential use by industry, of the Region's glass and other problematic materials in various processes will also be investigated

5.18 Every effort will be made to ensure all commodities collected for diversion will continue to be sent to end markets for reuse and that no materials collected for diversion will be sent to disposal unless there are no end market options for the material.

### **Organics Management Processing**

5.19 Municipalities across Ontario are in the process of implementing plans to meet new standards set by the province to significantly reduce food waste and divert greater quantities of organics from municipal mixed waste streams. Organics processing and related costs are anticipated to change significantly. The costs estimated for 2019 currently reflect status quo source separated organics (SSO) i.e. Regional Green Bin and leaf and yard waste collection programs and compost processing systems. However, as directed by Council in Report #2018-COW-146, staff are currently recommending an interim up to five year solution for organics processing while the long-term organics management strategy is being developed (as discussed in Interim Organics Solution below). This may impact final 2019 and future pricing.

5.20 As directed, Regional staff will prepare a report to Regional Council, which will update waste composition studies, confirm organics quantities and quality, and explore potential partnerships and service delivery models for the development of a Regional long-term organics' management strategy. Regional Council endorsed a preferred solution including the transfer and pre-sort of mixed waste, as well as mixed waste and Green Bin organics processing, utilizing anaerobic digestion technology (Report #2018-COW-146). Future organics program costing will be updated as both the interim organics solution and long-term organics solution are advanced and reported to Regional Council and as the details of the regulations are confirmed by the new provincial government.



### **Interim Organics Solution**

- 5.21 A current agreement with Miller Waste Systems provides for the receipt, and processing of residential source separated green bin organics collected by the Region. This contract expires on June 30, 2019.
- 5.22 Request for Pre-Qualification (RFPQ) 1095-2018 for the receipt, transfer and haulage and processing of organics from the Region's source separated green bin collection program for the Regional Municipality of Durham was issued on November 14, 2018 and closed on December 11, 2018.
- 5.23 Only one response was received from Miller Waste Systems, which was evaluated by a committee consisting of staff from the Works Department. The evaluation was overseen by the Finance Department – Purchasing Division. The evaluation was based upon criteria included within the RFPQ, including:
- Experience and qualifications (40%);
  - Odour management (30%);
  - Quality management (25%);
  - Innovation (5%)
  - Client references (pass/fail); and,
  - Financial and insurance capability (pass/fail).
- 5.24 Miller Waste System's submission met all RFPQ evaluation criteria and has existing facilities that can serve Durham's requirements.
- 5.25 Given that RFPQ 1095-2018 resulted in only one compliant submission, it is recommended that staff be authorized to enter into negotiations for up to a five-year term sole source contract with Miller Waste Systems for this service. Staff recommends that the Commissioner of Finance, in consultation with the Commissioner of Works, the Region's Solicitor and CAO, be authorized to execute the contract to be funded from the 2019 and subsequent annual Waste Management Business Plans and Budgets.

### **Contract Management**

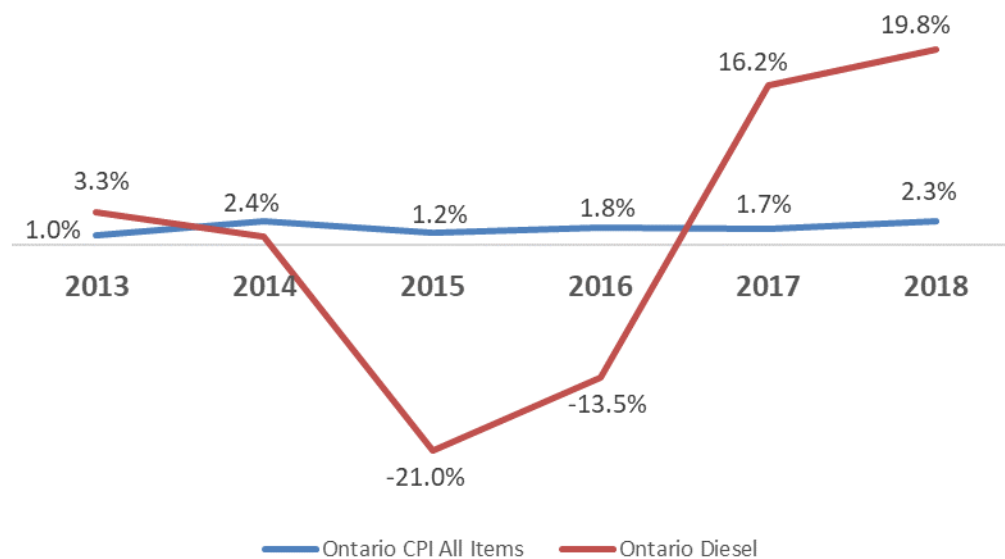
- 5.26 The Region maintains several curbside collection contracts for the residential and multi-residential collection of Blue Box (weekly), Green Bins (weekly), black bagged garbage (bi-weekly), leaf and yard (seasonal) waste and other special collections available for the household pick-up of diversion materials and/or bulky garbage. Collection costs are impacted annually by both the growth in household stops, growth in collected tonnage and any applicable contractual escalation clauses, which are generally tied to Statistics Canada pricing benchmark movements.
- 5.27 In 2019, an increase in collection costs is anticipated related both to additional

collection stops due to household growth, increased waste tonnage, new contracts (i.e. green bin organics processing) and contractual adjustments related to inflationary benchmarks.

5.28 Most waste contracts utilize a proportion of the Consumer Price Index (CPI) for general inflationary adjustments which have, as demonstrated through Ontario CPI All-Items, increased an average 1.7 per cent since 2013. This price benchmark is estimated, based on data available to November 2018, to reach an annual average 2.3 per cent increase for 2018.

5.29 Contracts including truck haulage (e.g. collection or other diesel haulage fleets) may also include adjustments related to a proportion of the movement in the Diesel Fuel Benchmark. Figure 5 below demonstrates the relatively consistent general benchmark and significant diesel fuel price volatility over the previous five years.

**Figure 5: Movement in Ontario Diesel Fuel and CPI Ontario Benchmarks (2013 to 2017 Actual and Estimated 2018)**



Source: Statistics Canada (2018 estimates are based on average year-to-date monthly data available at January 2, 2019).

5.30 Table 4 below demonstrates the historical and estimated 2018/19 growth in collection stops by local municipality, including 2013 to 2017 actuals, 2018 estimated and 2019 projected stops

**Table 4: Region of Durham Collection Stops  
(2013 to 2017 Actuals, 2018 Estimated and Preliminary 2019 Projection)**

	2013	2014	2015	2016	2017	Estimated 2018	Projected 2019
Ajax	33,640	34,229	34,774	35,370	36,605	36,946	37,300
Brock	4,710	4,722	4,739	4,747	4,878	4,991	5,020
Clarington	29,678	30,218	30,751	31,443	32,545	32,871	33,210
Oshawa	46,645	47,230	47,878	48,616	50,362	51,077	51,540
Pickering	26,194	26,406	26,885	27,272	28,086	28,783	29,060
Scugog	8,194	8,206	8,245	8,265	8,469	8,481	8,510
Uxbridge	7,095	7,125	7,221	7,282	7,499	7,510	7,560
Whitby	37,987	38,262	38,455	38,944	40,200	40,462	40,720
<b>TOTAL</b>	<b>194,143</b>	<b>196,398</b>	<b>198,948</b>	<b>201,939</b>	<b>208,644</b>	<b>211,121</b>	<b>212,920</b>

### **Solid Waste Transfer and Haulage Services**

5.31 Waste collection vehicles bring curbside waste from the Region's eight local municipalities and deliver it to privately owned and operated transfer stations located in the Municipality of Clarington and the Town of Whitby, where waste materials are inspected, loaded into haulage trucks and taken to waste processing facilities and disposal sites.

**Figure 6: Durham Currently Contracted Waste Transfer Locations**



5.32 The cost for waste inspections, transfer and haulage is driven by weight and the related per tonne service fee, as well as contractual inflationary adjustments, as described above.

5.33 Regional inspection, transfer and haulage costs are included within the Solid Waste Management Operations Budget and are currently estimated to total approximately \$1.9 million projected for 2019, including costs to inspect and haul all residual garbage from the transfer stations to the DYEC facility.

## Solid Waste Tonnages

**Table 5: Regional Solid Waste Tonnages <sup>(2,4)</sup>  
(2013 to 2017 Actuals, 2018 Estimated and 2019 Projected)**

	2013	2014	2015	2016	2017	Estimated 2018	Projected 2019
Blue Box	50,466	49,531	48,254	47,924	47,840	47,681	47,839
Food Waste	27,487	27,007	26,796	27,611	28,319	28,021	28,161
Yard Waste	25,268	32,123	27,554	24,728	25,084	25,732	26,117
Reuse Programs	6,364	6,284	7,194	10,814	6,839	6,442	6,770
Garbage	109,641	110,417	110,498	107,887	115,271	114,390	115,357
Garbage Blackstock	0	0	0	0	0		1,300
Garbage MRF	1,288	1,675	2,323	2,421	3,359	3,833	3,000
<b>TOTAL</b>	<b>220,514</b>	<b>227,037</b>	<b>222,619</b>	<b>221,385</b>	<b>226,712</b>	<b>226,099</b>	<b>228,544</b>

### Notes:

- 1 The increased yard waste tonnages in 2014 were due to the 2013 ice storm clean-up. Yard waste also includes Christmas tree collections.
- 2 Although included in diversion rate calculations, the table above excludes backyard composting, grass cycling and other credits recognized by RPRA.
- 3 The garbage total includes garbage residue from the Region's Materials Recovery Facility (MRF) related to Blue Box processing as well as 1,300 tonnes of waste anticipated from the Blackstock landfill mining project in 2019.
- 4 Figures may not add due to rounding.

## Waste Management Facilities

5.34 Durham owns and operates three Waste Management Facilities (WMFs) in the City of Oshawa, and in the Townships of Scugog and Brock. These facilities allow for public drop-off of recyclables, garbage, construction and demolition waste, hazardous waste, waste electrical and electronic equipment, leaf and yard waste and tires.

5.35 The Oshawa WMF was originally built in the late 1960's and has exceeded its capacity. It was designed to accommodate a few hundred cars per day. Today, weekend use often exceeds 1,700 cars per day, creating traffic congestion and potentially unsafe operating conditions for users and staff. In the past, staff have managed growth by installing a second queuing lane for incoming traffic (although there is only one inbound weigh scale at this time), adding additional outbound weigh scales and modifying traffic flow patterns within the site. Further reconfiguration of the site and its operations is now imperative to improve safety and service, and to reduce congestion. Staff will propose, within the 2019 Business Plan and Budget, infrastructure improvements at the Oshawa Waste Management Facility, including preliminary cost estimates of up to \$100,000 for an additional inbound weigh scale.

5.36 Staff also recommend hiring a consultant to review and provide recommendations

for improved optimization of the Oshawa WMF, with \$60,000 in financing anticipated to be included in the 2019 Solid Waste Management Business Plan and Budget.

- 5.37 Notwithstanding the need to conduct an overall review of the Oshawa WMF, there is an immediate need to address the acceptance of construction related fill materials at all three WMF's. The WMF's have traditionally accepted fill materials such as bricks, stone, concrete, soil and asphalt and used it for fill on site. The facilities no longer require this material and it is not beneficial or efficient to process these non-combustible materials at the DYEC. It is no longer cost effective to provide a disposal service for this material.
- 5.38 In order to discourage the disposal and/or the mixing of loads brought to Regional WMF's, staff recommend that, effective July 1, 2019, that the tipping fee for any load containing fill materials be adjusted to \$250 per tonne from the current level of \$125 per tonne to manage the fill material received on a full cost recovery basis. The Region's Fees and Charges By-law, subject to Council approval will be adjusted accordingly, complimented by a promotion and education campaign to inform residents of this change and encourage the use of alternate local disposal options available for this material.

### **Rationalization of Waste Collection Services**

- 5.39 In June 2018, Council gave direction for staff to initiate a process in 2019 to review the opportunity to improve source separation at Regional Facilities and, where practical, to consolidate all waste management services at the Regional level to ensure the recycling and other waste diversion services provided at these locations are consistent with the residential waste management programs.
- 5.40 Council also directed staff to engage with local municipal staff to investigate potential savings for transitioning waste services at local municipal facilities to the full suite of the Regional waste management program services on a full cost recovery basis and to report back to Regional Council with findings and recommendations.
- 5.41 Staff will identify the potential opportunities for financial and environmental benefits through the examination of potential operational efficiencies for the recycling and marketing of materials.
- 5.42 With Council direction, staff are also prepared to examine potential efficiencies and financial savings associated with the Region providing all waste collection services to all of the local municipalities.

### **Clarington Municipal Hazardous and Special Waste (MHSW) Facility**

- 5.43 The Host Community Agreement with the Municipality of Clarington related to the construction of the DYEC includes a provision that requires the Region to implement a Regional MHSW facility in the Municipality of Clarington. The former police station in Bowmanville was selected as the preferred location and the detailed design phase was completed in 2018.
- 5.44 To optimize the available space in the facility, the design includes office areas for the

Waste Management Call Centre and for Waste Management By-law officers on the upper floor with the lower floor accommodating the MHSW facility.

- 5.45 Construction of grading and drainage improvements to the site commenced in November 2018 ahead of the interior renovation phase to the main building. The tender has been awarded and construction work will be completed for the facility opening in 2019.

### **Perpetual Care of Landfills**

#### **Environmental Studies - Landfill Remediation Programs**

- 5.46 Landfills are a major contributor of greenhouse gases into the atmosphere. In a typical landfill, microorganisms degrade organic waste in an oxygen-free environment creating methane. Without any methane capture controls, the gases are vented into the atmosphere. This process is called anaerobic degradation. Gas emissions can continue at a landfill for up to 100 years depending on the organic content of the waste.
- 5.47 The production of methane in landfills can be corrected through Aerobic Landfill Bioreactor technology which involves the controlled injection of air into the landfill to convert existing methane producing waste processes (anaerobic degradation) into non-methane producing waste (aerobic degradation). Research into this technology indicates the potential for waste to be biologically stabilized in four years thereby decreasing the environmental impacts by reducing greenhouse gas emissions and controlling leachate production.
- 5.48 Aerobic Landfill Bioreactor technology can also reduce the risks and management costs associated with landfill leachate. Furthermore, once all the organic material in a landfill is stabilized, the volume of the landfill waste decreases significantly. This volume reduction can make future landfill mining operations more affordable at the Region's landfill sites. It will also allow for the potential reuse of the landfill space for other purposes.
- 5.49 Site-specific evaluations will be considered to investigate potential use of aerobic and anaerobic landfill bioreactor technology at selected Region landfill sites.

### **Scott Landfill Mining Project**

- 5.50 The Scott landfill site is located on the west side of 6th Concession Road, south of Regional Road 13, in the Township of Uxbridge. The site is 2.55 hectares and was in operation from 1974 to 1995. Subject to approvals, a Site Remediation plan will be developed in 2019 in support of an ECA amendment application to commence the mining project. Waste excavation and screening would be scheduled for 2020. Waste will be excavated and screened for transport to the DYEC for processing.
- 5.51 Funding of up to \$25,000 for consulting services to implement a site remediation plan for the Scott landfill located in the Township of Uxbridge will be considered in the proposed 2019 Solid Waste Management Business Plan and Budget. The scope of the work is anticipated to include a preliminary subsurface investigation,

preparation of the site remediation plan, contract tendering support, construction monitoring, and a construction summary report. The plan will be informed by the landfill mining project completed at the Blackstock site and will include an updated project budget estimate for inclusion in the 2020 Solid Waste Management Business Plan and Budget.

### **Landfill Project Updates**

#### **Blackstock Landfill Mining Project**

- This project involves the excavation, screening, and transportation of waste from the landfill to the DYEC for processing. Recovered metals are being removed for recycling. The separated soil will be used for regrading and the site will be covered with natural vegetation.
- Excavation of waste began in October of 2018 and is scheduled to be completed within 18 weeks of its commencement. The monitoring wells removed during excavation will be re-installed and a report outlining the mining activity will be included in the annual groundwater and surface water report for the MECP on June 30th, 2019. As per the ECA, the Region may request changes to the annual monitoring program to reflect the site's transition to a greenfield site. Regional staff will also complete a report in 2019 to Regional Council and to the Federation of Canadian Municipalities Green Municipal Fund (GMF) at the conclusion of the pilot. GMF has approved \$350,000 of grant funding for the pilot, subject to pilot completion and verification of costs and the reporting of pilot results, including environmental benefits.

#### **Oshawa Landfill**

- In December 2013, CH2M-Hill completed a Post Closure Care Plan for the Oshawa Landfill that includes updated monitoring and maintenance programs. This plan recommended an evolutionary approach to site maintenance activities that starts with low cost bio-remediation options before moving onto more expensive engineering solutions as necessary. Site issues include slope stability along the Oshawa Creek, buffer land acquisition requirements, maintenance of the landfill cover and the addition of more groundwater monitoring stations.
- A remediation project to address the slope stability issue and iron staining was completed in 2015. This project involved re-grading, creating a filter bed for the groundwater, stream diversion and installation of a compost system to stabilize the slope and provide a vegetative medium. To date, the results have been positive. In 2016, Palmer Environmental was retained to conduct a geomorphology study of the surrounding Oshawa Creek and its tributaries. This study identified and prioritized the seep and erosion areas for remediation. Three of the five high priority areas were remediated in 2018, with some of the areas utilizing the Filtrex compost system that was successfully used in a remediation project in 2015.
- Regional staff have continued discussions with both the City of Oshawa and Scouts Canada to investigate potential land acquisitions along the northern

boundary of the site (Camp Samac), and City of Oshawa lands to the west. Both the Region and Oshawa Councils have agreed to the transfer of the Oshawa property to the west of the site. Discussions continue with Scouts Canada.

- Capital funds totalling \$1.5 million for the implementation of activities related to the issues identified above were approved in prior years' business plans and budgets.
- In 2017 Malroz Engineering completed a post closure landfill analysis report. The report identified design options that would best suit the Oshawa site. The overall concepts will be implemented within 10 years, but public consultations could begin in the next two to three years.

### Scugog Landfill

- In 2018 staff worked with Kawartha Conservation Authority and Sir Sandford Fleming college – Ecosystem Management students to develop a long-term use for this former landfill site. Four groups of students prepared business cases which presented ideas on creating improved habitat for wildlife and how to provide nesting habitat for waterfowl that utilize the adjacent sewage lagoons. Both the landfill and Nonquon water pollution control plant participated in the TD Tree Days. Volunteers planted trees and shrubs on these properties. Species were chosen based on the recommendations given by the students. Two test plots were used on the top of the landfill to evaluate the survival rates to see what species are best suited to this unique environment.
- The survival rate of these tree and plant species will be monitored to determine the next phase of the final closure of the Scugog landfill.

### Promotion and Education Plan

5.52 Promotion and Education (P&E) have proven to be an effective way of enhancing waste program participation and fostering a culture that embraces the principles of reduce, reuse, recycle and resource recovery. It is recognized that changing waste handling behaviour requires regular messaging, innovative delivery methods and incentives. The expectations for results must be measured over several years.

5.53 P&E is also critical for addressing contamination in both the green bin and blue box programs. As demonstrated in a past program with the green bin within one year the Region was able to reduce plastic contamination from 20 per cent to five per cent.

5.54 As illustrated by the many years of P&E programs focused on the curbside Blue Box recycling, the Region has achieved a 90 per cent participation rate and a 91.4 per cent capture rate. It is accepted that changing attitudes and behaviour requires long-term strategies and efforts to foster greater waste reduction and improve recovery.

5.55 The Region is facing the challenge of providing services to a growing and diversifying population. This creates a situation where the disposal capacity cannot keep up with the Region's waste management needs. Therefore, efforts must be



redirected to reduce the amount of waste generated and increase our diversion from disposal.

- 5.56 To decrease the organic waste generation rates, the 2019 P&E program will be focused on changing behavior to reduce food waste generated by residents through messaging related to food waste prevention and improve green bin awareness and use by:
- a. Maximizing the value of food waste – managing food waste as a resource;
  - b. Debunking the myths or misconceptions around the green bin - odours, animals, inconvenience; and,
  - c. Reducing Barriers - Highlight tips to reduce common green bin issues - fruit fly prevention, bag breakage, etc.
- 5.57 The P&E efforts will also be focused on the need to increase the diversion of organics. It is estimated that the Region's curbside participation rate in the Green Bin program is approximately 60 per cent and the recent audits confirm that the garbage bag contains in excess of 30 per cent organics which could be diverted.
- 5.58 To achieve these goals the P&E program must incorporate a new messaging plan that will engage residents with consistent information across multiple platforms. The results of these new and refocused efforts will be realized over the coming years and will include new strategies to deliver the messaging.
- 5.59 Durham Region will be challenged in 2019 to achieve the goals set out by previous Council direction and new provincial legislation.

### **Multi-Residential Waste Collection and Diversion**

- 5.60 In 2018, the Region provided waste management services to 398 multi-residential properties which encompass 25,064 dwelling units. Multi-residential waste and recycling collection services are provided under three contracts. In 2019, the contract for the multi-residential recycling collection for Ajax, Pickering, Oshawa and Whitby will be tendered.
- 5.61 The Region has expanded multi-residential programs to include Waste Electrical and Electronic Equipment collection in partnership with Ontario Electronic Stewardship at 72 properties. Used batteries are collected, in partnership with Raw Materials Inc. in 103 properties, and Diabetes Canada began operating its Clothesline© Program in 2017 with service now at 19 properties. Staff continually review properties and are expanding these specialized collection programs on a property by property basis to buildings that have the space and infrastructure required to ensure successful programs.
- 5.62 Like the curbside Blue Box program, Durham offers a dual stream recycling program to its multi-residential sector. Multi-residential recycling is collected using 120 litre (95-gallon) recycling carts which are specifically labeled to instruct residents to separate their materials into paper fibre materials and containers. Although residents are actively encouraged to sort their materials into the appropriate carts

through ongoing education and promotion initiatives, contamination is an ongoing issue and difficult to control. In 2019, staff will propose a pilot to test the impact of using specially coloured lids on recycling carts to clearly differentiate “Containers” carts from “Fibers” carts as a method to decrease recycling contamination.

## **6. Legislation**

### **Regulatory Uncertainty**

- 6.1 The newly elected Progressive Conservative government campaigned on a platform of reducing electricity prices, eliminating the Ontario cap and trade system, and cutting regulations and tax rates to help support business growth. The protection of the environment continues to be a major issue facing legislators and the new provincial government has announced that consultations and new provincial environmental policies and regulation are forthcoming to address climate change policy and the protection of the environment and human health. However, beyond the cancellation of the Ontario cap and trade system, it remains unclear how the priorities of the new government will impact Durham’s integrated waste management system and the EPR framework.

### **Carbon Pricing**

- 6.2 The *Climate Change Mitigation and Low Carbon Economy Act* was passed in 2016 and established a cap and trade carbon reduction system for Ontario. The Durham York Energy Centre (DYEC) was a regulated carbon emitter under this Act and complied with all regulatory obligations. The Cap and Trade program was cancelled as one of the first actions by the newly elected Ontario government. The cancellation of cap and trade removes a potential financial obligation to purchase carbon allowances in the future. However, the *Cap and Trade Cancellation Act* requires the government to develop a new climate change action plan that could impact the DYEC.

### **Climate Change**

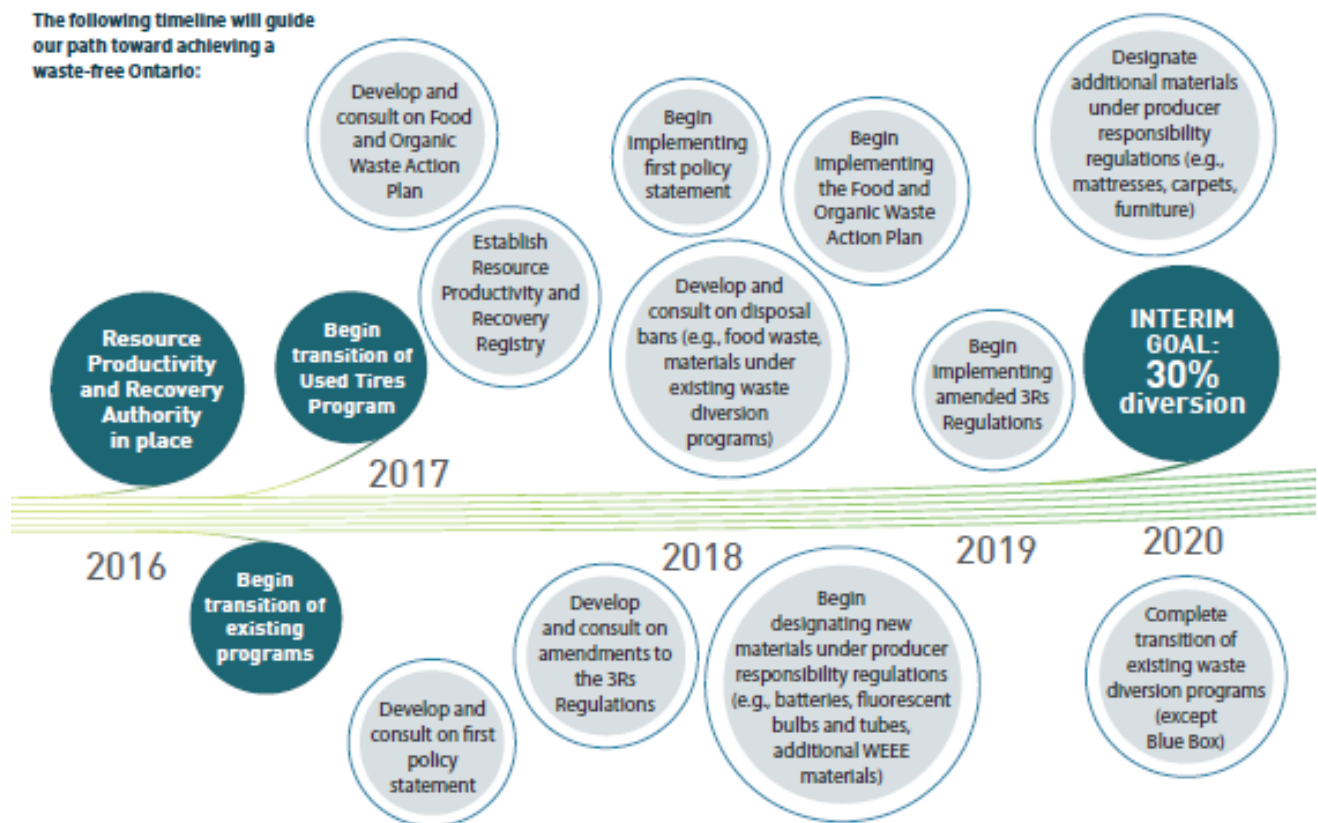
- 6.3 Municipal solid waste management programs are key contributors to achieving a low carbon society, by diverting materials out of the residual solid waste stream for re-use, recycling and composting. Re-using and recycling materials is far less energy and carbon-intensive than the production of comparable materials from virgin sources.
- 6.4 In addition, a key consideration for the long-term organic management plan is to increase the diversion of organics and consider opportunities for energy and resource recovery from organics to further offset waste emissions and/or create environmental offsets.
- 6.5 In terms of climate adaptation and risk management, the solid waste environmental studies program is responsible for the monitoring, inspection, and remediation of Regional landfill sites, including consultations with the public and ensuring environmental protection and regulatory compliance. Climate adaptation-related activities include: inspections; monitoring and reporting; well-water testing; and,

repairs or improvements to protect ground water resources, including preventing rainfall infiltration and preventing leachate springs from forming around landfills.

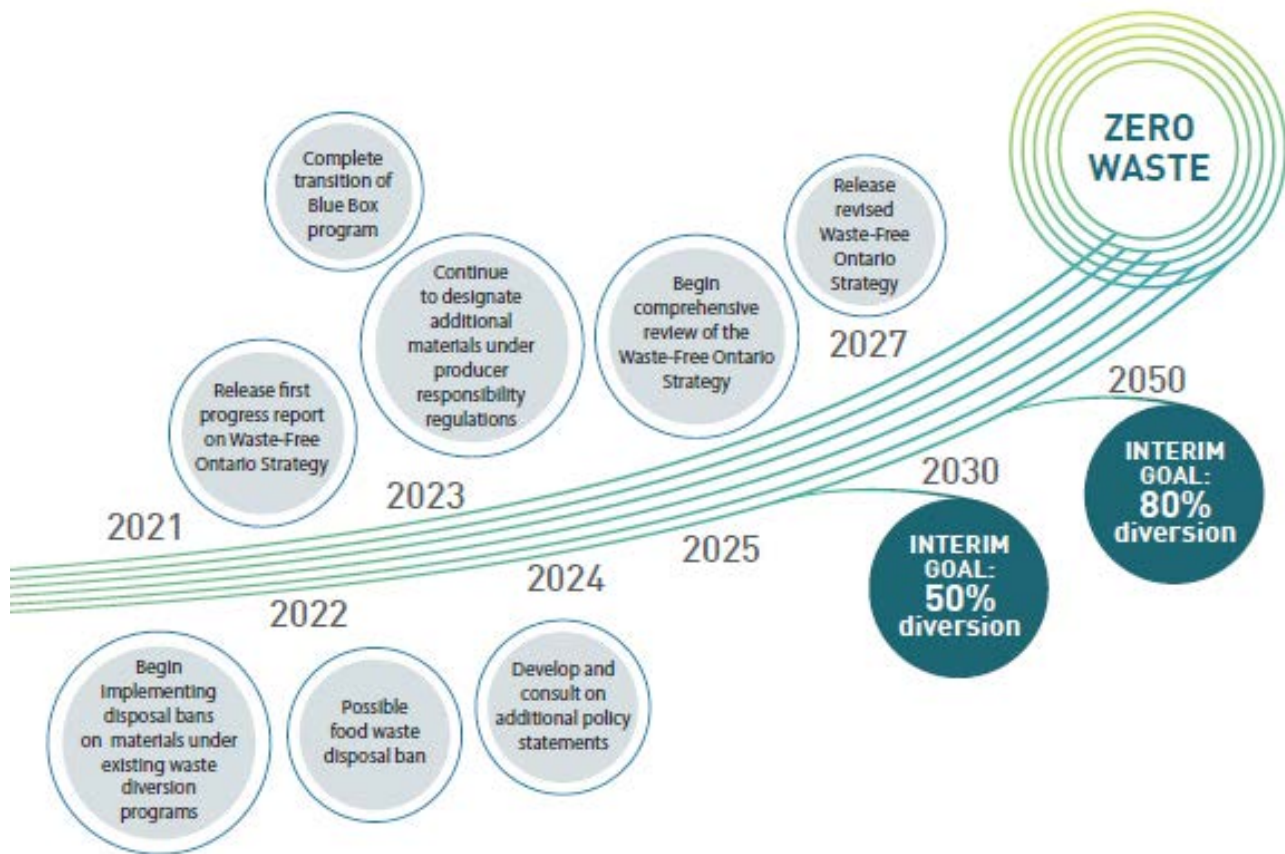
- 6.6 As noted herein, the Region is also completing investigations of alternative options for the remediation and rehabilitation of landfills, including the Blackstock landfill mining pilot, which is expected to be completed in 2019 and may provide a sustainable option for other Regional landfills to reduce methane emissions and reduce the risk of leachate migration during extreme precipitation events.

### **Extended Producer Responsibility Programs**

- 6.7 In 2016, the Province of Ontario approved the *Resource Recovery and Circular Economy Act* (RRCEA) establishing the framework for extended producer responsibility (EPR) in Ontario. This is the most significant change to the waste management industry in Ontario since the introduction of the blue box. The first of many transition years commenced in 2018 as regulatory and action plan proposals were developed for public consultation. The transition to full EPR in Ontario is continuing. However, it is not yet known when the new government will implement regulations for full blue box EPR or how they may change the Resource Recovery and Circular Economy Act (RRCEA).
- 6.8 The used tire regulation under the RRCEA was passed in April 2018 and comes into effect on January 1, 2019. The regulation establishes mandatory and enforceable tire collection and management targets for producers. Work is underway to transition to the new regulation under the oversight of the Resource Productivity and Recovery Authority.
- 6.9 The previous Ontario Government issued the following timelines to achieving a waste free Ontario (Source: "Strategy for a Waste Free Ontario" (Feb 2017), pages 11 and 12). It is staff's understanding that the current government is pursuing similar timelines.

**Figure 6: Provincial Timelines for Achieving a Waste Free Ontario**

**Source:** "Strategy for a Waste Free Ontario" (February 2017). Government of Ontario.



**Source:** "Strategy for a Waste Free Ontario" (February 2017). Government of Ontario.

6.10 In the spring of 2018, the Minister of Environment, Conservation and Parks issued wind-up letters for the Waste Electronics and Electrical Equipment (WEEE) program and the Municipal Hazardous and Special Waste (MHSW) program.

6.11 Current collection programs for these materials are to be wound up by June 30, 2020 and December 31, 2020 respectively and replaced by new regulations that take effect immediately following the wind-up date. Consultations on the wind-up plans are expected in 2019 and draft regulations to govern the new full EPR programs should be posted for public comment as well. At this time there is no indication that the process for these programs will be changed under the leadership of the new Ministry of Environment, Conservation and Parks.

### Blue Box Transition

6.12 In 2017, the Minister of Environment, Conservation and Parks issued direction to Stewardship Ontario and the RRPA to develop an amended Blue Box Program Plan as an interim step to full EPR for the blue box by 2023. The interim step was to provide for a gradual transition of responsibility for blue box collection and processing to producers from municipalities. Due to numerous concerns with the plan, including extending for several years beyond the 2023 final transition date, the draft amended Blue Box Program Plan was not submitted for approval and implementation.

6.13 Future transition discussions were made more difficult with the significant changes in the recycling markets in 2018. The most significant change was China implementing its National Sword Policy in January 2018 which banned the import of most plastics and placed strict contamination limits on imports of paper for recycling. Since China was the recycler for most plastic material globally, this action has caused significant disruption to the international recycling market. Impacts on Durham are mitigated by its two-stream curbside recycling system which keeps the materials clean and relatively free of contamination, and recent investments to improve the performance of the Region's MRF. Despite the cleaner recycling collection program and the improvements to its MRF, Durham is still receiving significantly less revenue for its recycling commodities and this situation is expected to continue into the near future. Staff is investigating and will report further on additional operational and technical improvements to improve Durham's recycling material quality.

### **Anaerobic Digestion – Long-term Organics Management Strategy**

6.14 Ontario's Food and Organic Waste Framework (Framework) under the Climate Change Action Plan was finalized in April 2018. Food and organic waste diversion are identified globally as a key area for improvement to mitigate climate change. Enhanced organics diversion initiatives will move Ontario toward a circular economy and help to minimize greenhouse gas emissions from its waste management activities. The Framework identifies a 70 per cent organics diversion target for larger municipalities like Durham to be met by 2023. Meeting this target will require Durham to implement enhanced diversion techniques to remove organics from the disposal stream, including addressing multi-residential organic waste.

6.15 However, since the Framework was developed under the requirements of the *Climate Change Mitigation and Low-Carbon Economy Act* and is part of the previous government's Climate Change Action Plan, the future implementation of the Framework is unknown. In the absence of clear provincial direction, Durham Region is continuing plans to meet the 2023 diversion targets. Meeting the targets requires extended implementation timeframes for infrastructure development. Regardless, meeting the 2023 diversion targets for organics is also critical for Durham to manage its DYEC processing capacity mentioned earlier in this report and is consistent with the Region's current 70 per cent diversion target set in 2010.

### **DYEC Ambient Air Monitoring**

6.16 In 2018, the MECP passed new air standards for sulphur dioxide (SO<sub>2</sub>). Along with new stack emission standards, the ambient air quality criteria were also lowered significantly. The change corresponds to the changes made to the SO<sub>2</sub> Canadian Ambient Air Quality Standards at the federal level and are intended to apply to large geographic areas that form a single air shed. While the DYEC stack tests and continuous emissions monitoring are consistently below the regulatory limits, it is very likely that the ambient air monitoring stations operated by the Region will show exceedances for SO<sub>2</sub> due to various activities in the surrounding area when the new standards take effect in 2020 (Federal) and 2023 (Ontario).

6.17 In addition to the new standards for SO<sub>2</sub>, lower standards have also been proposed

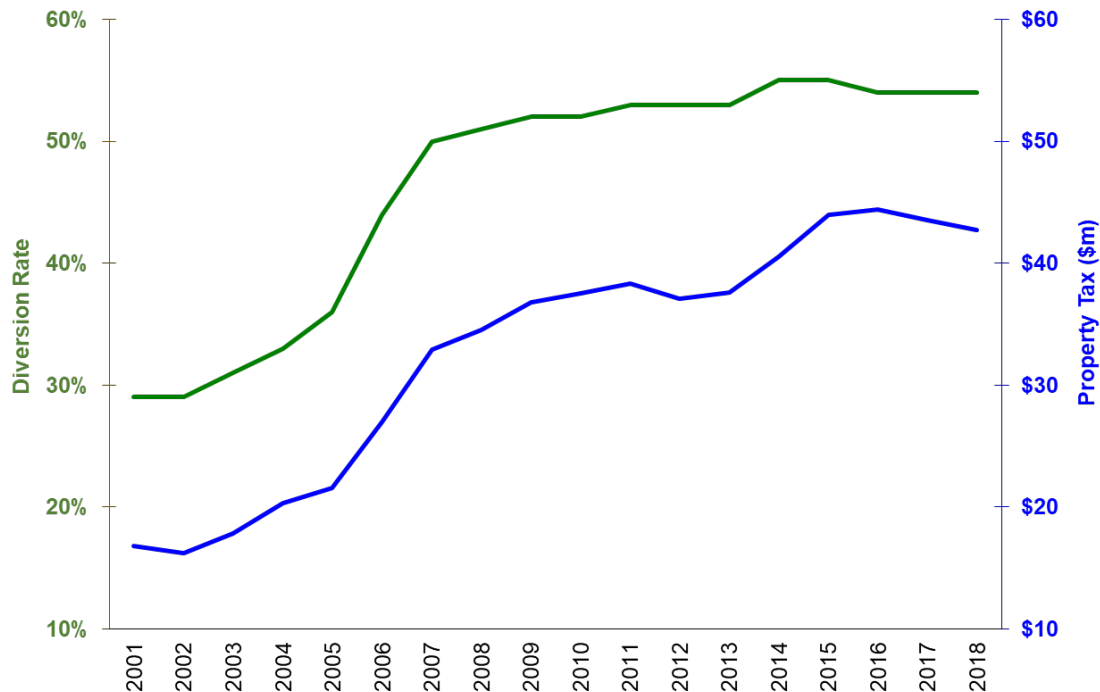


for nitrogen dioxide (NO<sub>2</sub>). These standards have not yet been finalized but again will likely result in exceedances at the ambient air monitoring stations operated by the Region near the DYEC. While not directly attributable to the DYEC, exceedances at the ambient air monitoring stations require staff and consultant time to investigate and report. This situation will continue as ambient air quality standards are lowered.

## **7. Financial and Risk Implications**

- 7.1 Since 2001, when the Region's diversion rate was below 30 per cent and the Regional solid waste management property tax expenditure was less than \$20 million, there has been a strong correlation between the solid waste management property tax expenditure and achievement of higher diversion rates.
- 7.2 The most significant increase in costs occurred when collection responsibilities were uploaded from the six local area municipalities and curbside diversion collection programs were significantly expanded to increase diversion, including most notably the addition of the Region-wide curbside Green Bin program and expansions to the Blue Box program to accept greater material volumes and increase the types of materials accepted.
- 7.3 By 2007, the 50 per cent diversion had been achieved, although the Region's solid waste management property tax expenditures had also almost doubled to provide significant new diversion services and meet the demands related to growth.

**Figure 7: Solid Waste Diversion and  
Regional Solid Waste Management Property Tax Expenditures  
(2001 to 2018)**



- 7.4 The Region's diversion rate has flatlined in the mid 50 per cent range due in part to industry and market changes beyond the Region's control. Achievement of Regional Council's 70 per cent diversion target is deemed unlikely to occur without improvements to Green Bin participation rates, lowered multi-residential contamination rates, and the extraction of organics from mixed waste streams in both the residential and multi-residential sector. The latter is anticipated to add significant capital and/or operating costs, which are dependent on organics solution implementation and future service model approvals and/or potential partnerships.

### **Solid Waste Management Finance**

- 7.5 In 2018, the Solid Waste Management Budget represented approximately 5.9 per cent of the Region's \$1.195 billion gross budget. Solid waste management costs are funded primarily through property taxes (\$43 million in 2018, representing just over 60 per cent of the Solid Waste Management gross budget of \$70 million).
- 7.6 Property tax funded solid waste management services were delivered at a 2018 Regional average property tax cost of approximately \$177 per year based on an average single detached home in Durham Region (assumes a current value assessment of \$424,900 and an annual Regional tax bill of \$2,673).
- 7.7 Other funding sources included within annual Solid Waste Management Budgets include:

- a. Service and user fees, including waste management facility fees, curbside garbage bag tag fees and local municipal waste service recoveries (approximately \$3.5 million);
- b. Industry Steward subsidies which currently fund municipalities based upon approximately 50 per cent of the net Blue Box program costs and 100 per cent of the used tire, waste electrical and electronics equipment (WEEE), and municipal hazardous and special wastes (MHSW) diversion collection programs (approximately \$5.9 million);
- c. Material revenues from marketable recycling materials collected, including plastics, metals and limited fibres (approximately \$2.8 million);
- d. Senior government grant funding, most recently including funding for the 2018 study of anaerobic digestion (\$175,000) and in 2019 anticipated to include funding for the Blackstock landfill mining pilot project (\$350,000); and,
- e. DYEC revenues and recoveries which include federal gas tax financing of annual capital debt service costs, recoveries from York Region for York's share of net operating costs, and Durham's share of power revenues and metals recovery revenues (approximately \$11.5 million).

### **The Preliminary 10-year Solid Waste Management Capital Program**

- 7.8 The preliminary 10-year solid waste management major capital program is provided in Table 6 below and is subject to further refinements based on 2019 Business Planning, finalization of the long-term organics management solution, business case results and future Regional Council approvals/direction. In 2019, proposed budget and financing will continue to be reviewed as part of the annual Business Planning and Budget process.
- 7.9 The preliminary forecast conservatively provides for the Region to undertake full implementation of a capital project related to transfer, mixed waste pre-sort and anaerobic digestion implementation. However, a private sector service delivery contract option remains under consideration and may reduce or eliminate the need for capital investment.

**Table 6:**  
**Preliminary Solid Waste Management Major Capital Forecast (\$ Millions) <sup>(1)</sup>**

Capital Expenditures	Projected 2019	2020	2021	2022	2023	2024-2028	Total 2019-2028
1. Landfill:							
Remediation & Rehabilitation	0.3	2.9	1.7	0.4	1.2	4.4	10.9
2. Clarington MHSW Facility	0.2						0.2
3. Organics Management		165.3					165.3
4. DYEC EA & Study <sup>(1)</sup>	0.1	10.1	0.9				11.1
5. Waste Management Facilities		2.6	11.7		0.5	4.3	19.1
6. Material Recovery Facility	1.1	0.3	0.3	0.5			2.2
7. Waste Long-term Strategy	0.2		0.3				0.5
<b>Total Capital</b>	<b>1.9</b>	<b>181.2</b>	<b>14.9</b>	<b>0.9</b>	<b>1.7</b>	<b>8.7</b>	<b>209.3</b>
Financing <sup>(2)</sup>	Projected 2019	2020	2021	2022	2023	2024-2028	Total 2019-2028
1. Property Taxes	1.9	3.3	3.2	0.9	1.7	8.7	19.7
2. Solid Waste Reserve		12.6	6.7				19.3
3. Other <sup>(3)</sup>			5.0				5.0
4. Debentures <sup>(4)</sup>		165.3					165.3
<b>Total Financing</b>	<b>1.9</b>	<b>181.2</b>	<b>14.9</b>	<b>0.9</b>	<b>1.7</b>	<b>8.7</b>	<b>209.3</b>

Notes:

1. York Region's share of costs to be determined
2. Preliminary financing provided. Actual financing to be approved by Regional Council on a project specific basis.
3. Contribution of \$5.0 million for the Seaton Waste Management Facility available as part of the Seaton Front-ending Agreement.
4. Conservative estimate of debentures for the Long-term Organics Management Plan. The preliminary capital forecast provides for \$165.3 million of Regionally owned and financed organics management facilities, including transfer and mixed waste pre-sort. Regional Council will in early 2019 consider staff recommendations regarding the preferred organics management solution which could be a capital project or a long-term service contract.

7.10 The primary drivers of the capital forecast are: the need for expanded processing capacity and a long-term waste management plan and growth in waste tonnages. As previously noted, the facilities identified and approved by Regional Council for organics management, if fully owned and financed by the Region, could account for almost 80 per cent (\$165.3 million) of the estimated \$209.3 million capital forecast.

7.11 The forecast includes \$10.9 million of investment in the Region's closed landfill sites to ensure environmental compliance and where possible and beneficial to rehabilitate sites and mitigate associated long-term liabilities and site monitoring and environmental management requirements.

7.12 At DYEC, an estimated \$11.1 million of capital is included within the forecast, subject to future approvals, for an EA process which could take up to 10 years to complete. An amount of \$60,000 will be recommended for approval in 2019 to develop an EA terms of reference. The remaining funds will be subject to future Regional Council

approvals. This amount would also be dependent upon York Region's participation.

7.13 Other significant expenditures relate to the Region's waste management facilities, including:

- a. The completion of the Clarington MHSW facility as part of the DYEC Host Community Agreement with the Municipality of Clarington (a projected additional \$0.2 million in 2019 for a total project cost of \$1.4 million);
- b. The replacement of old and deficient processing equipment at the 12-year old MRF to: mitigate failures; address voluminous light-weight plastics and broken glass; and, ensure marketable recyclables are not disposed as garbage residue (currently estimated at approximately \$2.2 million);
- c. Ensuring new and/or modified waste management facilities remain safe despite increasing pedestrian and vehicular traffic, maximize diversion opportunities and discourage disposal of re-useable, recyclable and unacceptable materials (approximately \$10.6 million); and,
- d. Implementing plans for the new Seaton community in the City of Pickering, which include a new estimated \$8.5 million waste management/transfer facility.

### **Asset Management Planning**

7.14 The Region owns seven waste management facilities with an estimated replacement cost at year-end 2017 totaling \$243.1 million. These facilities were given overall condition ratings of "fair" to "very good," at year-end 2017 (Report #2018-COW-171) based on the most recent condition assessments of building structures.

7.15 However, processing equipment and rolling stock requirements are increasing due to normal replacement and maintenance requirements and have a shorter life-cycle compared to building structures. For example, the MRF processing equipment is approaching its life-cycle of 15 years and deficiencies have been identified. Staff are currently investigating options for reinvestment and potential returns, while considering the potential timing of anticipated transition of the Blue Box program to EPR. While some investments may provide returns in terms of efficiency, costs or available materials revenues, some investments may be required to continue processing recyclables until the transition finally occurs. Staff will address these requirements through 2019 Business Plan and Budget deliberations.

7.16 In addition to the ongoing MRF analysis, other capital replacement needs are identified for 2019 Budget review and include tangible capital asset requirements for various facilities (e.g. heavy equipment, asphalt and scale house repairs and replacements and roll-off bin replacements).

### **Looking Forward: Long-term Financial Planning**

7.17 The changing regulatory context for waste management programs as outlined in this report results in uncertainty and challenges in projecting both 10-year capital and five-year operations requirements.

7.18 As discussed above, financial risks result from:

- a. Growth rates and related fluctuations in tonnages managed, collection stop counts, contractual escalation based on macro-economic indicators and Statistics Canada Benchmarks;
- b. Shifts in waste tonnages, volume and composition related to changing Regional programs and the private sectors response to provincial enhanced producer responsibility (EPR) programs (e.g. continued light weighting of packaging, regulated waste reductions and impacts from private sector retail-return programs etc.);
- c. Revenues from user fees at WMF's, blue box commodity pricing and revenues from EPR programs for tires, MHSW and WEEE programs.
- d. Potential for increased municipal capital, operating and contractual costs to comply with new recycling and organics frameworks; and,
- e. DYEC emission compliance cost risk related to: potential for changing emission standards and facility biomass changes over time; and
- f. Ongoing market fluctuations for diverted products, including changing customer standards, and marketing and sales challenges.

## 8. Conclusion

8.1 In addition to policy, program and technical considerations that staff use in analyzing and determining the best alternatives for implementation of the long-term waste management strategy 2021-2040, staff will also include long-term financial planning. Ongoing assessments of cost, financing, risk and affordability allow for development of long-term financial and asset management strategies supported through business case analysis which will ensure the appropriate balance of property tax versus user fee and other financing. Maintaining an ability to adapt if necessary to unforeseen changes related to provincial policy and framework will ensure continued long-term financial sustainability and the prudent management and mitigation of financial risks and uncertainties as the Region moves forward to implement a successful long-term solid waste management strategy for 2021 - 2040.

Respectfully submitted,

Original Signed By

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Nancy Taylor, BBA, CPA, CA  
Commissioner of Finance

Original Signed By

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Susan Siopis, P.Eng.  
Commissioner of Works

Recommended for Presentation to Committee

Original Signed By

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Elaine C. Baxter-Trahair  
Chief Administrative Officer





## The Regional Municipality of Durham Report

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To: The Committee of the Whole  
From: Commissioner of Finance and Commissioner of Social  
Report: Services #2019-COW-4  
Date: January 16, 2019

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**Subject:**

2019 Regional Social Housing Servicing and Financing Study

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**Recommendations:**

That the Committee of the Whole recommends to Regional Council that:

- A) The federal and provincial governments be requested to expedite long-term, predictable and sustainable funding to municipalities – i.e. non-application-based funding similar to the Federal and Provincial Gas Tax – in order to support long-term housing plans, like At Home in Durham, the Durham Housing Plan 2014-2024;
- B) In order to address local needs and incorporate more flexibility to maintain the Region's legislated service level standard of 4,446 Rent-Geared-to-Income (RGI) units, staff develop a Portable Housing Benefit (PHB) framework to support the introduction and implementation of a total of 70 PHBs, consisting of 35 PHBs within the Region's legislated service level standard and 35 PHBs above the Region's service level standard, at no additional cost to the Region with a report to Regional Council on the outcomes of this pilot by fall 2019;
- C) The existing authority of the Commissioner of Social Services and Commissioner of Finance be extended to include the execution of Durham Rent Supplement – Shared Delivery agreements to support Housing First programs administered by community partners, with funding previously approved by Regional Council (Report #2017-COW-257);
- D) In order to maximize provincial funding for the Strong Communities Rent Supplement (SCRS) program and to address the affordable housing needs of people who are homeless or at high risk of homelessness, the current level of 151 SCRS units be maintained until 2020 at a total annual cost of approximately \$1.44 million funded by the Province, and staff report back to Regional Council in the 2020 Regional Social Housing Servicing and Financing Study on a strategy to address end of program in 2023;

- E) The Province of Ontario be requested to provide permanent sustainable funding of approximately \$1.44 million annually for 151 households to maintain the current SCRS Program beyond March 31, 2023 to safeguard tenancies of those at high risk of homelessness;
- F) Regional Council endorse the implementation of non-smoking policies throughout the Durham Regional Local Housing Corporation (DRLHC) portfolio in 2019; and,
- G) The Regional Chair and Regional Clerk be authorized to enter into a service agreement with the Government of Canada to flow 100 per cent federal funding in an annual estimated amount of \$418,000 under the Reaching Home initiative to approved community programs to assist people who are homeless or at risk of becoming homeless.

## **Report:**

### **1. Purpose**

This study is undertaken annually by Regional staff of the Finance and Social Services Departments and focuses on the short- and long-term servicing and financing issues related to the Region's social and affordable housing and homelessness programs.

### **2. Background**

In 1997, the Province of Ontario transferred social housing funding responsibilities to municipalities under Local Services Realignment. Legislation was passed in 2000, setting the framework for housing and homelessness in Ontario, and requiring municipalities to assume responsibility for the administration and funding of legacy social housing programs. Ontario is the only province in Canada to have downloaded the responsibility of funding and administering social housing to municipal service managers.

As a service manager under the Housing Services Act (HSA), the Region of Durham sets out its long-term vision for housing and homelessness in At Home in Durham, the Durham Housing Plan 2014-2024. The Region has a legislated responsibility to:

- develop and implement its ten-year housing plan to address housing and homelessness conditions and achieve objectives and targets;
- fund and administer a range of legacy housing programs across 44 non-profit social housing providers and within the Regionally-owned Durham Regional Local Housing Corporation (DRLHC) portfolio (2019 estimated Regional subsidy of \$37.7 million);
- provide 4,446 rent-geared-to-income (RGI) subsidies to low- and moderate-income households (service level standard), including administration of the RGI wait list; and
- allocate and administer provincial and Regional funds for homelessness

services under four program streams: emergency shelter solutions, transitional and supportive housing, services and supports (e.g. outreach and referral), and homelessness prevention.

Regional staff also provides property management support to 1,292 households residing at 23 DRLHC properties, and directly administers RGI subsidies for DRLHC households in need of subsidy and about 330 commercial rent supplement units in the private market.

The Region also administers several non-legacy programs, which support the goals of At Home in Durham, the Durham Housing Plan 2014-2024. These programs are primarily funded by the federal and provincial governments to increase the affordable rental housing supply, maintain existing stock and stabilize rental tenancies. Most programs are temporary in nature and funded through one-time targeted allocations.

There are over 7,000 low income households on the rent-geared-to-income (RGI) wait list in Durham Region. Consistently low vacancy rates (currently 2.4%), stagnant social assistance shelter benefits, rising rental costs and a limited number of affordable options in the private rental market contribute to the number of low-income applicants seeking RGI assistance.

In line with At Home in Durham and the role of the service manager under the Housing Services Act (HSA), the Region continues to develop and implement strategies to address the following:

- increasing operating costs within the DRLHC;
- underfunded capital needs across the portfolio;
- scheduled loss of federal funding;
- end of time-limited federally/provincially funded rent supplements and allowances;
- lack of affordable housing and impact on the Durham Access to Social Housing (DASH) wait list; and,
- issues related to the End of Operating Agreements (EOA) and End of Mortgages (EOM), including impacts from the HSA funding model.

Attachments to this report include the following:

- Attachment #1 Region of Durham's Role under the HSA and the Legislative Framework for Administering and Funding Social Housing Programs
- Attachment #2 Region of Durham: Housing Stock at November 30, 2018
- Attachment #3 Glossary of Terms and Acronyms
- Attachment #4 Summary of Federal and Provincial One-Time Funding Allocations (2005 to 2018)

### 3. Achievements in Housing Investment

Since 2005, the Region of Durham has leveraged approximately \$118.2 million in federal and provincial one-time funding for social and affordable housing programs. This has resulted in:

- construction of 547 new affordable rental units (\$62.9 million);
- \$30 million for rehabilitation improvements, resulting in energy cost savings;
- 1,178 units supported through rent supplements and allowances (\$24.9 million); and,
- home ownership opportunities through Habitat for Humanity Durham (\$0.4 million).

In 2018, the Region's Development Charges (DC) By-law incorporated new provisions to encourage the development of social and government assisted affordable housing. These provisions include:

- the introduction of a new Regional Residential DC service category for Housing Services to fund the development of new, growth-related social and government assisted affordable housing projects/units;
- the deferral of DC payment for social and government assisted affordable housing units;
- a DC exemption for secondary units for up to two new units in existing residential units; and,
- an expanded definition of apartment to include a single storey dwelling unit located within a garage or a building for commercial use, in order to address affordability of infill apartment developments that would otherwise be charged at a higher medium density multiple rate.

The Region was recently awarded approximately \$2.7 million in senior government funding under the Social Infrastructure Fund (Investment in Affordable Housing) to Newcastle Lodge for Seniors and Family Dwellings for the development of 37 units (18 affordable housing units) at 153 King Avenue East in the Municipality of Clarington (Report #2018-INFO-145).

Although federal and provincial funding is critical to realizing the goals of At Home in Durham, the sporadic, temporary and application-based nature of the funding inhibits the Region's ability to encourage priority-based investments and improve long-term financial planning, consistent with the Region's vision for housing.

**It is recommended that the federal and provincial governments be requested to expedite long-term, predictable and sustainable funding to municipalities – i.e. non-application-based funding similar to the Federal and Provincial Gas Tax – to support long-term housing plans, like At Home in Durham, the Durham Housing Plan 2014-2024.**

#### **4. End of Operating Agreement (EOA) and End of Mortgage (EOM)**

As service manager, the Region has a legislated responsibility to fund and administer a variety of legacy housing programs. The Housing Services Act (HSA) lists designated housing projects developed under these legacy programs. These projects are owned and operated by several independent housing providers, including municipal non-profit, private non-profit and co-operative housing corporations, in addition to the DRLHC.

Some of these projects operate solely under the HSA (Part VII projects) and some former federal projects continue to operate in accordance with pre-reform operating agreements. As mortgages of Part VII housing projects mature and pre-reform operating agreements end, there is a risk of losing RGI units under the Region's service level standard (SLS), if housing providers do not continue to partner with the Region. To date, ten housing projects have reached EOA/EOM and 141 of those 174 RGI units have been preserved. One additional housing provider has chosen not to continue to partner with the Region and will no longer fill vacancies from the DASH wait list. From 2019 to 2023, an additional four housing projects will reach the end of their operating agreements and six housing projects will reach the end of their mortgage.

At EOA/EOM, housing providers and/or the Region can request projects be removed from the HSA. However, the Region's legislated service level standard (SLS) of 4,446 RGI units must be maintained. If new agreements cannot be negotiated with those housing providers removed from the HSA, the Region would need to find new units elsewhere through rent supplement agreements, reallocation to other social housing providers, or introduction of new service delivery alternatives, like a portable housing benefit.

#### **5. Portable Housing Benefit Pilot Program**

In September 2017, the Province introduced new provisions under the Housing Services Act (HSA) to allow service managers to offer a portable housing benefit (PHB) as an alternative to RGI assistance. Unlike RGI assistance, a PHB is paid directly to the household and is not tied to a specific tenancy or unit.

Implementation of a PHB under this framework is optional. Like traditional RGI assistance, the PHB is 100 per cent funded by the municipality. Service managers, who choose to offer it, may include the benefit under their legislated SLS if they follow the framework set out in the regulation, including criteria related to the selection of households, the benefit calculation, eligibility reviews and payment of the benefit. However, the new regulatory framework is restrictive and does not provide sufficient flexibility to address people experiencing homelessness or other locally identified needs, set out in At Home in Durham.

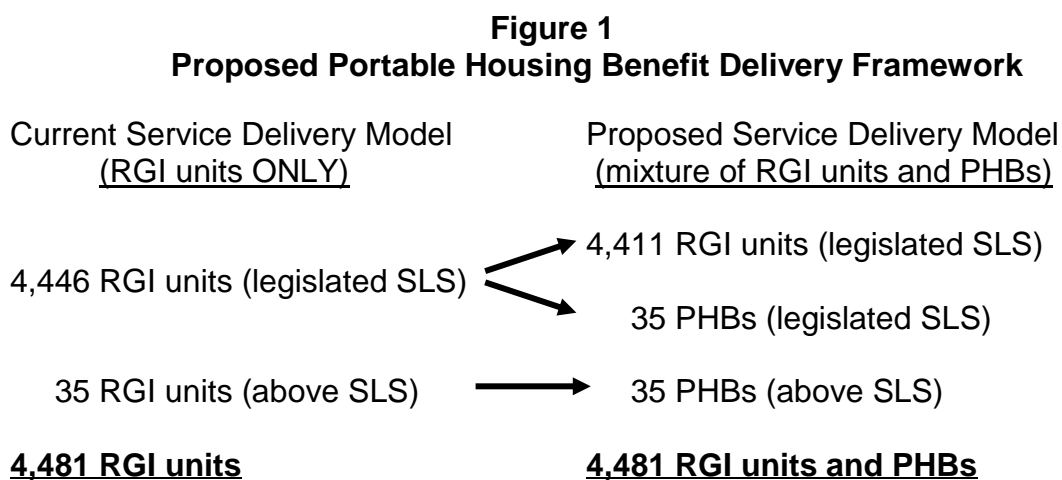
As an alternative to RGI, delivery of a PHB would allow the Region to provide a timelier response to a potential shortfall in the Region's SLS, given the low turnover rates in social housing and the decreasing number of private landlords

entering into rent supplement agreements with the Region. It would also facilitate a change within the DRLHC portfolio from 100 per cent RGI units to a mixed community of RGI and affordable market rent units.

In 2004, Regional Council approved an additional 35 RGI units above the legislated SLS of 4,446 for a total allocation of 4,481 units (Report #2004-J-36). These additional 35 units are not required to conform with the HSA. They could be converted to PHBs to provide greater flexibility to address local needs and priorities.

Another 35 RGI units within the current legislated SLS of 4,446 units could be converted to PHBs to address a potential shortfall in the Region's SLS and facilitate mixed communities within the DRLHC.

The proposal for a total of 70 PHBs administered by the Region would be delivered at no additional cost to the Region and would not exceed the Regional Council approved allocation of 4,481 units, as follows:



In order to address local needs and incorporate more flexibility to maintain the Region's legislated service level standard of 4,446 RGI units, it is recommended that staff develop a Portable Housing Benefit (PHB) framework to support the introduction and implementation of a total of 70 PHBs, consisting of 35 PHBs within the Region's legislated service level standard and 35 PHBs above the Region's service level standard, at no additional cost to the Region with a report to Regional Council on the outcomes of this pilot by fall 2019.

## 6. Current Rent Supplement and Rent Assistance Programs

The Region currently administers various rent supplement and rent assistance programs for units under and above the Region's legislated service level standard (SLS).

**Table 1**  
**Rent Supplement and Rent Assistance Programs in Durham**

<b>Programs</b>	<b>2019 Proposed Budget (\$000's)</b>	<b>Units (#)</b>
<u>Legislated Program<sup>1</sup> (100% Regional \$)</u>		
Commercial Rent Supplement	2,863	330
<u>Non-legislated Programs<sup>2</sup> (100% Senior Government \$)</u>		
Strong Communities Rent Supplement	1,439	151
Investment in Affordable Housing (IAH): Rent Supplement Programs	2,815	620
<u>Non-legislated Program<sup>2</sup> (100% Regional \$)</u>		
Durham Rent Supplement Program	250	30
<b>TOTAL</b>	<b>7,367</b>	<b>1,131</b>

Note: <sup>1</sup> Programs under Service Level Standard

<sup>2</sup> Programs above Service Level Standard

In December 2017, Regional Council approved a new Durham Rent Supplement Program to provide approximately 30 additional RGI subsidies to applicants on the DASH wait list (Report #2017-COW-257). This allocation is over and above the Region's SLS so HSA wait list rules are not applicable.

Low vacancy rates (currently 2.4 per cent) combined with a shortage of participating landlords have challenged the take-up of the Region's 'made-in-Durham' rent supplement program. Since the inception of the Durham Rent Supplement program, only 13 of the 30 rent supplements have been allocated to applicants, all of whom were homeless or had been on the wait list for over 10 years. A more flexible approach is needed to address the unique needs of these applicants and ensure full take-up of the program.

A Durham Rent Supplement–Shared Delivery approach would enable community partners to provide a Housing First program. Housing First, a central theme of At Home in Durham, is a widely accepted recovery-oriented approach to ending homelessness that aims to quickly move people experiencing homelessness into independent and permanent housing, and then providing additional supports and services as needed. Many of the community partners are already working with local landlords who understand their clientele and the supports that are provided to ensure successful tenancies. Utilizing the expertise of our community partners in a shared delivery approach to the Durham Rent Supplement program would provide the Region greater flexibility and help achieve full take-up of the 30 RGI units already approved by Council in 2017.

**It is recommended that the existing authority of the Commissioner of Social Services and Commissioner of Finance be extended to include the execution of Durham Rent Supplement–Shared Delivery agreements to support**



**Housing First programs administered by community partners, with current funding previously approved by Regional Council (Report #2017-COW-257).****Strong Communities Rent Supplement Program (SCRS)**

The SCRS Program is a provincially funded program that provides RGI subsidies to households that are homeless or at risk of becoming homeless. The Region has entered into SCRS agreements with non-profit, affordable and private market landlords to provide SCRS units. In 2019, there were about 151 households receiving subsidy at a total cost of approximately \$1.44 million in provincial funding. Since the program is provincially-funded, SCRS units are not included under the Region's legislated RGI service level standard. The program and related funding will expire in March 2023.

The SCRS program requires a portion of funding to be targeted to tenants requiring Ministry of Community and Social Services (MCSS) or Ministry of Health and Long-Term Care (MOHLTC) funded supports. There are currently 28 units receiving MCSS or MOHLTC supports through local agencies. The estimated annual cost to maintain these units beyond the end of provincial funding in 2023 is approximately \$158,800.

About 63 per cent of SCRS units are provided by non-profit, affordable and co-operative social housing providers. These rents are generally below current average market rents due to program and Residential Tenancies Act guidelines, resulting in lower subsidy costs relative to acquiring new units in the private market.

Post 2023, the subsidy payable for former SCRS units can be reduced by maximizing the shelter component of Ontario Works and Ontario Disability Support Program (ODSP) benefits of eligible tenants. This reduces the estimated annual Regional cost to maintain all 151 SCRS units post 2023 to \$856,000, as compared to the current \$1.44 million. Should the Region start winding down the program by not replacing tenants on turnover, it would forego approximately \$1.6 million in provincial funding prior to 2023, and there would still be an estimated 80 tenants remaining at an estimated annual Regional cost of \$455,000.

The majority of SCRS tenants receive social assistance income and reside in one-bedroom apartments. These tenants are unable to afford private market rent, which represents between 90 per cent to 143 per cent of social assistance income. Without continued rent subsidy, former SCRS tenants are at high risk of homelessness, which would place additional expenditure pressures on the Region's existing homelessness programs.

**It is recommended that, in order to maximize provincial funding for the Strong Communities Rent Supplement (SCRS) program and to address the affordable housing needs of people who are homeless or at high risk of homelessness, the current level of 151 SCRS units be maintained until 2020 at a total annual cost of approximately \$1.44 million funded by the Province,**

**and staff report back to Regional Council in the 2020 Social Housing Servicing and Financing Study on a strategy to address end of program in 2023.**

**Further, it is recommended that the Province of Ontario be requested to provide permanent sustainable funding of approximately \$1.44 million annually for 151 households to maintain the current Strong Communities Rent Supplement Program beyond March 31, 2023 to safeguard tenancies of those at high risk of homelessness.**

## **7. Durham Regional Local Housing Corporation**

### **Asset Management and Capital Planning**

DRLHC properties are required to be included in the Region's Asset Management Plan (Report #2018-COW-171) per the Infrastructure for Jobs and Prosperity Act, 2015. At Home in Durham supports the development of a long-term, asset management and financial strategy to sustain and support the DRLHC.

In 2016, Building Condition Assessments (BCAs) were completed for the DRLHC portfolio, and the assessments indicated that the overall DRLHC assets had a condition rating of fair to good at that time. However, many of the sites were built over 50 years ago, and the aging buildings will require ongoing maintenance and significant capital investments to remain viable over the long-term.

A multi-departmental working group has been established, with staff from the Departments of Finance, Social Services (Housing Services Division) and Works to update information from the BCAs to inform the DRLHC 10-year capital budget process. In addition, the working group will rank projects within the DRLHC portfolio based on current capital needs, operating costs and local community needs in order to facilitate the development of a long-term, asset management and financial strategy to sustain and support the DRLHC. A detailed review, involving more structurally invasive testing than conducted during the BCA process, may be required.

Consulting services will be retained at a cost not exceeding \$100,000 to facilitate the development of a long-term, asset management and financial strategy to sustain and support the DRLHC, as identified in At Home in Durham.

### **DRLHC Non- smoking policy**

The Smoke-Free Ontario Act, 2017 prohibits smoking or vaping in any enclosed workplace or public space. While the common areas of residential buildings are included under this Act, there is nothing to restrict smoking within tenant units. Exposure to secondhand smoke presents unarguable concerns for the health of tenants and staff.

The DRLHC receives numerous complaints each year from tenants regarding the transfer of secondhand smoke interfering with the reasonable enjoyment of their

homes. Despite taking ongoing technical measures to mitigate the transfer of secondhand smoke, the risk of exposure persists for tenants and site staff. Adopting a non-smoking policy is critical to demonstrating a commitment to the overall health of DRLHC tenants and staff.

In addition, there are significant costs associated with the maintenance of units that permit smoking. Unit turnovers costs are substantially increased when former tenants were heavy smokers (e.g. painting costs are tripled as walls must be washed, sealed and painted at least twice to prevent nicotine from leeching through).

The DRLHC currently has one non-smoking building consisting of 12 units at 1529 Ritson Road South, Oshawa, constructed under the Affordable Housing Program in 2012.

Many other housing communities throughout Ontario have developed non-smoking policies including Durham Region Non-Profit Corporation and Ajax Municipal Housing Corporation. Ottawa Community Housing adopted a no-smoking policy in 2014 prohibiting smoking anywhere on its properties.

Under a non-smoking policy, existing DRLHC tenants, who do not already have non-smoking clauses in their leases, would be grandfathered and allowed to smoke in their units, but new tenancies would be subject to leases that prohibit smoking. Regional staff will work with the Health Department to promote smoking cessation programs.

**It is recommended that Regional Council endorse the implementation of non-smoking policies throughout the Durham Regional Local Housing Corporation (DRLHC) portfolio in 2019.**

## **8. Homelessness**

The Region of Durham administers a number of Community Homelessness Prevention Initiative (CHPI) programs, which are funded primarily by the Province. Provincial funding will increase to \$9.1 million in 2019-20, representing a \$1.1 million increase from 2018-2019. In addition, the Region has also budgeted approximately \$352,000 in Regional funding for CHPI programs in 2019.

In 2018, the Region engaged in homelessness enumeration to get a snapshot of who is homeless, why they are homeless and what supports are required to assist them to become housed. Community partners have increased staff supports and one-time emergency funding to prevent eviction and assist people experiencing homelessness to secure housing. However, continuing low vacancy rates, increasing rents, limited rental housing and insufficient rent subsidies combined with inadequate social assistance rates continue to contribute to increased homelessness in the Region.

## Canada's Homelessness Strategy: Reaching Home

Reaching Home is part of Canada's National Housing Strategy. This initiative supports local communities to work towards an end to homelessness. It replaces the current Homelessness Partnering Strategy (HPS).

Funds are allocated to a local Community Entity (CE) who distributes funding to programs that address the needs of people experiencing or at risk of homelessness. The current CE in Durham is the United Way, but they will no longer be managing this program after March 31, 2019.

The federal government has approached the Region of Durham to take on the CE role for the new Reaching Home initiative. The Region has extensive experience administering provincial CHPI programs, as well as a number of federal-provincial housing programs that work collaboratively to reduce homelessness in Durham. As CE, the Region would facilitate increased community collaboration, better coordination of programs with decreased gaps in services and greater synergy between homelessness and housing programs – in line with the At Home in Durham goal of ending homelessness.

The CE service agreement with the federal government must be executed by March 31, 2019. To ensure sufficient processing time, the agreement must be signed by the Region before February 28, 2019. Funding levels for 2019/2020 are expected to be no less than the 2018/2019 funding level of \$418,320. Reaching Home funding includes administration costs of up to 15 per cent of the total allocation.

**It is recommended that the Regional Chair and Regional Clerk be authorized to enter into a service agreement with the Government of Canada to flow 100 per cent federal funding in an annual estimated amount of \$418,000 under the Reaching Home initiative to approved community programs to assist people who are homeless or at risk of becoming homeless.**

## 9. Affordable and Seniors' Housing Task Force

In 2016, Regional Council established an eleven-member Affordable and Seniors' Housing Task Force. On November 8, 2017, Regional Council approved the Affordable and Seniors' Housing Task Force Report (Report #2017-COW-249) which identified thirty-four recommendations to:

- increase the supply of affordable rental housing for low- and moderate-income households across Durham Region; and
- increase the range of housing choices for Durham seniors.

To implement the recommendations of the Task Force report, a Regional Core Team was established, with staff representation from the Finance, Planning & Economic Development, Social Services and Works Departments. The Regional Core Team has worked collaboratively to develop action plans for each of the 34

Task Force Report recommendations, with input from the Interdisciplinary Affordable Rental and Seniors' Housing Tactical Team, consisting of representatives from Durham's area municipalities. The Regional Core Team first reported on the progress of implementation in June 2018 (Report #2018-COW-127) and committed to begin annual reporting early in 2019.

However, the Region is already required to report to the public and to the Minister of Municipal Affairs and Housing (MMAH) on the progress of At Home in Durham by June 30<sup>th</sup> of each year. The Task Force Report recommendations advance At Home in Durham, which aims to improve affordability and access to housing, protect the existing affordable housing supply, encourage housing diversity and build capacity in the housing system.

In order to avoid duplication, the progress report of the Affordable and Seniors' Housing Task Force that was proposed to be presented to Regional Council in early 2019 (Report #2018-COW-127) and subsequent annual reports will be incorporated into the statutory annual reporting requirement for At Home in Durham, the Durham Housing Plan 2014-2024.

## **10. Proposed 2019 Business Plan and Budget**

As Service Manager under the Housing Services Act (HSA), the Region has legislated responsibility for funding social housing providers under three funding envelopes:

- Rent supplements (or rent subsidies) that provide financial assistance to social housing providers to bridge the gap between the established market rent and rents received on a RGI basis and from households housed from the DASH wait list;
- Flow-through federal funding for federal and former federal social housing projects to cover both mortgage expenses and rent supplement units; and
- Operating subsidies to cover actual costs for mortgage expenses, property taxes and other benchmarked operating expenses as set out in the benchmarked funding model, prescribed under the HSA.

As outlined in Table 2 below, the proposed 2019 gross housing budget for legislated programs is approximately \$46.6 million. The proposed preliminary net Regional budget is approximately \$37.7 million for 2019, representing an increase of 9.6 per cent from 2018.

**Table 2**  
**Proposed 2019 Social Housing Program Budget**

<b>SOCIAL HOUSING PROGRAM COSTS Durham Region</b>	<b>2018 Approved Budget (\$000's) Restated</b>	<b>2019 Proposed Budget (\$000's)</b>
<b><u>I) Legislated Programs</u></b>		
<u>Subsidy breakdown by Social Housing Program:</u>		
1) HSA (Part VII) Housing Projects– Subsidy for Non-Profits and Co-ops <sup>1</sup>	32,657	33,859
2) Federal, Municipal Non-Profit (MNP), and Former Federal and MNP Projects – Mortgage Subsidy and Rent Supplement	509	446
3) New Rent Supplement for Former Federal and MNP	425	1,128
4) Commercial Rent Supplement	2,861	2,863
5) Durham Regional Local Housing Corporation	5,991	6,879
6) DRLHC Debenture Payment	1,380	1,162
<b>Gross Subsidy for Social Housing Programs</b>	43,823	46,337
Recovery: Federal Grant for Federal Programs (terminating 2033)	(9,710)	(8,905)
<b>Net Regional Subsidy for Legislated Programs</b>	34,113	37,432
<b><u>II) Non-Legislated Programs</u></b>		
1) Strong Communities Rent Supplement (SCRS) <sup>2</sup>	1,439	1,439
2) Durham Housing Benefit (DHB) – refers to IAH, IAH- Extension & IAH SIF Rent Supplement Components delivered via Direct and Shared Delivery <sup>3</sup>	2,815	2,815
3) Durham Rent Supplement Program – 30 units	250	250
<u>Subsidy/Grant for Non-Legislated Programs:</u>		
1) Provincial Grant for SCRS	(1,439)	(1,439)
2) Federal /Provincial Grant for all program delivery of the Durham Housing Benefit (DHB) including IAH, IAH- Extension & IAH SIF Rent Supplement Components	(2,815)	(2,815)
<b>Net Regional Subsidy for Non-Legislated Programs</b>	250	250
<b>TOTAL Regional Subsidy for All Programs</b>	34,363	37,682
Legislated (4,446 plus 35) and Non-Legislated Levels of Service (30)	4,511 units	4,511 units
Total Expenditure per RGI Unit	7,618	8,353
Increase in cost over prior year	1.6%	9.6%

NOTES: <sup>1</sup> Funding for proposed 70 PHB units to be provided from within existing funding envelope.

<sup>2</sup> SCRS program terminates in March 2023.

<sup>3</sup> IAH-DHB terminates March 2023 IAH-SIF-DHB terminates March 2024.

The proposed 2019 budget will include Regional administration costs in the applicable departmental budgets that are in addition to the \$37.7 million Regional subsidy provided to housing providers.

## 11. Four-Year Forecast

Social housing cost estimates for the forecast period (2020 to 2023) are based on the 2019 estimates inflated by cost and revenue indices consistent with current economic trends and prescribed indices under the HSA.

As shown in Table 3 below, social housing subsidy costs are projected to increase by approximately 10 per cent– from \$39 million in 2020 to \$42.8 million in 2023. This is primarily due to anticipated property tax increases for housing providers, decreasing federal funding, and indexed annual increases to provider operating costs, including capital reserves.

**Table 3**  
**Proposed 2019 Social Housing Program Budget and Forecast**

<b>SOCIAL HOUSING PROGRAM COSTS Durham Region</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Restated Budget (\$000's)</b>	<b>Forecast - Social Housing Programs (\$000's)</b>				
<b><u>Subsidy breakdown by Social Housing Program:</u></b>						
1) HSA Housing Providers - Subsidy for Non-Profits/ Co-Ops	32,657	33,859	35,440	35,940	36,155	35,916
2) MNP, Federal and Former MNP & Federal Projects - Mortgage Subsidy & Rent Supplement	509	446	427	433	440	441
3) New Rent Supplement for Former MNP & Federals	425	1,128	1,147	1,167	1,519	2,548
4) Commercial Rent Supplement Program (CRS)	2,861	2,863	2,912	2,964	3,017	3,070
5) Durham Region Local Housing Corporation (DRLHC)	5,991	6,879	6,941	7,080	7,221	7,366
6) DRLHC Debenture Payment	1,380	1,162	1,112	1,039	980	907
7) Durham Rent Supplement Program (DRS)	250	250	250	250	250	1,330
<b>Gross Subsidy Costs for the Social Housing Program</b>	<b>44,073</b>	<b>46,587</b>	<b>48,229</b>	<b>48,873</b>	<b>49,581</b>	<b>51,578</b>
<b><u>Revenue Recovery:</u></b>						
Funding for the Federal Programs (terminating 2033)	(9,710)	(8,905)	(9,218)	(9,230)	(8,578)	(8,734)
<b>Net Regional Subsidy for Social Housing Programs</b>	<b>34,363</b>	<b>37,682</b>	<b>39,011</b>	<b>39,642</b>	<b>41,003</b>	<b>42,844</b>
<b>Per cent increase</b>	<b>1.6%</b>	<b>9.6%</b>	<b>3.5%</b>	<b>1.6%</b>	<b>3.4%</b>	<b>4.5%</b>



Federal funding will continue to decrease annually until fully terminated in 2033. To offset the decrease in current federal funding, the National Housing Strategy (released in November 2017) committed \$4.3 billion in new federal funding to preserve housing affordability for former federal housing providers with expiring operating agreements. As per the Strategy, this funding must be cost matched by the Province. However, to date, no details have been provided for the allocation of this funding, including Provincial commitments and the role of the municipal service manager.

## **12. Risks to 2019 Regional Budget and Forecast**

Most of the housing providers funded by the Region receive their subsidy entitlements based on a legislated funding formula (i.e. Part VII projects under the HSA). The formula allows for an annual increase which consists of prescribed cost and revenue indices determined by the MMAH.

The annual indices are released to service managers each summer to ensure service managers and housing providers can adequately meet budgetary timelines. Payments to providers are based on revenues and specific indexed benchmark costs, including maintenance and administration, insurance, water, hydro and heating fuel, bad debts, and capital reserves. The indices and various sub-indices are taken from the Ontario Consumer Price Index, as published by Statistics Canada for the one-year period commencing in May of each calendar year.

In 2019, one social housing mortgage will mature (219 units). An additional nine mortgages (495 units) will mature over the forecast period. Five of these housing projects are owned by one housing provider. Together, these ten housing projects provide 339 of the Region's legislated service level standard of 4,446 RGI units for low- and moderate-income households.

Although, the Region's share of operating surpluses generated by social housing providers is retained in the Regional Social Housing Reserve Fund for priority capital needs (Report #2015-J-54), there is a risk that these funds will be insufficient, given the magnitude of the estimated replacement reserve shortfall. In addition, the forecast does not consider the risk of increasing mortgage rates.

In Durham, RGI subsidies represent a significant part of the Region's gross social housing costs. These subsidies are sensitive to economic cycles. Economic downturns could increase subsidies paid by the Region to cover the difference between rents received from RGI households and market rents.

As the Region's funding obligations are driven by Provincial legislation (HSA), there is always a risk that changes to the legislative framework will impact costs to the Region.

### 13. Conclusion

The Region continues to advance the goals of At Home in Durham, the Durham Housing Plan 2014-2024, including the implementation of the recommendations of the Affordable and Senior's Housing Task Force Report. These initiatives aim to improve affordability and access to housing, end homelessness, protect the existing affordable housing supply, encourage housing diversity and build capacity in the housing system.

The Region's social housing portfolio ensures affordability for low income households, including some of the most vulnerable residents in our community. However, social housing continues to pose significant risks and financial hardship on taxpayers in the Region given the exposure to economic uncertainty, legislative requirements and the underfunded capital reserves. Maintaining these public assets requires sustained federal and provincial funding to support priority-based investments and long-term financial planning, consistent with and the Region's vision for housing.

In line with At Home in Durham and the role of the service manager under the Housing Services Act, the Region continues to develop and implement strategies to address the sustainability of the social housing portfolio, encourage new affordable housing and maintain its legislated service level standard.

- Attachment #1 Region of Durham's Role under the HSA and the Legislative Framework for Administering and Funding Social Housing Programs
- Attachment #2 Region of Durham: Housing Stock at November 30, 2018
- Attachment #3 Glossary of Terms and Acronyms
- Attachment #4 Summary of Federal and Provincial One-Time Funding Allocations (2005 to 2018)

Respectfully submitted,

Original Signed By

Nancy Taylor BBA, CPA, CA  
Commissioner of Finance

Original Signed By

Dr. Hugh Drouin  
Commissioner of Social Services

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair  
Chief Administrative Officer

## 1. **Region of Durham's Role under the HSA and the Legislative Framework for Administering and Funding Social Housing Programs**

As service manager under the Housing Services Act (HSA), the Region is responsible for developing and implementing a ten-year plan to address housing and homelessness conditions in the community. In 2014, Regional Council endorsed the following four goals as part of At Home in Durham – the Durham Housing Plan 2014-2024:

- End homelessness in Durham;
- Affordable rent for everyone;
- Greater housing choice; and,
- Strong and vibrant neighbourhoods.

Under the HSA, the Region has the power to establish, administer and fund housing and homelessness programs and services and to provide housing directly, in order to meet the goals and objectives of its Plan.

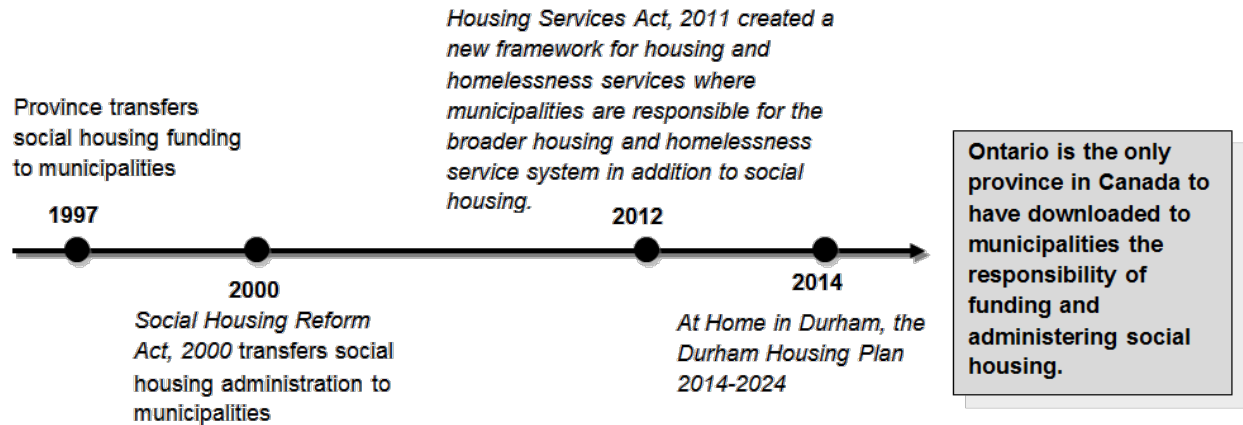
The Region of Durham is also required by legislation to administer and fund certain social housing programs. These legacy programs were previously administered and funded by both the Canada Mortgage and Housing Corporation (CMHC) at the federal level and the Province of Ontario. Accordingly, the Region of Durham must ensure:

- The prescribed service level standard of 4,446 rent-geared-to-income (RGI) subsidies is maintained.
- The existing supply of rental housing units in the non-profit and Regionally owned Durham Regional Local Housing Corporation (DRLHC) portfolio are sufficiently funded and maintained.
- The financial and administrative structures are in place to ensure that non-profit and co-operative housing providers operate in accordance with the HSA.

The Province is responsible for setting the framework for housing and homelessness programs in Ontario, including social housing. Figure 1 illustrates the timeline of the devolution of the administration and funding of social housing programs from the Province to municipalities.

**FIGURE 1**

### **Timeline of Legislative Framework for Administration and Funding of Social Housing Programs**



The Region of Durham administers and provides funding to 44 social housing providers, who own 91 sites across the Region. Social housing buildings typically offer a blend of market rents and RGI units. The Region has additional Commercial Rent Supplement agreements with private landlords to subsidize another 330 market rent units across Durham, as part of the legislative service level standard of 4,446 units. In 2004, Regional Council, approved an increase of 35 RGI units, bringing its total commitment to 4,481 units.

With the exception of the DRLHC, the Region of Durham does not own or administer the social housing stock. The Region provides provincially mandated funding and certain oversight requirements under the HSA.

In 2017, the Affordable and Seniors' Housing Task Force established a six-point plan of action with 34 recommendations to identify strategies that can support the creation and maintenance of affordable rental and seniors' housing. The work of the Task Force supports the implementation of At Home in Durham, and will inform its five-year review, which will be completed in 2019. To implement the recommendations of the Task Force report, a Regional Core Team was established, with staff representation from the Finance, Planning & Economic Development, Social Services and Works Departments. The Regional Core Team has worked collaboratively to develop action plans for each of the 34 Task Force Report recommendations, with input from the Interdisciplinary Affordable Rental and Seniors' Housing Tactical Team, consisting of representatives from Durham's area municipalities.

**REGION OF DURHAM**  
**Housing Stock at December 31, 2018**

<b>Social Housing Program</b>	<b>Municipality</b>	<b>Design</b>	<b>Social Housing Stock</b>	<b>Affordable Housing Stock</b>	<b>Total Social/Affordable Housing Stock</b>
<b>i) Non-Profit &amp; Co-operatives</b>					
AJAX MUNICIPAL HSG CORP	Ajax	Row/Apt/E	490	84	574
BORELIA CO-OPERATIVE HOMES	Port Perry	Row/Apt	70	-	70
BOWMANVILLE VALLEY CO-OPERATIVE HOMES	Clarington	Row/Apt	68	-	68
BROCK NPHC - Phase 2	Brock	Apt/E	20	-	20
CONSIDERATION CO-OPERATIVE HOMES	Oshawa	Apt/E	99	-	99
CORNERSTONE COMM ASSOC	Oshawa	Apt/Alt	56	-	56
DUFFIN'S CREEK CO-OPERATIVE HOMES	Pickering	Row	75	-	75
DURHAM REGION NPHC	various	Row/Apt/E	1,128	18	1,146
GATEWAY COMMUNITY HOMES	Oshawa	Apt/E&W	118	-	118
HARMONY-KING COOPERATIVE HOMES - CORMACK STATION	Oshawa	Apt/E	76	-	76
HERITAGE COMMUNITY HSG CORP	Whitby	Apt/E	125	-	125
IMMACULATE CONCEPTION (J.D. COCHRANE COURT)	Port Perry	Apt/E	38	-	38
INTER FAITH HOMES - BLOOR APARTMENTS	Oshawa	Apt/E	36	-	36
INTER ORGANIZATIONAL NETWORK (SARAH MCDONALD'S PLACE)	Pickering	Apt/E	63	-	63
JOHN HOWARD SOCIETY	Oshawa	Alt	8	-	8
LIFE CENTRE NPHC	Ajax	Row/AptE	126	-	126
MARIGOLD COOPERATIVE HOMES	Whitby	Apt/E	70	-	70
NEW HOPE NP DWELLINGS (DURHAM) INC	Oshawa	Apt/E	118	-	118
NORTHVIEW MEADOW CO-OPERATIVE HOMES	Oshawa	Row	261	-	261
OSHAWA LEGION MANOR	Oshawa	Apt/E	38	-	38
OSHAWA YWCA	Oshawa	Apt/E/Alt	40	-	40
OTTER CREEK CO-OP	Whitby	Row	84	-	84
PARTICIPATION HOUSE - CAMPBELL COURT	Clarington	Row	39	-	39
PRISMA NON-PROFIT RESIDENCE CORP	Whitby	Apt/E	186	-	186
PROVIDENCE PLACE CHRISTIAN HOMES	Whitby	Apt/E	124	-	124
ROUGEMOUNT CO-OPERATIVE HOMES	Pickering	Apt/E	105	-	105
SUNRISE PLACE NON-PROFIT HSG CO-OPERATIVE	Oshawa	Apt/E	58	-	58
SUNRISE SENIORS PLACE (OSHAWA-DURHAM)	Oshawa	Apt/E	89	-	89
UNITY VILLAGE LOCAL 183 NP HOMES	Ajax	Apt/E	82	-	82
WHITBY CHRISTIAN NPHC - HARVEST PLACE	Whitby	Apt/E	85	-	85
WILLIAM PEAK CO-OPERATIVE HOMES	Pickering	Row	141	-	141
WILLOW PARK CO-OPERATIVE HOMES	Oshawa	Row/Apt	90	-	90
<b>Non-Profit/Co-operatives - TOTAL of (i)</b>			<b>4,206</b>	<b>102</b>	<b>4,308</b>

**REGION OF DURHAM**  
**Housing Stock at December 31, 2018**

<b>Social Housing Program</b>	<b>Municipality</b>	<b>Design</b>	<b>Social Housing Stock</b>	<b>Affordable Housing Stock</b>	<b>Total Social/Affordable Housing Stock</b>
<b>ii) Federal Non-Profits</b>					
DURHAM COUNTY SEN. CIT. LODGE (CSHP)	Clarington	Row	41	-	41
KINGSWAY PIONEER HOME (CSHP)	Oshawa	Apt	80	-	80
ST. MARY'S SENIOR CITIZENS RESIDENCE OSHAWA	Oshawa	Apt/E	92	-	92
<b>Federal Non-Profits - TOTAL of (ii)</b>			<b>213</b>	<b>-</b>	<b>213</b>
<b>iii) Durham Regional Local Housing Corporation (Public Housing)</b>	various	Row/Apt/E	<b>1,275</b>	<b>17</b>	<b>1,292</b>
<b>iv) TOTAL HOUSING STOCK (i + ii + iii)</b>			<b>5,694</b>	<b>119</b>	<b>5,813</b>
<b>COMMERCIAL RENT SUPPLEMENT</b>			<b>330</b>	<b>-</b>	<b>330</b>
<b>Affordable Housing Program (held by Private Proponents)</b>					
394 BLOOR STREET (CHER-BROOK PROPERTIES)	Oshawa	Apt	-	42	42
762 KING STREET (TGFG VENTURES INC.)	Oshawa	Row	-	32	32
310 MARY STREET (1395310 ONTARIO LTD.)	Whitby	Apt	-	139	139
1658 RITSON ROAD NORTH (873815 ONTARIO LTD.)	Oshawa	Apt	-	75	75
109 PARK ROAD SOUTH (NISHNAWBE HOMES)	Oshawa	Apt	-	17	17
<b>Affordable Housing Program - SUB-TOTAL</b>			<b>-</b>	<b>305</b>	<b>305</b>
<b>End of Operating Rent Supplement Agreements (EOA) Housing Providers</b>					
<b>i) Rent Supplement Program providing SLS Units</b>					
BROCK NPHC - Phase 1	Brock	Apt/E	33	-	33
NEWCASTLE LODGE - PARKVIEW	Clarington	Apt	43	-	43
PARKVIEW PLACE	Oshawa	Apt/E	115	-	115
ST. MARTIN'S CENTRE	Pickering	Apt	58	-	58
<b>Former Federal Non-Profits - TOTAL of (i)</b>			<b>249</b>		<b>249</b>
<b>End of Mortgage Rent Supplement (EOM) Housing Providers</b>					
<b>i) EOM Providers providing SLS Units</b>					
MAPLE GLEN HOUSING CO-OPERATIVE HOMES	Oshawa	Row/AptE	40	-	40
<b>HSA Non-Profits - TOTAL of (ii)</b>			<b>40</b>		<b>40</b>
<b>COMBINED HOUSING STOCK IN DURHAM</b>			<b>6,313</b>	<b>424</b>	<b>6,737</b>
<b>Legislated Service Level Standard (plus 35)</b>			<b>4,481</b>	<b>-</b>	<b>4,481</b>

(1) Affordable Housing Program: The Affordable Housing (AHP) and Investment in Affordable Housing (IAH) Programs are federal/provincial programs that provide grants and subsidized loans to support affordable rental housing and homeownership opportunities.

(2) Social Housing: Social housing refers to rental housing developed with the assistance of government and subsidized by levels of government for people with low to moderate incomes, seniors, or people with special need who can live, with support, in the community.

**REGION OF DURHAM**  
**Housing Stock at December 31, 2018**

Housing Providers with Multiple Buildings within their Portfolio	Municipality	Design	Social Housing Stock	Affordable Housing Stock	Total Social/Affordable Housing Stock
<b>AJAX MUNICIPAL HOUSING CORP</b>					
Ashley Manor	Ajax	Apt/E	77	-	77
Monarch Mews	Ajax	Row	142	-	142
Post Hill	Ajax	Row/Apt/E	101	-	101
Westwood Manor	Ajax	Apt/E	70	-	70
River Breeze	Ajax	Row	100	-	100
Hubbard Station	Ajax	Apt/E		84	84
<i>total units at Ajax Municipal Housing Corp</i>			<b>490</b>	<b>84</b>	<b>574</b>
<b>CORNERSTONE COMM ASSOC</b>					
454 Bloor	Oshawa	Apt/E	28	-	28
133 Simcoe	Oshawa	Apt/W	28	-	28
<i>total units at Cornerstone Comm Assoc</i>			<b>56</b>	<b>-</b>	<b>56</b>
<b>DURHAM REGION NON PROFIT HOUSING CORP</b>					
St. Andrew's Place	Brock	Apt/W	8	-	8
Old School House Apartments	Brock	Apt/W	16	-	16
Gillespie Gardens	Brock	Apt/E	48	18	66
Mearns Meadows	Clarington	Row	60	-	60
Bowmanville Heights	Clarington	Row	66	-	66
Conant Place	Oshawa	Row	43	-	43
Ormond Place	Oshawa	Row	44	-	44
Beatrice Woods	Oshawa	Row/Apt/W	80	-	80
Wilson Village	Oshawa	Row/Apt/W	72	-	72
Cy Elsey Building	Oshawa	Apt/E	55	-	55
Orchard Valley Court	Pickering	Row	115	-	115
Highbush Village	Pickering	Row	46	-	46
Reach Gardens	Uxbridge	Row/Apt/W	44	-	44
Wood Farm Manor	Whitby	Apt/E	70	-	70
Perry Terrace	Whitby	Apt/E	84	-	84
Dryden Heights	Whitby	Apt/E	110	-	110
Marigold Court	Whitby	Row	107	-	107
Garrard Heights	Whitby	Row	60	-	60
<i>total units at Durham Region Non Profit Housing Corp</i>			<b>1,128</b>	<b>18</b>	<b>1,146</b>
<b>GATEWAY COMMUNITY HOMES</b>					
Gateway Terrace	Oshawa	Apt/E	102	-	102
Gateway Chamber	Oshawa	Apt/E	16	-	16
<i>total units at Gateway Community Homes</i>			<b>118</b>	<b>-</b>	<b>118</b>
<b>DURHAM REGIONAL LOCAL HOUSING CORPORATION</b>					
Harwood Manor	Ajax	Apt/E	129	-	129
Spruce Haven	Brock	Apt/E	26	-	26
Wayside Apartment	Brock	Apt/E	32	-	32
Nelson St.	Clarington	Apt/E	21	-	21
Nelson St.	Clarington	Apt/E	14	-	14
Normandy Hall	Oshawa	Apt/E	30	-	30
Lomond St, Christine Cr	Oshawa	Semi	18	-	18
Linden St, Poplar St	Oshawa	Semi	32	-	32
King Charles Court	Oshawa	Apt/E	165	-	165
Lakeview Harbourside	Oshawa	Row/Apt/E	173	12	185
Malaga	Oshawa	Row	65	-	65
Beatrice Terrace	Oshawa	Apt/E	50	-	50
Cedar St, Carlton Ct, Wasaga Ct	Oshawa	Semi	34	-	34
Dean Heights	Oshawa	Apt/E	51	-	51
Nevis St, Normandy St, Christine Cres	Oshawa	Semi	42	-	42
Villa Valeau	Pickering	Apt/E	36	-	36
Fairport Lodge	Pickering	Apt/E	36	-	36
Kellett Manor	Scugog	Apt/E	30	-	30
Spruce Lawn Apartments	Scugog	Apt/E	38	-	38
Brookside Apartments	Uxbridge	Apt/E	51	5	56
Windsor Place	Whitby	Apt/E	105	-	105
Centre	Whitby	Apt/E	16	-	16
Bowling Green Towers	Whitby	Apt/E	81	-	81
<i>total units at Durham Regional Local Housing Corp</i>			<b>1,275</b>	<b>17</b>	<b>1,292</b>



## Glossary of Terms and Acronyms

**Affordable and Seniors' Housing Task Force:** A time-limited ad hoc committee of Regional Council, which was formed to identify strategies that support the creation and maintenance of affordable rental and seniors' housing as set out in the Region's Community Strategic Plan, the Regional Official Plan, and At Home in Durham, the Durham Housing Plan 2014-2024 (Report #2017-COW-249).

**At Home in Durham, the Durham Housing Plan 2014-2024:** The Region's 10-year plan to address housing and homelessness. It establishes goals and actions that will improve affordability and access to housing with and without supports, protect the existing affordable housing supply, encourage housing diversity, and build capacity in the housing system. These goals are: End Homelessness in Durham; Affordable Rent for Everyone; Greater Housing Choice; and Strong and Vibrant Neighbourhoods. At Home in Durham, the Durham Housing Plan 2014-2024, was approved by Council in June 2014 and will be reviewed in 2019.

**Building Condition Assessments (BCA):** Documents that provide an understanding of the physical condition and life expectancy of a facility to support asset management strategies.

**Benchmarking:** A management tool that allows the deliverer of a product, or service, to compare its performance with like providers. Benchmarking was an important instrument in the design of the current funding model for social housing by setting a narrow range of acceptable operating costs for social housing providers. Through benchmarks, the funding of operating costs and capital reserves becomes more predictable for both Service Managers and housing providers.

**Canada Mortgage and Housing Corporation (CMHC):** The agency responsible for carrying out the current responsibilities of the federal government with regard to affordable housing, including initiatives under the National Housing Strategy.

**Canada-Ontario Affordable Housing Program (AHP):** Former Federal-Provincial program that offered capital grants to eligible social housing providers and/or private developers for the construction, rehabilitation, or renovation of affordable housing units. The program launched in 2005 and has now expired, although the Region must maintain administrative oversight for projects developed under the AHP for twenty years.

**Community Entity (CE):** A community organization, under Canada's Homelessness Strategy, Reaching Home, which is responsible for selecting and managing eligible projects in their area. Program expectations are articulated in the funding agreement between Canada and the CE.

**Community Homelessness Prevention Initiative (CHPI):** Provincial funding program that aims to prevent, address and reduce homelessness by improving access to and retaining adequate, suitable and affordable housing that is linked to flexible support services based on peoples' needs. CHPI is a result of the consolidation of funding from five former provincial homelessness-related programs.

**Community Sponsored Housing Program (CSHP):** A legacy provincial rent supplement program specific to former federal projects built prior to 1979 under section 26 or 27 of the National Housing Act. The Region now funds and administers these rent supplement units under agreement with the social housing provider. These units are included in the Region's rent-geared-to-income (RGI) service level standard.

**Development Charges (DCs):** A viable capital funding source to recover the net cost of capital expenditures associated with new development.

**Durham Access to Social Housing (DASH) –** The centralized wait list for rent-geared-to-income (RGI) and modified unit housing in Durham. It is administered directly by Regional staff.

**Durham Housing Benefit (DHB):** A temporary financial program, funded through the Investment in Affordable Housing (IAH) program, that provides temporary flat rate monthly subsidies direct to landlords on behalf of eligible low-income households on the DASH wait list.

**Durham Rent Supplement (DRS):** A Regional program that provides rent supplement units for low-income households outside of the Region's legislated service level standard. Payments are made directly to landlords under agreement with the Region. The program was approved by Regional Council in 2017.

**Durham Regional Local Housing Corporation (DRLHC):** A holding company with the Region as its sole shareholder. The DRLHC owns and manages 1,293 housing units across Durham Region. The Board is comprised of appointed Regional Council members. Regional staff manage the day to day operations.

**Durham Region Non-Profit Housing Corporation (DRNPHC):** An independent non-profit housing corporation at arm's length to the Region. The Board is comprised of the Regional Chair, the Chairs from Regional Standing Committees, and two additional Regional Councillors. There are 1,128 DRNPHC units at various sites across the Region.

**End of Operating Agreement (EOA):** Refers to the end of pre-reform operating agreements of former federal projects or MNPs. The terms of these agreement could vary anywhere from 25 years to 50 years. A number of these agreements were undertaken in the 1970's-1980's and are now ending, terminating both program and funding obligations.

**End of Mortgage (EOM):** Refers to the end of mortgages held by Part VII projects that operate solely under the Housing Services Act. Mortgage payments for these projects directly impact the amount of funding payable by the Region under the HSA funding model.

**Federal/Provincial (F/P) Program:** A legacy Federal/Provincial social housing program, in effect from 1986 to 1992. Projects built under this program are now Part VII housing projects administered by the Region of Durham under the Housing Services Act.

**Former Federal Projects:** Non-profit housing projects, whose mortgages were held and/or whose subsidies were previously administered by CMHC under Section 26, 27 or 95 of the *National Housing Act*. The Region of Durham is now responsible for the administration and funding of these projects in accordance with their original operating agreements and limited provisions of the Housing Services Act.

**Homelessness Partnering Strategy (HPS):** A federal community-based program aimed at preventing and reducing homelessness by providing direct support and funding to designated communities and to organizations that address Aboriginal homelessness across Canada. The HPS program will be replaced by Canada's Homelessness Strategy, Reaching Home on April 1, 2019.

**Housing Services Act (HSA):** This Act, which came into effect January 1, 2012, replaced the *Social Housing Reform Act*, and provides for the community-based planning and delivery of housing and homelessness services as well as a legislative framework for the delivery of legacy housing programs in Ontario that pre-date the Act.

**Investment in Affordable Housing (IAH):** The Federal-Provincial program that provided funding to improve access to affordable housing, including both capital and operating components. It was aimed at making rents affordable to low income households, construction of new rental housing, and providing affordable home ownership opportunities to low income households. The program was first launched in 2011, and was extended in 2014 for six years to 2020.

**Legacy programs:** Several different social housing programs, previously administered by the Province or the federal government/CMHC, for which the Region has administrative and funding responsibility under the Housing Services Act. The HSA distinguishes between Part VII projects and former federal projects for which pre-reform operating agreements still apply.

**Local Services Realignment:** A 1997 Provincial initiative that uploaded the costs for public education to the Province while downloading full or partial financial responsibility for social housing, social assistance, transit, child care and emergency services to municipalities.

**Ministry of Community and Social Services (MCSS):** The Ministry that has the responsibility to fund and administer supportive non-profit housing for people with developmental disabilities.

**Ministry of Health and Long-Term Care (MOHLTC):** The Ministry that has the responsibility to fund and administer funding to supportive housing for people with high needs, such as the mentally ill, those with acquired brain injury, people with substance abuse problems, and the frail elderly in need of support services in order to live independently.

**Ministry of Municipal Affairs and Housing (MMAH):** The Ministry that has the lead role in designing and implementing the Housing Services Act. They continue to be responsible for monitoring Service Managers for compliance with the legislation.

**Municipal Non-Profit (MNP) Housing Program (Sec. 95):** A legacy federal program established in 1979 under section 95 of the National Housing Act, which provided operating subsidies to newly incorporated MNP providers to build and operate social housing projects. Under the Housing Services Act, the Region is now responsible for the administration and funding of projects developed under this program, which continue to operate under their pre-reform operating agreements.

**Municipal Non-Profit Housing Provider (MNP):** A non-profit housing corporation that was established at the initiative of a municipality. In Durham, there are three MNPs: Durham Regional Non-Profit Housing Corporation, Ajax Municipal Housing Corporation and Brock Non-Profit Housing Corporation.

**National Housing Strategy:** A ten-year federal strategy, introduced in November 2017, that commits \$40 billion in joint federal and provincial funding to expand affordable housing, repair and renew existing social housing, and develop a new portable Canada Housing Benefit for low-income households.

**Ontario Disability Support Plan (ODSP):** A provincial income assistance program for people who are deemed to be unable to return to the workforce.

**Operating Agreement:** A project level contract signed between a government agency and a social housing provider to secure capital and/or operating funding, and that sets out funding, operating, and other responsibilities of the parties. At the time of transfer of social housing administration to Service Managers, the Region of Durham assumed the role of CMHC under the operating agreements of former federal providers. The operating agreements for Part VII providers were cancelled at that time, and these projects now operate solely under the Housing Services Act.

**Part VII Projects (formerly known as Provincial reform projects):** Social housing projects that were developed under provincial programs and are owned by municipal non-profit housing providers and private non-profit and co-operative housing providers. The operating agreements for these projects were terminated when social housing was devolved to municipal service managers. These projects now operate exclusively under the Housing Services Act.

**Portable Housing Benefit (PHB):** A benefit that is not tied to a housing unit but is instead provided directly to an eligible low-income household to bridge the gap between affordable rent and average market rent.

**Private Non-Profit Housing Provider (PNP):** A non-profit housing provider initiated by a local organization such as a church, ethno-cultural group, service club, labour union, or other community group. It is a non-share corporation incorporated under the Corporations Act.

**Rent-Geared-to-Income (RGI) Subsidy or Rent Supplement:** A subsidy equal to the gap between the market rent charged for the unit and the affordable rent at about 30 per cent of the household income. Under the Housing Services Act, the Region is responsible for RGI administration and the payment of subsidies direct to social housing providers under the HSA funding model or to private landlords under a rent supplement agreement with the Region.

**Service Level Standard (SLS):** The number of households for which the Region must provide rent-geared-to-income (RGI) or another approved forms of financial housing assistance, as required under the Housing Services Act. The legislated total is 4,446. Report #2004-J-36 allows funding for an additional 35 households, for a total of 4,481 to better reflect the normal flux of households in and out of units.

**Service Manager:** A municipal government responsible for carrying out the funding and administrative responsibilities of the *Housing Services Act*. The service manager is also responsible for administering other social service programs such as Ontario Works and child care. The Regional Municipality of Durham is the service manager in Durham region.

**Social Housing Agreement (SHA):** The agreement, signed in November 1999 between CMHC and the Province of Ontario, setting out the terms and conditions by which the Province would take over the administrative responsibility for most federally assisted housing in Ontario. It also gave the Province the necessary legal authority to devolve the administration of the legacy Federal/Provincial housing programs to municipal service managers.

**Social Housing Apartment Improvement Program (SHAIP):** Provincial funding for repairs and retrofits to social housing in order to improve living conditions and fight climate change. The program was part of Ontario's Climate Change Action Plan and was funded by the proceeds from the province's carbon market. This program was cancelled in July 2018 when the Province revoked its cap and trade regulations.

**Social Housing Electricity, Efficiency Program (SHEEP):** One-time Provincial funding made available from the Green Investment Fund to support retrofits in social housing single family dwellings to improve energy efficiency and reduced utility costs for tenant households.

**Social Housing Improvement Program (SHIP):** A provincial capital repair program (under SIF) that aims to improve and preserve the quality of social housing and ensure its long-term physical sustainability.

**Social Housing Renovation and Retrofit Program (SHRRP):** Federal-provincial economic stimulus program introduced in 2009 as a new component of the AHP program. Capital grants are made available for the rehabilitation, renovation and upgrade of social housing sites. Service Managers identified local projects and flowed funds to social housing providers.

**Social Infrastructure Fund (SIF):** Federal/provincial funding program, announced in 2016, to extend Investment in Affordable Housing (IAH) funding over three years including funding for the construction and renovation of affordable seniors housing, renovation and retrofit of social housing, shelter repairs and rent supplement assistance for federal co-operative housing providers reaching end of operating agreements (outside of the service managers' service level standards).

**Strong Communities Rent Supplement Program (SCRS):** Provincially funded legacy rent supplement program to provide targeted to households that are homeless or at risk of becoming homeless. Provincial funding for this program will end March 31, 2023.

**Summary of Federal and Provincial One-Time Funding Allocations (2005 to 2018)**

<b>Year(s)</b>	<b>Program</b>	<b>Funding Allocation (\$)</b>	<b>Particulars</b>
2005 to 2013	Canada-Ontario Affordable Housing Program (AHP) Rental and Supportive Program Housing Allowance	11,200,000 2,350,000	Used for construction of 160 units Rental allowance for 140 units
2007	Delivering Opportunities for Ontario Renters (Federal)	2,085,000	Combined with AHP funding to develop 17 units @ DRLHC
2008	Social Housing Capital Repairs Grant	2,901,877	Funding for repairs @ 10 housing providers
2009 to 2012	Canada-Ontario Affordable Housing Program New Rental Housing Component Social Housing Renovation and Retrofit Program Renewable Energy Initiative	16,541,000 15,957,065 1,519,728	Used for construction of 139 units 255 repair projects undertaken @ 84 sites 10 projects at 4 Housing Providers
2010 to 2012	Provincial Short Term Rent Support Program	1,090,760	108 households receiving rent supports
2011 to 2014	Investment in Affordable Housing Program (IAH) Rental Housing Component Rent Supplement: Direct and Shared Delivery Home Ownership	5,942,000 8,108,637 154,000	Used for construction of 52 units Rent supplements for 210 units 8 units for Home Ownership
2014 to 2020	IAH (2014 Extension) Rental Housing Home Ownership Housing Allowance Rent Supplement	14,045,000 107,000 4,191,895 8,610,845	Used for construction of 95 units 2 units for Home Ownership Rental allowance for 230 households Rent supplements for 470 households
2016	Green Investment Fund Social Housing Electricity and Efficiency Program (SHEEP)	384,062	Replacement of high priority windows and/or exterior doors at DRNPHC
2016 to 2018	2016 Social Infrastructure Fund Rental Housing Rent Supplement Social Housing Improvement Program	10,479,000 500,000 5,470,800	Used for construction of 75 units Rent supplements for 20 tenants at 2 federal co-operatives 18 critical repair projects at 16 providers
2018	2016 Social Infrastructure Fund (Year 3 funding) Social Housing Apartment Improvement Program (SHAIP) <b>TOTAL</b>	2,748,300 3,765,690 <b>118,152,659</b>	Proposed for construction of 18 units and 4 units for Home Ownership Greenhouse gas reduction retrofits—150 unit apartment building



## The Regional Municipality of Durham Report

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To: Committee of the Whole  
From: Chief Administrative Officer  
Report: [#2019-COW-5](#)  
Date: January 16, 2019

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### Subject:

Durham Region Comments on the “Preserving and Protecting our Environment for Future Generations A Made-in-Ontario Environment Plan”

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### Recommendation:

That the Committee of the Whole recommend to Regional Council:

- A) That this report be submitted to the Provincial government in response to [Preserving and Protecting our Environment for Future Generations: a made-in-Ontario Environment Plan](#).
- B) That a copy of this report be forwarded to Durham MPPs and area municipalities for their information.

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### Report:

#### 1. Purpose

- 1.1 On November 29, 2018 the Ontario Minister of Environment, Conservation and Parks, Rod Phillips, released *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environmental Plan* and provided a 60-day period for review and comment. The Plan was posted on the Environmental Bill of Rights Registry as ERO# 013-4208.

- 1.2 This report:

- a. Summarizes the key elements of the *Preserving and Protecting our Environment for Future Generations A Made-in-Ontario Environment Plan*;
  - b. Outlines comments and areas of concern related to the Plan; and
  - c. Provides recommendations to the Province to mitigate concerns and improve the plan.



## 2. Background

- 2.1 The 2018 Made-in-Ontario Environment Plan (the Plan) is intended to be the Provincial Government's replacement for the previous government's Ontario Climate Action Plan. The Plan is more broadly focused on "environment" compared to the previous plan, which contained measures directed at mitigating climate change and reducing greenhouse gas emissions.

## 3. Features of the 2018 Environmental Plan

- 3.1 The Plan outlines the provincial government's approach to environmental issues under four main headings:

- 1) Protecting Ontario's air and water;
- 2) Addressing climate change;
- 3) Reducing waste and litter and;
- 4) Conserving land and greenspace (p.4).

- 3.2 Three principles guide the plan:

- 1) Clear rules and enforcement;
  - 2) Trust and transparency and;
  - 3) Resilient communities and local solutions (p.8).
- While these guiding principles are important, the Plan lacks detail on tangible actions that the Province will take to enact these principles. For example, with respect to the principle of *Clear Rules and Strong Enforcement*, the Plan does not outline how the Province will hold polluters accountable or who will be responsible for enforcement. The Plan is also unclear on how new regulatory burdens will be funded and how the effectiveness of new environmental regulations will be measured.
  - Regarding the guiding principle of *Trust and Transparency*, the Plan offers few tools to help Ontarians understand the gravity of the challenges ahead due to climate change. Ontario residents should be informed that climate change impacts will continue to intensify. This is essential so that citizens, communities and governments can make informed decisions to adapt to and mitigate climate change to avoid climate-related disasters and social disruption.
  - The Region of Durham supports the *Resilient Communities and Local Solutions* principle focusing on working with communities to develop unique solutions to area-specific environmental challenges. However, some of our environmental challenges require a large-scale coordinated effort. There is no mention in the Plan of provincial funding to support local solutions to environmental challenges. Municipalities will not be able to fund local solutions from their tax bases.

- A significant gap in the Plan is a strong Provincial commitment to lead and take tangible actions across Ontario to mitigate and prepare for climate change.

## Clean Air

3.3 The Plan proposes to protect the air by ensuring that Ontario has strong environmental standards that safeguard human health and the environment. The Plan would implement measures to enforce air quality standards in four areas including:

- 1) Improve air quality in communities by creating unique solutions to their individual challenges;
  - 2) Reduce emissions from heavy-duty vehicles;
  - 3) Improve understanding of different sources of air pollution and their impact;
  - 4) Strengthen collaboration on addressing air pollution that comes from outside of Ontario's borders (p.10).
- The Region supports the Plan's proposal to protect clean air. However, addressing air quality issues benefits all of Ontario and surrounding jurisdictions. Therefore, protecting air quality should be a province-wide effort, in addition to working in areas currently experiencing air quality issues.
  - More detail is needed to understand the impact that redesigning an emissions testing program for heavy-duty vehicles would have on public transit operations. While public transit vehicles may emit more pollutants than passenger vehicles, when public transit is used in place of passenger vehicles, the number of vehicles on the road declines, thereby reducing the overall air contaminants and greenhouse gas emissions caused by internal combustion engines. On-road enforcement of emissions standards, as recommended by the Plan, could disrupt transit service and be counterproductive in lowering overall vehicle emissions.
  - Ontario's environmental plan should be proactive in its effort to safeguard clean air. Monitoring pollutants in the air is insufficient to safeguard and improve air quality. Clear vehicle and industrial emissions standards and monitoring and enforcement mechanisms need to be established and funded to maintain high air quality and protect health and wellbeing.

## Clean Water

3.4 The Plan proposes to conserve and manage Ontario's water resources by taking enforcement actions to protect Ontario's waters and keep beaches clean for swimming, recreation, enjoyment, and traditional use. These measures include:

- 1) Continue to work to restore and protect the Great Lakes;
- 2) Continue to protect and identify vulnerable waterways and inland waters;

- 3) Ensure sustainable water use and water security for future generations;
  - 4) Help people conserve water and save money and;
  - 5) Improve municipal wastewater and storm water management and reporting (p.11-15).
- The Region of Durham supports water conservation as a priority of the Plan. Several Durham municipalities border Lake Ontario. Most of the drinking water for Durham's southern municipalities comes from Lake Ontario. Therefore, it is critical that the health of Lake Ontario is maintained and restored.
  - Durham Municipalities have practical experience related to water conservation and efficiency. **It is recommended that the Province work collaboratively with municipalities to expand and enhance successful actions and programs already in place to reduce water costs at the municipal and individual levels.**
  - Climate change will have a significant impact on stormwater management in Durham Region. **It is recommended that provincial stormwater financing ensure that stormwater infrastructure can meet the demands placed on the stormwater management systems by extreme precipitation and unpredictable seasonal meltwater runoff.**

#### 4. Addressing Climate Change

##### Building Resilience: Helping Families and Communities Prepare

- 4.1 The Plan proposes to prepare families and communities for the costs and impacts of climate change, and protect the natural environment, communities, businesses and municipalities by:
- 1) Improving our understanding of how climate change will impact Ontario;
  - 2) Helping Ontarians understand the impacts of climate change; and
  - 3) Updating government policies and building partnerships to improve local climate resilience (p.16-21).

The Region is pleased that the Plan acknowledges that climate change is a real threat to the wellbeing of the environment and Ontarians, and supports an initiative to help Ontarians better understand how climate change will impact them. **A provincial analysis of climate impacts and vulnerabilities is needed. It is recommended that this information be made available and explained at a local level, so it can be factored into municipal and regional decision-making to support community solutions.**

- **It is recommended that local energy utilities share energy consumption information with municipalities who are preparing community energy and adaptation plans that support their transition to clean energy and**

### climate change adaptation measures.

- The Region supports the Plan's proposal to unlock private capital to give Ontario business and residents more ways to invest in energy efficiency. One way to achieve this is to employ province-wide financing mechanisms such as green bonds and/or local improvement charges (LICs) to support municipalities in implementation of community energy plans.
- Modernizing the building code and retrofitting existing homes is essential to protect residents from the extreme weather associated with climate change. **When consulting on tax policy options to support homeowners in adopting measures to protect their homes against extreme weather events, as suggested in the Plan, the Region recommends that the Province review and amend provincial tax policies, rather than municipal property tax policies.** Municipalities in Durham Region are working hard to address climate change with limited financial resources. Financial support from the Province is essential to implement climate adaptation measures and increase climate resilience.
- The Region supports the development of "better technology" to generate and store energy. While energy storage is important, it needs to be implemented in conjunction with clean energy generation and energy-efficient homes, industries and transportation.
- Further information is needed on how the Province will assist municipalities to increase the resiliency of infrastructure. Revisions to land use planning only applies to areas that are being developed. Greater emphasis needs to be placed on retrofitting existing housing stock and upgrading existent infrastructure.

### Continuing to Do Our Share: Achieving the Paris Agreement Target

- 4.2 The Plan aims to set an achievable GHG reduction target to focus efforts and provide a benchmark to assess progress by aligning Ontario with Canada's 2030 target under the Paris Agreement. The Plan outlines several measures Ontario will take to achieve its 2030 emission reduction target including:
- 1) Promoting Low Carbon Vehicles, primarily referring to electric vehicle (EV) adoption, and expanding the use of compressed natural gas in trucking;
  - 2) Increasing industry performance standards;
  - 3) Adopting clean fuels, principally by increasing ethanol content of gasoline to 15% as early as 2025, and encourage uptake of renewable natural gas and other lower carbon fuels;
  - 4) Encouraging a federal clean fuel standard, that could lead to expanded use of low-carbon fuels;
  - 5) Promoting natural gas conservation through the gradual expansion of programs delivered by energy utilities;

- 6) creating an Ontario Carbon Trust;
  - 7) implementing 'other policies' that promote investing in public transit, increased diversion of food and organic waste from landfills; and
  - 8) Supporting innovation that has the potential to make advancements in energy storage and cost-effective fuel switching (p.21-25).
- The Region supports the Plan's proposed measures to reduce greenhouse gases (GHGs) but feels that it does not adequately address the need to reduce GHGs to mitigate climate change. The previous *Ontario Climate Change Action Plan 2016 – 2020* established GHG reduction targets (from a 1990 base year) of: -15% by 2020, -37% by 2030 and -80% by 2050 from 2005 levels. The new Plan cites only a target of 30% reduction by 2030 (from a 2005 base year). The Plan does not mention 2050 or longer-term targets.
  - The Plan does not support Durham Region's commitment to reduce GHGs - 5% by 2015, -20% by 2020 and -80% by 2050 (from a 2007 base year) as outlined in the Council-endorsed Durham Local Action Plan (2012).
  - While it is understandable that Ontario would try to align with the Canadian federal target, the federal government has acknowledged that its present target is insufficient to ensure Canada does its share to limit global temperature increases to below two degrees Celsius. Two degrees of global warming has been established by the international scientific community as the limit to global warming needed to avoid catastrophic impacts of climate change. **The Region recommends that the Plan set more ambitious targets to mitigate the risks to public health and infrastructure associated with climate change.**
  - **In support of the trust and transparency principle, the Region also recommends that the Province demonstrate how the planned actions will meet GHG reduction targets using empirical data. This should include clear descriptions of the data and modeling assumptions used to develop the GHG reduction strategy. The Plan's GHG reduction strategy should also include a description of the methodology and reporting mechanisms that will be used to track and report on GHG reductions.**

#### Make Polluters Accountable

- 4.3 The Plan proposes to make polluters pay for their share of GHG emissions, while ensuring industry continues to make advances to help Ontario emission reductions. The Plan recommends: Implementing emissions performance standards for large emitters including requirements to demonstrate compliance on a regular basis (p.25-26).
- **The Region agrees that polluters should be held accountable for their GHG emissions, but cautions that the public should not be burdened**

**by emissions regulations on essential services.** Large wastewater, energy-from-waste facilities, and public transit, owned by municipalities, should be either phased into or exempt from GHG emissions regulations because they provide essential public services and respond to growth. More information is needed regarding how GHG emissions thresholds will be established and how they will contribute to achieving the provincial GHG reduction targets.

- The Plan states that the Province will be permitted to grant “across the board exceptions” to allow some for industries to continue to emit GHGs. **The Region recommends that the Plan include greater transparency around the criteria that will be used to grant pollution exemptions to industries.**

#### Activate the Private Sector

4.4 The Plan proposes to “facilitate the private sector’s best projects and ideas to drive emission reductions at the lowest cost to taxpayers” and “enable consistent disclosure about financial risks associated with climate change so that companies can provide information to investors, lenders insurers and stakeholders” (p.27). To do this the Ontario government will:

- 1) Launch an emission reduction fund – The Ontario Carbon Trust – and a reverse auction to encourage private investment in clean technology solutions. This will include a commitment of \$400M over four years to complement penalties paid into the Ontario Carbon Trust by polluters. \$350M of this funding will be applied to an emission reduction fund, using public funds to leverage private investment in commercially viable clean technologies. \$50M will be used to launch an Ontario Reverse Auction, allowing bidders to submit proposals for emissions reduction projects based on lowest cost greenhouse gas emissions reductions;
  - 2) Enhance corporate disclosure and information sharing related to climate actions; and
  - 3) Encourage private investments in clean technologies and green infrastructure (p.27-30).
- The Plan proposes to respond to pollution after it has already taken place, rather than providing incentives that encourage the private sector to avoid emissions in the first place.
  - **The Region recommends, as part of the proposed Ontario Carbon Trust, that funds levied from polluters and invested by the private sector should be used to encourage private industry to adopt technologies that are less polluting.** More clarity is required with respect to whether municipalities and/or municipal bodies are eligible for funding under proposed Reverse Auction – e.g. conversion of fleets/transit vehicles to clean fuels.

- The Region agrees that enhanced corporate disclosure and information sharing will help the private sector understand and perhaps reduce their environmental impact. If municipalities are asked to participate there should be no added administrative burdens. Municipalities in Durham Region already comply with stringent reporting and disclosure requirements and are leading in terms of supporting a circular economy and low-carbon investments in infrastructure and asset management planning.
- The Region agrees that private investment in clean technologies and green infrastructure is a valuable approach to achieve GHG reductions and increased environmental wellbeing. Green Bonds are an effective approach to garner private investment. More information is needed about criteria that will govern access to funds made available through green bonds. Other investment mechanisms should be explored including green microfinance loans.

#### Use Energy and Resources Wisely

4.5 The Plan emphasizes a need to save energy, resources and money. It outlines several strategies intended to:

- 1) Conserve energy in homes and buildings to cut costs and reduce emissions; and
  - 2) Increase access to clean and affordable energy for families (p.31-34).
- The Region agrees that it is important to use energy and resources wisely and save residents of Durham Region money. Increasing the accessibility of information about energy efficiency and water consumption will allow households, businesses and governments understand their impact.
  - As noted in the Plan, one of the largest consumers of energy is the transportation sector. **The Province provide incentives to assist Ontarians to transition to less energy intensive, less polluting modes of transportation like public transit, electric, hydrogen, propane, autonomous and other low-carbon vehicles. The Province could also help to establish infrastructure for these alternate modes of transportation. Improving rules and removing regulatory barriers that block private investors from deploying low-carbon refueling infrastructure will help increase the uptake of electric, hydrogen, propane, autonomous and other low-carbon vehicles without government subsidies.**
  - **The Region recommends that the Province support municipal fleets, such as transit agencies, convert to clean, energy efficient alternatives by providing incentives that make alternatives more affordable.**
  - **The Region does not support the revision of municipal tax policy as a**

**mechanism for homeowners to access funds to increase the energy efficiency of their homes.** Rather, utilities, which benefit from conservation in terms of deferred capital, are the entity which could apply on-bill capital financing for home retrofit projects.

#### Doing Our Part: Government Leadership

4.6 The Plan promotes local leadership on climate change by municipal governments, the broader public sector, business associations, community groups, Indigenous communities and voluntary organizations. Several actions include:

- 1) Make climate change a cross-government priority and develop a Climate Change Governance Framework;
  - 2) Empower effective local leadership on climate change;
  - 3) Improve public transportation to expand commuter choices; and
  - 4) Support communities and support green infrastructure projects (p.35-38).
- The Region agrees that there needs to be multi-stakeholder leadership to mitigate climate change and help Durham residents adapt to impending future climate reality. **The Region has already taken a leadership role by creating the [Durham Local Action Plan \(2012\)](#), [The Durham Community Climate Adaption Plan \(2017\)](#) and the [Draft Durham Community Energy Plan \(2018\)](#).** Provincial funding to help implement the programs outlined in these plans would assist the Region of Durham in making a significant contribution to preserving our environment and adapting to climate change. The Province could work with municipalities to fund the development and implementation of local clean energy, climate adaptation and climate mitigation plans.
  - The Region of Durham agrees that improving public transit should be a priority moving forward. **The Region recommends that the Plan consider expanding electronic navigation tools (like triplinx.ca) and increasing fare incentives (like co-fare, monthly passes, PRESTO) so residents can save money and are incentivized to reduce their personal vehicle travel. To advance transit in Durham Region, it is essential that the federal and provincial governments honor previous funding commitments to Durham Region under the *Investing in Canada Infrastructure Program – Public Transit Stream*.**
  - The Region supports expanding the GO rail network as an alternative to passenger vehicles for commuters. **The Region seeks confirmation of the Province's decision to invest in the GO Lakeshore East rail extension to Bowmanville by 2024. The Region also continues to seek support for the expansion of Highway 2 bus rapid transit and Simcoe Street bus rapid transit.**



## **5. Reducing Litter and Waste in Our Communities & Keeping Our Land and Soil Clean**

- 5.1 The Plan proposes to keep land and water clean by taking strong enforcement action that ensures waste, including hazardous waste, is properly stored, transported, recycled, recovered or disposed. The provincial government is considering ways to reduce the amount of waste going to landfills or becoming litter, increase opportunities for Ontarians to participate in efforts to reduce waste, increase opportunities to use technologies, such as thermal treatment, to recover valuable resources in waste, manage excess soil and hauled sewage and redevelop brownfield sites to better protect human health and the environment (p.39).

### **Reduce Litter and Waste**

- 5.2 The Plan recommends doing more to reduce the amount of waste produced, recover valuable resources from our waste, and better manage organics. Several actions to do this include:
- 1) Reduce and divert food and organic waste from households and businesses by expanding green bin collection systems in large cities, developing a proposal to ban food waste from landfills and creating best practices for safe food donations;
  - 2) Reduce plastic waste by working with other provinces, territories, and the federal government to limit the amount of plastic in lakes and rivers, and seeking a federal commitment to implement national standards that address recyclability and labelling for plastic products and packaging to reduce the cost of recycling in Ontario;
  - 3) Reducing litter in our neighborhoods and parks by establishing an official day focused on cleanup of litter in Ontario;
  - 4) Increase opportunities for Ontarians to participate in waste reduction efforts which could include attaining greater province-wide consistency regarding what is accepted in the Blue Box Program;
  - 5) Make producers responsible for the waste generated from their products and packaging;
  - 6) Explore opportunities to recover the value of resources in waste;
  - 7) Provide clear rules for compostable products and packaging; and
  - 8) Support competitive and sustainable end-markets for Ontario's waste(p.39-44).
- The Region of Durham supports the reduction of litter and waste. However, most of the municipalities in the GTA, including Durham, already have organic waste (green bin) and a recycling (blue box) collection programs. More emphasis could be placed on proactively preventing waste. For example, the Province could ban companies from using non-biodegradable single-use containers and lids, micro-plastics and plastic bags.

- More clarification is needed on the Plan's recommendation to develop a proposal to ban food waste from landfill sites and whether the Province supports the existing Food and Organic Waste Policy Framework, timelines and objectives. The limited information in the Plan creates uncertainty at a time when municipalities face significant capital investment to achieve the targets set by the current plan. Pressure should be applied to the industrial, commercial, and institutional (ICI) sector to contribute to reducing waste.
- More information is also needed regarding how the Plan will deal with Ontario's existing waste-to-energy facilities, including the Durham York Energy Centre, which turn post-diversion residual waste into energy and metals recovery by-products.
- Furthermore, reduction of litter has been overrepresented in the Plan. While unsightly, litter has a relatively small negative impact on the health of the economy, environment and people when compared to climate change and industrial waste.

## Clean Soil

5.3 The Plan recommends that contaminated soils are "cleaned up and properly managed through clear rules and standards, particularly as it relates to extra soil from construction projects". Action to achieve this are:

- 1) Increase redevelopment and clean-up of contaminated lands in Ontario to put land back into good use;
  - 2) Make it easier and safer to reuse excess soil;
  - 3) Improve management of hauled sewage (p.44).
- The Region supports the need for contaminated soil to be cleaned up and managed through clear rules and standards. However, soil from decommissioned industrial areas and gas stations should take greater precedence over new construction projects.
  - The Plan should acknowledge that prevention is the least expensive solution to contaminated soils. **The Region recommends that the Province implement measures/regulations into the Plan to minimize soil contamination.**
  - If new regulations increase hauling of excess soils on regional roads, there should be a mechanism for the Region to collect fees or royalties from the operators to offset impacts to regional roads and services, like those provided through the Aggregate Resources Act.
  - If responsibilities for managing contaminated soils are delegated to municipalities or conservation authorities, provincial funding sufficient to support this activity and the associated liability will be required.

- The Region is concerned that revising the brownfield regulations to “reduce barriers” will lower standards and reduce oversight. More detail is needed about the Province’s new standard for beneficial reuse of soil. For example, reusing/dumping contaminated soil into a gravel pit to “rehabilitate” it could be damaging to the receiving municipalities.
- More information is needed to understand who will pay for increased enforcement on illegal dumping of contaminated excess soil. Municipalities lack funding to expand law enforcement. Greater emphasis should be placed on preventing dumping of contaminated soil rather than enforcement after the fact.
- The Province has been considering new approaches for hauled sewage (specifically from septic tank cleaning) since about 2004. A strategy has never been finalized. Local sewage treatment plants do not have the capacity to treat the sewage, especially in smaller rural communities. The concentration of the hauled sewage is much stronger than sewage that is treated in a piped municipal system. The sewage plants are not set up for it and the receiving water bodies don’t usually have sufficient assimilative capacity to absorb the effluent without damage.
- While the Plan notes support for the chemical and thermal treatment of solid waste, there is no mention of development of a digestate or compost standard to enable the reuse and/or marketing of these byproducts from anaerobic digestion or composting. The Plan should be expanded to address this gap.

## **6. Conserving Land and Green Space**

6.1 The Plan recommends several courses of action to protect and enhance the province’s natural areas, support conservation efforts, continue to conserve species at risk, develop adaptation strategies, and promote the importance of healthy natural spaces for future generations to use and enjoy including:

- 1) Improve the resilience of natural ecosystems;
  - 2) Support conservation and environmental planning;
  - 3) Promote parks and increase recreational opportunities;
  - 4) Sustainable Forest Management; and
  - 5) Protect species at risk and respond to invasive species (p.46-51).
- The Region of Durham supports the Plan’s ambitions to protect and enhance the Province’s natural areas, support conservation efforts, conserve species at risk, develop climate adaptation strategies, and promote the importance of healthy natural spaces. The natural ecosystems within Durham Region provide essential ecosystem services to our residents and are important recreation areas. Some of most significant natural heritage spaces that are essential to the wellbeing of residents in Durham Region are the Lake

Ontario Shoreline, Oak Ridges Moraine, the Greenbelt, Lake Simcoe and Lake Scugog.

- **The Region recommends that the Plan include measures that protect natural heritage from the impacts of climate change.** In Durham Region the climate will be warmer, wetter and experience larger and more frequent storms. Actions should also include contingencies for drought, ice storms and extreme heat.
- In its efforts to support conservation and environmental planning, the Plan should allow Conservation Authorities to enact their mandates, enabling them to deploy their financial and human resources as effectively as possible.
- If the environmental assessment system is modernized, as the Plan suggests, the Province should mandate provincial environmental assessments for nuclear plant development and decommissioning in coordination with the federal process to protect environmental components under provincial jurisdiction.
- Further information is needed around the protection of vulnerable or sensitive natural areas such as wetlands and other important habitats, including how they will be protected and how progress will be measured.
- Durham agrees that provincial parks should be maintained and protected. The Plan should consider preservation in provincial parks to exclude project development that interferes with natural systems. The Plan should also include strategies for forest fire protection, planning and prevention, species protection and the climate change mitigation and adaptation.

## 7. Next Steps

7.1 Over the next several months the Province will work to finalize their environment actions for Ontario. This will include:

- 1) Continue to consult with the public and engage with Indigenous communities;
  - 2) Establishing an advisory panel on climate change;
  - 3) Implementing priority initiatives and
  - 4) Measuring and reporting on progress (p.52-53).
- The Regional supports the Plan's intention to continue to consult with the public and Indigenous communities. **The Region recommends that municipalities also be consulted, and that the findings of the consultations be integrated into the Plan and applied to program development and implementation.**
  - More information is needed about how initiatives in the Plan will be

prioritized, how progress will be measured, and what mechanisms will be employed to ensure transparent reporting.

## **8. Conclusions and Next Steps**

- 8.1 The Made-in-Ontario Environment Plan (2018) is intended to replace the previous government's Climate Change Action Plan (2016). The previous plan was financed by Cap and Trade Program revenues, which in 2018 provided \$1.8 billion to support a wide range of climate programs. Over a four-year period (with a slightly declining emissions cap), this funding would have been about \$8 billion. The current proposed Plan commits approximately \$0.4 billion over four-years, effectively reducing provincial financial support for climate mitigation by about 95%.
- 8.2 The previous Climate Change Action Plan addressed all sectors of the economy (transportation, buildings and homes, industry and business, land-use planning and agriculture) with targeted programs and substantial financial incentives for action to reduce emissions. The current proposed Plan focuses on the industrial sector through the Ontario Carbon Trust and reverse auction. The industrial sector is responsible for about 30% of provincial GHG emissions.
- 8.3 The Plan does not specifically address the transportation sector, which is responsible for about 38% of GHG emissions. It does not include programs to encourage EV adoption or otherwise reduce pollution from internal combustion engines.
- 8.4 The Plan omits many of the residential and buildings sector programs and efficiency incentives that were in the previous plan.
- 8.5 There are no programs or incentives in the Plan to encourage municipalities to conserve energy in their operations, assist communities in increasing energy efficiency, reduce GHG emissions or move toward a low-carbon economy.
- 8.6 The Plan includes a list of previous accomplishments, programs of others (e.g. federal fuel regulation and municipal waste management), existing provincial initiatives and some potential new initiatives. In general, there are few specific, measurable, achievable, resourced or timebound metrics that would generally guide an implementable plan. Where partners are mentioned, specifics are not provided on who needs to be engaged, or timelines or the format of consultation.
- 8.7 Climate change is an urgent issue. The Plan could place a much stronger emphasis on a province-wide focus on reducing carbon, particularly from the industrial, transportation and building sectors to help mitigate and adapt to climate change. The Region will provide links to the Durham Community Climate Adaptation Plan to illustrate work underway.
- 8.8 The Region is concerned about the focus on dealing with pollution and contamination after it happens (through enforcement and fines) rather than a

more economical preventative approach.

- 8.9 A lack of detail on local solutions to sustainability and enforcement mechanisms raises concerns over the potential downloading of costs and responsibilities to municipalities
- 8.10 The report was prepared in consultation with Corporate Services, the Office of the CAO, Finance, Planning and Economic Development and Works departments.

Prepared by: Doran Hoge - Climate Change Programs Coordinator, Office of the CAO

Recommended for Presentation to Committee

Original Signed By:

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Elaine Baxter-Trahair  
Chief Administrative Officer



## The Regional Municipality of Durham Report

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To: The Committee of the Whole  
From: Chief Administrative Officer  
Report: [#2019-COW-6](#)  
Date: January 16, 2019

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**Subject:**

Durham's Response to Bill 66, Restoring Ontario's Competitiveness Act, 2018

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**Recommendations:**

That the Committee of the Whole recommends to Regional Council:

- A) That Committee's report and recommendations be forwarded to the relevant ministry contacts following the Committee of the Whole on January 16, 2019 with a cover letter indicating these recommendations will not be ratified by Council until January 30, 2019;
- B) That with respect to Schedule 2 of Bill 66, which would repeal the Pawnbrokers Act, that the Attorney General be encouraged to explore an alternative provincial policy approach to reduce the criminal activity related to pawnshops and sale of second-hand goods;
- C) That with respect to Schedule 7 of Bill 66 relating to the Technical Standards and Safety Act, the Region recommends that the Minister of Government and Consumer Services ensure:
  - i) that appropriate consultation and advanced communications to affected sectors should be the first step in the introduction of "alternate rules"; and
  - ii) oversee and reinforce that the principle of protection of public safety is the key goal in the design of Technical Standards and Safety Authority inspection and compliance regimes;
- D) That with respect to Schedule 10 of Bill 66 and proposed Open-for-Business Planning By-law tool, the following recommendations be made to the Minister of Municipal Affairs:

- i) that an open-for-business planning by-law proposed under Bill 66 not be exempt from Section 3(5) of the Planning Act requiring consistency with the Provincial Policy Statement;
  - ii) that pre-consultation should be a requirement to ensure timely information sharing. Similarly, applications filed under this process should include complete information as determined by the area municipality to enable informed decision making;
  - iii) that open for business by-laws remain subject to the provisions of the Clean Water Act and Source Protection Plans to ensure public health and safety;
  - iv) that the Province clarify how the summary site plan review process would enable a municipality to require or implement off-site development related conditions, in the absence of the use of Holding (H) provisions;
  - v) that the Province afford either the Minister or the local municipality the ability to require employment performance measures on the developments approved under an open-for-business planning by-law and monitor its effectiveness;
  - vi) that there should be a mechanism for the open-for-business planning by-law to automatically lapse without having to formally repeal the by-law (e.g. if a building permit is not issued for the project within a specified time such as 24 months);
  - vii) the Province clarify how Greater Golden Horseshoe municipalities should plan for these open-for-business planning by-laws within the context of the required Employment Strategy, that upper tier municipalities must undertake to implement the Growth Plan;
  - viii) that the Province strengthen the restrictions on permissible secondary uses to only employment-generating uses to ensure that the focus is maintained on targeted employment uses; and
  - ix) that the Province impose a time limit on the open-for-business planning tools and require a formal review within three years of them coming into full force and effect.
- E) That the Regional Clerk notify Durham MPPs, the local area municipalities, and the Association of Municipalities of Ontario of the adoption of these recommendations by Regional Council and forward them a copy of the report and recommendations.



**Report:****1. Purpose**

- 1.1 On December 6, 2018, the Minister of Economic Development, Job Creation and Trade introduced Bill 66, Restoring Ontario's Competitiveness Act, 2018 for first reading in the Legislature. Bill 66 is an omnibus bill containing 12 schedules that seek to amend numerous Acts.
- 1.2 The Bill was also posted on the Province's [Environmental Registry of Ontario \(ERO #013-4293\)](#) for public review and comment until January 20, 2019. To meet this deadline **staff recommends that Committee's report and recommendations be forwarded to the relevant ministry contacts following the Committee of the Whole on January 16, 2019. A cover letter will indicate that the recommendations will not be ratified by Council until January 30<sup>th</sup> and that the Regional Clerk will notify the ministries of Council's decision at that time.**
- 1.3 This report provides information and staff's response to Bill 66 by:
  - a. summarizing the elements of the proposed legislation that could have a direct or indirect impact on the Region;
  - b. outlining changes of concern to the Region; and
  - c. making recommendations to the Province to address concerns or improve the Province's proposals.

**2. Background**

- 2.1 The Environmental Registry of Ontario (ERO) posting describes Bill 66 as "the second in a series of bills through Ontario's Open for Business Action Plan" to reduce regulatory red tape and costs to business. Bill 57, the Making Ontario Open for Business Act, 2018, was the first step in this plan. The government has set a goal of reducing regulatory red tape by 25 per cent by 2022.
- 2.2 Brief descriptions of the Schedules of amendments to various acts proposed in the bill can be found in the explanatory notes at the beginning of [Bill 66](#) posted on the Ontario Legislative Assembly website. Related regulatory amendments have also been posted on the Environmental Registry and Regulatory Registry.
- 2.3 Regional staff reviewed Bill 66 and identified interests and potential impacts for the Region in 10 of the schedules as outlined below. Staff comments or recommendations are included at the end of the Schedule section. The resulting recommendations will be directed to the appropriate Ministry contacts as noted in

the ERO postings.

### **3. Schedule 1: Ministry of Agriculture, Food and Rural Affairs legislation**

- 3.1 Application of rights and protections in the Agricultural Employees Protection Act 2002 would be extended to employees who engage in ornamental horticulture who are not covered by the current definition of agricultural employee. The floriculture and nursery segment of the agriculture sector is a substantial and growing contributor (7.6% in 2016) to the farm cash receipts in Durham Region so this is a positive change for the affected workforce.
- 3.2 Amendments proposed to the Farm Registration and Farm Organizations Funding Act, 1993 are intended to streamline the farm registration process and allow for the Minister by regulation to designate a corporation to administer the farm registration administration under an agreement (i.e. outsourcing).
- 3.3 Amendments proposed to the Ministry of Agriculture Food and Rural Affairs Act would:
  - a. Allow the minister to make orders under section 6.2 to clarify loan guarantee programs; and
  - b. Allow provincial guarantee of loans made to farmers by other entities that make loans to farmers.
- 3.4 The changes related to funding and loans programs will not affect the Region's engagement with our agricultural community. Staff generally support the proposed actions.

### **4. Schedule 2: Ministry of the Attorney General**

- 4.1 This schedule repeals the Pawnbrokers Act and removes the reference to that Act from the Personal Property Security Act.
- 4.2 For several years, the Ontario Association of Chiefs of Police and the Association of Municipal Managers, Clerks and Treasurers have advocated for modernization of the regulation of pawnbrokers. Changes proposed included creation of a provincial licensing framework, more detailed data collection and better tracking of transactions to support recovery of stolen goods.
- 4.3 Staff at the Ministry of the Attorney General indicated to Regional staff that no replacement legislation or other regulatory regime is proposed. Pawnbrokers would be subject to applicable municipal by-laws. Since some municipalities currently rely on the Provincial legislation, a patchwork of pawnbroker licensing

approaches across municipalities may result. This outcome may increase criminal use of such facilities and exacerbate the difficulties for police tracking stolen goods.

- 4.4 **While recognizing that the current Pawnbrokers Act may be out of date, the Region encourages the Province to explore an alternative provincial policy approach to reduce the criminal activity related to pawnshops and sale of second-hand goods.**

## 5. Schedule 3: Ministry of Education

- 5.1 The Child Care and Early Years Act (CCEYA) would be amended to increase the child to caregiver ratio in **licensed and unlicensed home-based child care settings** from two children under two-years old per home child care provider to three children under two-years old. The amendment would also allow two providers to offer care in one home for up to a maximum of six children under two-years old per home.
- 5.2 The CCEYA changes would not affect Regionally operated child care facilities as the ratios for group child care apply. It will affect the home child care agencies the Region contracts with for delivery of licensed, home-based child care services.
- 5.3 Licensed home-based child care agencies and providers support this change. They believe the ratios should remain at 2:1 for unregulated home child care providers. Licensed home child care providers are inspected/visited by the Ministry of Education, The Region of Durham and their licensed home child care agency to monitor safety and quality. The lower ratio for unregulated homes that are not inspected would maintain the current safety standard. It may also encourage unlicensed providers to enter the licensed system. A benefit will be that parents of multiple-birth children will have more child care options with the higher ratio applied to home-based child care.
- 5.4 Safety issues that occasionally arise in uninspected, unlicensed home child care settings remain a risk but are largely unrelated to the change in ratio proposed.
- 5.5 The Region believes that the changes that apply to the licensed sector will be beneficial in meeting the significant demand for child care spaces for children under two-years old.
- 5.6 The CCEYA ss.6 (4) will be amended to lower the eligible ages for authorized extended day recreation programs from six to four-years old. Currently these programs can accept the younger children for March Break and summer programs, but not for before and after school programs. This change will permit these

programs to better align with the needs for before and after school care for full day kindergarten students when no kindergarten child care arrangements are offered. This change resolves an issue that excluded kindergarten students from attending these programs during the school year.

- 5.7 The Education Act would be amended to remove references that school boards have some responsibility for operational components of third-party operators. The third-party operators will continue to be licensed by the Ministry of Education and will comply with the CCEYA.

**6.**

**Schedule 4:**

**Ministry of Energy, Northern Development and Mines**

- 6.1 This schedule would repeal the authority of the Ontario Energy Board (OEB) to set electricity rates for sub-metered units in multi-residential buildings. While the OEB had begun consulting on how to regulate what unit sub-meter providers (USMPs) may charge, in practice, the OEB had yet to exercise its oversight in what USMPs charge for services. The OEB Unit Sub-Metering Code requires USMPs to adhere to many of the same requirements as a Local Distribution Company in terms of deposits, disconnect and reconnect charges etc. The Code also provides for dispute resolution with the OEB Consumer Relations Centre. In addition, the Energy Consumer Protection Act requires an agreement with exit provisions for meters in individual suites for newly-constructed multi-residential buildings. The wide range of available licensed and regulated sub-metering organizations should ensure competitiveness when selecting related sub-metering services. At present, the Region's housing portfolio is not affected by this change, but it could affect new social housing units built in future.

**7. Schedule 5: Ministry of Environment, Conservation and Parks**

- 7.1 This schedule would repeal the Toxics Reduction Act and two related regulations. The Act required industries to have a plan for reducing the use of toxics in their products and processes and to report publicly each year. Implementing the toxic reduction plan was voluntary.
- 7.2 The Province indicates in the ERO posting (013-4234) that the Act was not effective in achieving reductions and notes that "by 2021, all Ontario toxic substances will be covered by the federal Chemicals Management Plan". The goal of the federal plan is to "assess and manage, where appropriate, the potential health and ecological risks associated with approximately 4,300 substances under

the Canadian Environmental Protection Act, 1999 (CEPA 1999)”<sup>1</sup>.

- 7.3 Since no Regional facilities were governed by the Toxics Reduction Act, this change will have no impact on Regional operations or reporting.

## **8. Schedule 6: Ministry of Finance**

- 8.1 Schedule 6 includes changes to the Pension Benefits Act which would allow businesses and non-profits to merge single-employer pension plans into jointly sponsored pension plans without the need for an enabling regulation.
- 8.2 This will not have significant implications for public sector employers who can already merge a single employer pension plan with a jointly sponsored pension plan under the Act.

## **9. Schedule 7: Ministry of Government and Consumer Services**

- 9.1 This Schedule includes changes to the Technical Standards and Safety Act (TSS Act) which currently applies to amusement devices, boiler and pressure vessels, elevating devices, fuels (such as gasoline, bulk oil storage, propane), operating engineers and upholstered or stuffed articles. The Ministry has delegated the regulatory functions under the TSS Act to the Technical Standards and Safety Authority (TSSA). The TSSA is a not-for-profit corporation established in 1997 to administer and enforce certain technical and safety standards in Ontario. Amendments proposed for the Act will:
- a. provincial guarantee of loans made to farmers by other entities that make loans to farmers.
  - b. allow alternate rules made by a director and approved by the Minister under the Act to replace a regulation or Minister’s Order made under the Act.
- 9.2 Upholstered and stuffed articles are still subject to the Ontario Consumer Protection Act as well as the federal Consumer Product Safety Act and Textile Labelling Act.
- 9.3 Other amendments proposed throughout the Act will enable the use of “alternate rules” initiated and made by the director and in Section 39 of the Act enable an alternate rule to prevail over any municipal by-law.

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<sup>1</sup> Reference from Health Canada webpage accessed Dec.18, 2018 at <https://www.canada.ca/en/health-canada/services/chemical-substances/chemicals-management-plan/initiatives/subset-substances-prioritized-categorization.html>

- 9.4 The proposed changes to the Act related to alternate rules may have both positive and negative effects. The introduction of alternate rules, if applied appropriately and supported by stakeholder input, could alleviate the requirement for individual site variances. Currently approval of these variances involves significant red tape and cost associated with that process. The option of alternate rule, would allow the TSSA to more quickly apply level conditions across the industry by recognizing and adapting to new technologies and issues that arise during the periods between Code updates. Meeting these rules would allow operators to safely maintain their facilities without having to request a site-specific variance that traditionally would include alternative options to the Codes anyway. The flexibility of the TSSA to respond to changing technology standards or improved equipment design in a timely way may help reduce costs for the Region as a regulated body.
- 9.5 However, expanding the use of alternate rules appears to push out responsibility for designing and enforcing protective “rules” further from Ministry involvement.
- 9.6 In her most recent Annual Report, Ontario’s Auditor General was very critical of the oversight by the Ministry of Government and Consumer Services of the Technical Standards and Safety Authority’s failure to maintain an inspection and enforcement program that ensures the health and safety of Ontarians.<sup>2</sup>
- 9.7 From a community safety perspective, the Region has specific interests in the adequacy of the TSSA regulatory regime relating to the safe management of fuels and pipelines. The concerns relate to drinking water protection and emergency management.
- 9.8 The Auditor General found that TSSA performed poorly in fulfilling key responsibilities including the inspection, enforcement, tracking of licenses, and follow-up on findings and orders for compliance. One area of neglect that could impact Regional operations was their practice of not directly inspecting oil and gas pipelines, but instead relying on industry inspection records which they only audited every five years. In 2013, two pipeline leaks occurred due to external corrosion that was not detected by the pipeline operator.<sup>3</sup> A serious undetected leak could result in contamination of Regional groundwater, waterways, sewage systems and drinking water systems that Durham residents depend on. A fuel spill is very costly and time-consuming to clean up and is rarely completely remediated.
- 9.9 Based on the Auditor’s findings, it seems that the TSSA presently needs more

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2 For details, see Ontario, Office of the Auditor General 2018 Annual Report, released Dec. 5, 2018, Chapter 3, section 3.13, p.575, available at

[http://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1\\_313en18.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_313en18.pdf)

3 Ibid.

provincial oversight, not less as is provided in the alternate rules mechanism. A provincial direction to reduce regulation and rely on private business and industry to meet inspection and compliance standards protective of the people of Ontario may represent an increased risk to public safety.

- 9.10 **With appropriate advance communications to affected sectors, the introduction of “alternate rules” may reduce administrative costs in some of the regulated sectors including the Region. The Region supports taking a consultative and outcome-based approach to creating the alternate rules. However, the Ministry must oversee and reinforce that the principle of protection of public safety is the key goal in the design of TSSA inspection and compliance regimes.**

## **10. Schedule 8 – Long-Term Care Homes Act 2007 Amendments**

- 10.1 Schedule 8 of Bill 66 will amend provisions of the Long-Term Care Homes Act in three areas:

- a. Section 44 is changed to eliminate the need to inform the Ministry’s director of Long-Term Care that an application for placement has been refused. In future, only the applicant and placement coordinator will be notified.
- b. Sections 99 to 106 which relate to public consultation required when a licence to operate a new long-term care home is issued or an existing licence is transferred or renewed. The effect is to give the director the power to decide whether consultation is warranted in individual cases or to make and publish a policy that outlines when consultation is not required.
- c. Section 112 relating to the issuance of temporary emergency licences to authorize premises to operate as a long-term care home on an emergency basis or authorize temporary additional beds at a long-term care home, for a term of no more than one year.

- 10.2 The Region has no concern about the Section 44 change.

- 10.3 The changes to public consultation modernize the way the Ministry seeks feedback on licensing transactions for long-term care homes not owned by the municipal sector. The changes will allow additional/alternative formats rather than requiring a public meeting as part every public consultation. The changes will allow the Ministry to streamline the process for renewal and transfer of licenses as well as the issuance of new licences. This would support the government’s stated intent to build 30,000 beds over the next ten years as well as to redevelop aging facilities.

- 10.4 The change relating to issuing temporary emergency licences for up to one year is positive. After the Fairview Lodge fire in 2014, the Region had to go through the

emergency licence renewal process every 60 days which created extra paperwork. The amendment also clarifies that only residents affected by the emergency can be admitted to these temporary beds.

## **11. Schedule 9 – Ministry of Labour**

- 11.1 This schedule includes amendments to requirements under the Labour Relations Act and Employment Standards Act.
- 11.2 The most significant change for the Region will be the automatic designation as a non-construction employer under the Labour Relations Act (LRA). Several municipalities have been deemed construction employers under the LRA over the years thereby subjecting them to province-wide bargaining regimes and precluding them from contracting or sub-contracting with other qualified bidders, including both union and non-union firms. This is very restrictive from a procurement perspective.
- 11.3 The proposed amendments that exempt municipalities from the ‘construction employer’ provisions of the LRA are consistent with the prior positions taken by Regional Council (Report #2015-F-42). The automatic designation as a non-construction employer is a positive change that will protect the Region from potential procurement restrictions.
- 11.4 Many of the Employment Standards Act (ESA) changes are administrative in nature. For example, the Region is no longer required to display the Employment Standards Act poster in its workplaces.
- 11.5 The two changes to the ESA are:
  - a. Removal of the requirement to seek Director of Employment Standards approval for working in excess of 48 hours a week. Since the Region will still require express agreement from union/employee to do so, this provision has little impact on the Region.
  - b. Overtime averaging agreements would be limited to a four-week period. Under the current ESA there is no such cap. Human Resources will conduct an audit and review the practices used by departments, but currently is not aware of any averaging agreement in place that exceeds four weeks.

## **12. Schedule 10 – Ministry of Municipal Affairs and Housing**

- 12.1 Schedule 10 of Bill 66, proposes to amend the Planning Act to allow a local municipality to seek approval from the Minister of Municipal Affairs and Housing (MMAH) to pass an open-for-business planning by-law for a site-specific



employment proposal so the local municipality could “act quickly to attract businesses seeking development sites”.

- 12.2 In support of the changes to the Planning Act proposed in Schedule 10, the MMAH also released for public review and comment:
- a. a proposed open-for-business planning tool (ERO #013-4125), and
  - b. proposal that contemplates new regulations under the Planning Act to support the open-for-business planning by-law (ERO # 013-4239). The regulation has not yet been drafted.
- 12.3 An open-for-business planning by-law could be used only for a site-specific development proposal that meets certain criteria. The ERO posting on the proposed regulation indicates that a proposal must:
- a. be for a new major employment use;
  - b. provide evidence that it would meet the minimum job creation threshold (e.g. 50 jobs in a municipality under 250,000 population, or 100 jobs in a municipality of greater than 250,000 population);
  - c. be for lands and buildings that are primarily for manufacturing or research and development uses, but not for residential, commercial (personal services, etc.) or retail (sale of goods) as a primary use.
- 12.4 As proposed, prior to passing an open-for-business planning by-law, the local municipality would need to obtain written approval from the Minister of Municipal Affairs and Housing and demonstrate that any prescribed criteria have been satisfied.
- 12.5 According to the material provided, the process is intended to:
- Allow a local municipality to permit the use without having to adhere to existing local requirements (such as an official plan or zoning by-law);
  - Enable an abbreviated approval process for the proposal instead of the full requirements for site plan approval;
  - Allow the local municipality to impose a limited set of planning-related conditions e.g., approval of plans and drawings that show site plan matters (transportation access, lighting, parking, etc.) and enter into agreements to ensure development conditions are secured;
  - Allow public consultation at the discretion of the municipality, while requiring public notice after the by-law is passed (at a minimum);
  - Provide that decisions are final and cannot be appealed to the Local Planning Appeal Tribunal but allows the Minister of Municipal Affairs and Housing to

intervene to modify or revoke an open-for-business planning by-law before it comes into force. (An open-for-business planning by-law would come into force 20 days after it is passed); and

- Remove the requirement for provincial policies and provincial plans to apply to a decision to pass an open-for-business planning by-law (but allows the Minister of Municipal Affairs and Housing to impose conditions to protect for matters such as public health and safety prior to or when approving the use of such a by-law).

12.6 A local municipal open-for-business planning by-law is proposed to be exempt from the following legislative requirements:

- Section 3(5) of the Planning Act – requiring consistency with the Provincial Policy Statement (2014);
- Section 24 of the Planning Act – requiring that where there is an official plan in effect, no public work may be undertaken and no by-law passed that does not conform therewith;
- Sub Sections 34 (10.0.0.1 to (34) of the Planning Act – zoning by-laws (including requirements for pre-consultation, filing of prescribed information, completeness of applications, information and public meeting requirements, information to public bodies, appeals to Local Planning Appeals Tribunal - LPAT);
- Section 36 of the Planning Act – authorizing the use of holding provision by-laws;
- Section 37 of the Planning Act – authorizing the use of bonusing provisions;
- Section 39 of the Clean Water Act - requiring conformity with significant threat policies and designated Great Lakes policies set out in a source protection plan, and having regard to other policies set out in a source protection plan;
- Section 20 of the Great Lakes Protection Act – requiring conformity with designated policies that are set out in an initiative under the Great Lakes Protection Act, or having regard to policies set out under the Great Lakes Protection Act that are not designated policies;
- Section 7 of the Greenbelt Act – requiring conformity with the Greenbelt Act;
- Section 6 of the Lake Simcoe Protection Act – requiring conformity with policies of the Lake Simcoe Protection Act and Plan;
- Section 31.1(4) of the Metrolinx Act – requiring consistency with the designated policies set out in a transportation planning policy statement;
- Section 7 of the Oak Ridges Moraine Conservation Act – requiring conformity with the Oak Ridges Moraine Conservation Plan and Act;
- Section 14 of the Ontario Planning and Development Act – requiring

conformity with the Act, or plans. In the case of Durham, this is the legislation that governs the Central Pickering (Seaton) area;

- Section 14 (1) of the Places to Grow Act – requiring conformity with the Growth Plan or Act;
- Section 12 of the Resource Recovery and Circular Economy Act – requiring consistency with the designated policies set out in a resource recovery or waste reduction policy statement; and
- Any prescribed provision.

12.7 The Provincial Policy Statement (2014) sets the policy foundation for Ontario's land use planning system and is based on sound planning principles. The PPS provides for appropriate development while protecting resources of provincial interest, public health and safety, and the quality of the natural environment. As the key framework document to guide good planning in Ontario, the PPS addresses a wide range of subjects including:

- a. promoting cost effective development patterns;
- b. promoting development and land use patterns that conserve biodiversity and consider the impacts of a changing climate;
- c. focusing growth and development to settlement areas;
- d. requiring that matters of land use compatibility including matters of noise, odour and other contaminants are either prevented or mitigated;
- e. requiring that planning for sewage and water services are provided in a manner that is feasible, financially viable and complies with all regulatory requirements while protecting human health and the natural environment;
- f. ensuring that natural heritage features (included significant wetlands and woodlands) are protected for the long term;
- g. ensuring that significant built heritage resources and archaeological resources are conserved;
- h. numerous other planning matters.

12.8 The proposed legislation would allow the passage of a by-law regardless of whether it is consistent with the PPS. **To ensure that matters of good planning are addressed appropriately, it is recommended that an open-for-business planning by-law proposed under Bill 66 not be exempt from Section 3(5) of the Planning Act requiring consistency with the Provincial Policy Statement.**

12.9 Bill 66 would make various changes to section 34 of the Planning Act with the intent of expediting the approval process. Although preconsultation is not precluded by the proposal, it is generally a beneficial mechanism for applicants to get early feedback on proposals prior to the formal submission of development

applications. Applicants also benefit from early information on such matters as site conditions, servicing, transportation or other matters that may affect the proposal.

**Therefore, the Region recommends that preconsultation should be a requirement to ensure timely information sharing. Similarly, applications filed under this process should include complete information as determined by the area municipality to enable informed decision making.**

- 12.10 The intent of the Clean Water Act is to protect existing and future sources of drinking water. Applications filed under the Planning Act are currently required to conform with significant threat policies and designated Great Lakes policies set out in source protection plans. Bill 66 exempts open-for-business planning by-laws and their associated economic development proposal from Section 39 of the Clean Water Act. A source protection plan is a strategy and set of policies designed to protect municipal sources of drinking water from contamination and overuse. This includes Wellhead Protection Areas, which are areas of land around a municipal well. There are several wellhead protection areas within Durham Region. **It is recommended that open for business by-laws remain subject to the provisions of the Clean Water Act and Source Protection Plans to ensure public health and safety.**
- 12.11 Local municipalities would have limited latitude to impose development conditions on proposals under the proposed combined “summary site plan” review process as part of an open-for-business planning by-law. There may be occasions where off-site improvements may be required. However, the detail regarding how the conditions may be imposed is not included in the ERO posting for the regulation. For example, it is unclear how the Region could ensure that certain studies or infrastructure that may be required to service a development (i.e. through a Traffic Study) would be completed. **It is recommended that the province clarify how the summary site plan review process would enable a municipality to require or implement off-site development related conditions, in the absence of the use of Holding (H) provisions.**
- 12.12 The potential for the use of open-for-business planning by-laws would appear to be greatest in areas that are not already designated or zoned for industrial/employment uses, outside of existing settlement area boundaries, either adjacent to urban areas or in more remote locations. The ability to zone for larger employment uses where they are currently not planned could render areas currently zoned for employment uses less attractive to site selectors from a land cost perspective. Other unintended outcomes could also occur:
- a. Existing vacant urban employment areas could remain undeveloped for longer periods of time;

- b. There could be greater pressure to convert existing urban employment areas to other non-employment uses;
- c. There could be pressure to service employment developments outside of urban areas.
- d. Contiguous blocks of land zoned for agriculture or natural heritage may become fragmented over time making them less effective for those functions.

12.13 Regional staff raise the following additional considerations with respect to the administration and construct of having open-for-business planning by-laws:

- a. It is unclear from the Bill or draft regulation posting whether the Minister would impose performance requirements on a proposed employment proposal. For example, this could include meeting and maintaining the proposed job threshold as described in the application to ensure that promised levels of employment are sustained. **It is recommended that the Province afford either the Minister or the municipality the ability to require employment performance measures on the developments approved under an open-for-business planning by-law and monitor its effectiveness.**
- b. Where an open-for-business planning by-law is passed, but the development does not take place within a specified timeframe, **it is recommended that there should be a mechanism for the by-law to automatically lapse without having to formally repeal the by-law (e.g. if a building permit is not issued for the project within a specified time such as 24 months).** This will help to further incent the timely implementation of bona fide employment proposals as intended by the legislation. Further, any approval of the by-law should permit only the specified use, and any change in use should only be authorized under a new open-for-business planning by-law.
- c. Open-for-business planning by-laws may create a challenge when planning for employment land supply and in official plans, quantifying employment land need. **It is recommended that the Province clarify how Greater Golden Horseshoe municipalities should plan for these open-for-business planning by-laws within the context of the required Employment Strategy, that upper tier municipalities must undertake to implement the Growth Plan through their municipal comprehensive review processes.**
- d. The proposed regulation would allow residential or retail uses as secondary uses to the primary employment use. With the proposed restriction on conditions that could be imposed under an open-for-business planning by-law, it is unclear how pure employment uses, like manufacturing and research and development, as mentioned in the regulation, will be ensured if only the

- permitted secondary uses are developed. Further, the rationale behind including retail or residential uses as permissible secondary uses for such activities as primary manufacturing or research and development is unclear. **It is recommended that the Province strengthen the restrictions on permissible secondary uses to only employment-generating uses to ensure that the focus is maintained on targeted employment uses;**
- e. It is uncertain how or where the proposed legislation would be used by area municipalities or how its ultimate effectiveness will be gauged. **It is therefore recommended that the Province impose a time limit on the tools and require a formal review within three years of it coming into full force and effect.**
- 12.14 The bill also exempts the development proposals approved under an open-for-business planning by-law from meeting policy requirements under the Resource Recovery and Circular Economy Act. The Region anticipates no operational impacts as a result of the exemption. However, there is the broader policy consideration of creating a double standard for management of commercial and industrial food and organic wastes by businesses within the community and the Province.
- 12.15 Under an open-for-business planning by-law, the Region would need to work closely with the area municipalities to ensure that the appropriate studies and other typical development requirements necessary to implement the proposal can be secured (e.g. servicing agreements, land dedication for road widenings, proper entrances, turning lanes, etc.) through conditions that local municipalities can impose.
- 12.16 To ensure that complete information is provided to the local municipality prior to the passage of an open for business planning by-law, the Region would review the proposed by-laws and proposals for consistency and conformity with the Regional Official Plan and provincial plans and provide its technical comments. While this information would not be determinative under the proposed open-for-business by-law tool, this information would be sent to the local municipality and the Minister for their consideration.
- 13. Schedule 12 - Ministry of Transportation**
- 13.1 This schedule includes minor amendments to the Highway Traffic Act. Additional regulatory amendments coming into effect January 1, 2019 will allow new CV/AV testing (connected vehicles/autonomous vehicles) and research and development opportunities in Ontario for local business interests and international sector

investments. This will reduce barriers to testing and implementation of automated and driverless vehicles in Ontario and support potential manufacturing opportunities.

- 13.2 This is a positive regulatory change that will support plans for testing of automated transit vehicles in Durham Region.

#### **14. Conclusion**

- 14.1 The legislative and regulatory changes being proposed with Bill 66 may reduce some administrative requirements to both private businesses and the municipal sector. The Region supports a number of these changes.
- 14.2 However, in other cases, amendments to the proposed legislation have been suggested as noted within this report.
- 14.3 This report has been prepared with input from staff of all departments in the Region.

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Recommended for Presentation to Committee

Original Signed By:

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Chief Administrative Officer