



# POLICY BRIEF

## July 2022

### THE HEAT IS ON – MUNICIPALITIES AND THE HOUSING (AND DEVELOPMENT) CRISIS

There is no hotter topic than housing these days. Almost everyone has a theory about the origins of the problem and a range of pat solutions to address it.

More interestingly, almost everyone has a finger to point and it has become fashionable, of late, to place the majority of blame at the feet of municipalities.

For many years that sentiment has been prominent among developers. They argue municipalities are slow to approve developments, they cater to NIMBYism, they resist change, they have development charges that are too high - and the list goes on. There is certainly some truth to some of that.

In Toronto, for example, it has been common to wait six months just for a Committee of Adjustment hearing date, with full city approvals taking another six months. For those seeking to renovate a home to accommodate a growing family, a wait of one year to obtain municipal approvals and a second year of construction is just too long.

But more and more, it is not just developers pointing fingers. Rightly or wrongly, senior orders of government have gotten into the game and are targeting municipalities too.

Whatever blame one may want to assign to a municipality as a result of unnecessarily bureaucratic processes, needless red tape, burdensome regulations (a feature too of both provincial and federal government as well), we can't escape the reality that to some degree municipalities are simply responding to pressure to preserve the public interest.

And the public interest is complex - with tensions between the acute need for new housing and infrastructure against the desire to preserve established neighbourhoods and limit urban sprawl.

Often leaving the status quo undisturbed is the path of least resistance. That might work well for some things, but it doesn't work well in all things - especially a housing crisis when the solution is to build housing.

Moving the public to accept change is one of the most difficult aspects of the job for government officials, elected or otherwise.

On the flip side, developers are not bad people, although some developers are, at times, oblivious to the complexity of competing tensions inside of the public interest. Their ultimate goal is to build homes and make a profit - and for unscrupulous developers, the profit goal trumps all else including the fit or livability of developments - particularly in the long-term.

For developers, profits may be maximized when public interests are squeezed. For example, when density exceeds planning capacity, when government-imposed charges and costs are minimized or eliminated, when parkland doesn't need to be set aside, or when a philosophy that someone else should pay for public services is brought to bear. At times, and perhaps unfairly in some instances, that's how developers are perceived by municipalities.

Nevertheless, municipalities are at ground-zero and the pressure is real and now. Municipalities in Ontario should expect even stronger measures will be adopted with the strong Provincial election mandate and governing agenda to build 1.5M homes over the next ten years. There may well be some form of the proverbial carrot, but equally we can expect some sticks to be wielded as well.

And it would be a mistake to ignore the growing phenomenon of Pierre Poilievre and his leadership campaign targeting the gate-keepers. Talk about a carrot and a stick. Poilievre has picked his lane and municipalities are squarely to blame as "big city gatekeepers". All of this threatens to add more toxicity to an already difficult set of relationships.

If the housing crisis only had municipalities to blame, perhaps this would be the solution. But, in reality, this is a shared and complex policy challenge that requires a broad range of solutions. Yet with the federal Liberal housing Minister and the head of the Canada Mortgage and Housing Corporation also calling for municipalities to accelerate their processes and to "step up", it is increasingly clear that municipalities will continue to be a target.

What are municipalities to do?

For starters, it is clear that municipalities and developers need a better understanding of one another. Public and private interests can both be met with creativity, a willingness to find common ground, and a shared desire to tackle the housing crisis together.

That starts with speaking the same language and minimizing the often-adversarial development approvals process. An intermediary, a broker, a buffer, a counselor - might just be what is needed to turn some good development projects into a reality while meeting public and private needs at the same time.

Speeding up the approvals process is also necessary and will require a dedicated municipal effort.

But what will also be critical is for municipalities to tell their stories and to clearly demonstrate, not just to senior governments but to the public, that they are actively engaged in being part of the solution.

There is simply too much at stake to not meet this challenge.