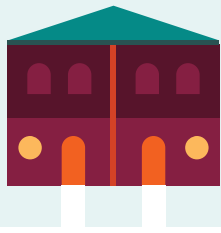


# Meeting in the Middle

A plan to end exclusionary zoning  
and tackle Ontario's housing crisis

December 2021

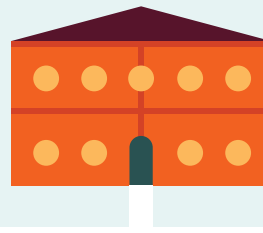




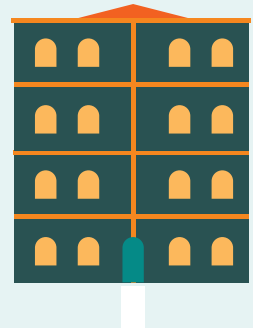
DUPLEX



TOWNHOMES



FOURPLEX



EIGHT-UNIT MULTIPLEX

## Introduction

Ontario is growing. Our population is expected to increase to over 20 million people by 2046, a 36% increase from 2020, with the GTA expected to see the fastest rate of growth.<sup>1</sup> All of these new people will need somewhere to live, putting additional pressure on our already stretched housing supply. **We must prioritize creating more homes in our existing residential neighbourhoods.**

Ontario's land use planning policies currently concentrate urban growth in limited geographic areas, while most residential neighbourhoods are protected from even modest forms of density such as triplexes or small apartment buildings. These building types represent a 'missing middle'<sup>2</sup> of residential housing stock between single dwelling and large apartments. The current policy limitations prevent more of this kind of 'middle' housing development, thereby blocking efforts to house more residents in walkable urban centres.

This, in turn, has broad societal implications.

- Contributes to housing shortages that impede the ability of cities to both house its existing talent and attract new talent, impacting business competitiveness.
- Creates environmental impacts by requiring more people to "drive until they qualify". Increasing missing middle solutions would provide environmental benefits through utilizing existing housing stock, reducing commutes, leveraging existing and future transit investments and living more densely in energy efficient buildings.
- Drives up the cost of housing by arbitrarily limiting a more affordable form of supply, resulting in disproportionate impact on BIPOC communities, newcomers and first-time homebuyers.

In addressing housing affordability and availability, it is no longer a question of whether missing middle policies must be part of the solution. Jurisdictions like Minneapolis, Edmonton, California and New Zealand are leading the way, and advocates largely agree that unblocking missing middle development is necessary to address these challenges. Now the debate is focused on how to address the missing middle in the most effective way – it is a question of *approach*.



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The City of Toronto has started taking promising action on issues related to the missing middle, but the need for increased density and housing options is important across Ontario. This requires political leadership and courage at the provincial level to enable more affordable and vibrant communities.

Informed by our members, drawing on existing research, and examining policy being advanced by other leading jurisdictions, the Toronto Region Board of Trade is proposing a **provincial framework to permit more missing middle options as-of-right across the province**. A provincial approach ensures greater consistency across regions and helps break the logjam of local politics preventing housing development. Adopting this framework will help our cities become more diverse, equitable and inclusive.



**70%**

of Toronto Neighbourhoods only permit detached houses with a secondary suite – also referred to as the “Yellowbelt.”<sup>3</sup>



**45,000**

People could be housed by adding one home to every hectare of Toronto’s Yellowbelt.<sup>4</sup>



**1,000,000**

New homes are needed in Ontario to meet current and projected demand over the next decade.<sup>5</sup>



## Why Addressing Missing Middle Housing Matters: Top Reasons to Embrace the Missing Middle



### Maximizing Existing Infrastructure

There is significant opportunity to subdivide large existing houses into multiple family-sized units, which can allow homeowners to right-size their unit while staying in place. It also allows more people to use existing infrastructure like schools, transit and roads. This minimizes costs for individuals and governments while also increasing local customers for small businesses.



### Providing Housing Options

Family types and needs are more diverse than can be easily accommodated in single detached homes. A wider range of housing options in existing and new neighbourhoods will help ensure that multi-generational households, solo households, and other family configurations can be better served.



### Reducing Emissions

Missing middle housing can allow people to live closer to where they work, making more efficient use of built-up land and reducing the need for long car commutes. Denser buildings also reduce the carbon footprint of each household, and are easier to retrofit or build to net-zero standards.



### Addressing Systemic Racism

Exclusionary zoning laws have exacerbated racial inequities. Marginalized communities are also more likely to face pressures from gentrification, including displacement. Missing middle solutions can help distribute development pressure and increase diversity in existing neighbourhoods while providing opportunities for generational wealth creation.



### Helping All Communities

With housing prices spiking across the province, all communities have a role in increasing housing affordability and availability. Missing middle solutions are compatible with existing residential neighbourhoods and provide valuable options for a wider range of needs and preferences. Provincial standards will increase predictability and facilitate additional projects.



# A Made-in-Ontario Plan to Unlock Missing Middle Housing

Five actions that the Ontario Government can take to increase housing affordability

## 1 End Exclusionary Zoning

Through planning reforms, eliminate ‘Yellowbelts’ that only permit single-unit homes. Enable as-of-right permissions for at least four units in a building in all residentially zoned areas, and consider designating a higher baseline (e.g. eight units and/or four to five storeys) for properties near transit stations.

## 2 Establish Standards

To ensure that municipalities do not use other tools to prevent missing middle housing, the provincial government should set minimum standards for building setbacks, lot sizes, parking requirements, front doors, height, building depth, landscaping, and floor space index.

## 3 Broad Geographic Reach

These changes should apply to all medium (30,000+) and large (100,000+) municipalities across Ontario, although different standards could apply for each category. This would help avoid inflating land values in a smaller targeted area, while also addressing affordability issues across the province. Municipalities would have the opportunity to customize regulations while meeting or exceeding the minimum standards.

## 4 Moderate Development Charges

Currently, many municipalities charge higher development charges for missing-middle buildings than for single-unit homes, even though the number of people living at the property may not be any greater than the house had historically accommodated – creating a barrier to missing middle development. The Province should require that development charges and fees for missing-middle buildings up to four units match the charges and fees for single-unit homes.

## 5 Create Affordable Ownership Opportunities

Missing middle housing can provide more affordable ownership for individuals and families, helping to broaden opportunities to build wealth. The provincial government should continue working to support co-ownership, shared ownership and community land trusts, while introducing strata ownership tools (i.e. a ‘condo-lite’ structure).

- For example, in B.C., strata ownership is used to facilitate individual ownership of part of a building (e.g. a second floor unit) and shared ownership of common property (e.g. driveways, foyers and backyards) through a legal entity called an owner corporation. Smaller multi-unit buildings can be subdivided into strata, which are less cumbersome than existing rules for condo corporations.

An aerial photograph of a suburban residential neighborhood. The houses are mostly two-story structures with dark roofs, surrounded by trees and green spaces. A road runs through the middle of the neighborhood. In the far distance, a city skyline is visible under a clear sky.

# Opportunities for Municipal Missing Middle Leadership

A provincial approach provides a high-level guide to missing middle solutions. However, there are actions falling under municipal purview that could increase housing availability options:

- Municipalities should **streamline and accelerate their review** of these projects, embracing their potential to enhance multi-generational living and improve sustainability.
- Municipalities should introduce new fees for converting an existing multi-unit building (e.g. triplex) into a large single-unit house. Imposing a **“housing elimination charge”** for each unit removed would help deter such conversions, preserve existing multi-unit houses and provide dedicated funding to replace lost homes.
- Study whether **additional tax reduction incentives** such as property tax abatements could be offered for specific types of projects (e.g. affordable ownership, projects involving and/or serving historically excluded groups) in order to encourage an increase in the prevalence of these types of projects.

# Additional Considerations

In addition to the above recommendations, the Board has identified other critical areas for multi-sector collaboration needed to ensure that housing affordability moves in tandem with the proposed provincial approach.



## Financial barriers

Creating affordable missing middle solutions will require financial options that lend themselves to these projects. Banks, credit unions, their regulators and governments need to work together to resolve barriers in accessing capital. This includes co-ownership mortgage assessments and construction financing options. For example, the Canada Mortgage and Housing Corporation (CMHC) could make mortgage loan insurance available to co-purchasers if each unit would individually qualify for coverage.



## Informational barriers

With less-traditional ownership structures, there will be a need for additional educational and advisory support to help individuals and groups understand the legal structures, such as how to establish a strata corporation, and their financing options.



## Housing ecosystem

There is an opportunity to create an ecosystem in which all elements of housing solutions are linked together such as land trusts, co-ownership, new financing models, incentivizing patient capital, etc. Doing so would allow for a whole-ecosystem approach to missing middle solutions that can better identify and resolve barriers that arise.



## Endnotes

- 1 <https://www.ontario.ca/page/ontario-population-projections>
- 2 A term coined by architect Daniel Parolek, the missing middle describes “a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.” <https://canurb.org/publications/what-is-the-missing-middle-a-toronto-housing-challenge-demystified/>
- 3 <https://www.toronto.ca/legdocs/mmis/2021/ph/bgrd/backgroundfile-173156.pdf>
- 4 [https://www.bot.com/Portals/0/BOARD\\_AFG\\_Municipal01\\_housing\\_playbook\\_FINAL.pdf](https://www.bot.com/Portals/0/BOARD_AFG_Municipal01_housing_playbook_FINAL.pdf)
- 5 <https://institute.smartprosperity.ca/publications/growing-number-households>



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Policy drafted by Craig Ruttan, Stéphanie Bussière and the Toronto Region Board of Trade's Housing Affordability Committee.