

ORCA SUBMISSION
Development Charges Act, 1997,
Regulatory Amendments
December 2022

Ministry of Municipal Affairs and Housing
College Park
777 Bay Street
Toronto, ON M7A 2J3

ABOUT THE ONTARIO RETIREMENT COMMUNITIES ASSOCIATION

Since 1977, the Ontario Retirement Communities Association (ORCA) has been the voice of Ontario's retirement communities and we remain committed to setting a standard for operational excellence in the sector.

ORCA represents over 90 per cent of all licensed retirement community suites in Ontario, employing 30,000 front line workers caring for nearly 60,000 seniors who choose to call retirement communities their home.

Retirement communities are regulated by the *Retirement Homes Act, 2010* (RHA) and are licensed and inspected by the Retirement Homes Regulatory Authority (RHRA). Each retirement community can offer up to thirteen care services, including but not limited to assistance with dressing, assistance with personal hygiene, medication management, and provision of a meal.

Caring for seniors is the most important job of our members and they take that responsibility very seriously. Retirement home operators have worked tirelessly to put the safety and protection of our seniors first throughout the COVID-19 pandemic. As of today, approximately 70 per cent of the 64,000 seniors living in retirement homes have been and remain free of COVID-19. Almost 100 per cent of retirement home residents are fully vaccinated and have received the third booster shot, and over 40 per cent have received the Bivalent booster as of November 2022.

Retirement homes are private sector businesses. Aside from the special COVID-19 funding and unlike the long-term care sector, retirement homes do not receive public funding. Our sector is 100 per cent funded by the seniors who choose to call retirement communities their home.

This submission has been prepared on behalf of ORCA's membership.

CONTACT INFORMATION

Cathy Hecimovich

Chief Executive Officer

cathy@orcaretirement.com

1 (905) 403-0500 ext. 222

Lise Jolicoeur

Vice-President, Corporate & Public Affairs

lise@orcaretirement.com

1 (647) 226-6278

Grant Gonzales

Manager, Government Relations

grant@orcaretirement.com

1 (647) 637-7589

EXECUTIVE SUMMARY

The Ontario Retirement Communities Association (ORCA) congratulates the Ontario government for passing transformative legislation that will accelerate the construction of housing across the province. We support the Ontario government's goal of building 1.5 million homes over the next 10 years.

With the increasing costs of construction and labour, the government's decision to extend development charge discounts to rental housing developments is an important step to incentivize the construction of much needed housing and further expand the province's housing stock. As part of the government's mandate to address the housing crisis, we urge the government to incorporate and prioritize the construction of purpose-built seniors housing.

The number of seniors as a proportion of Ontario's population is growing rapidly, a significant number of whom continue to choose to live in single-family homes. The significant increase in the senior demographic presents a critical opportunity for the province to unlock more housing stock by incentivizing seniors to downsize. Policy directions that support seniors downsizing will not only open up more single-family homes, but also allow for potential redevelopment into multi-unit dwellings, including triplexes, which the *More Homes Built Faster Act, 2022* permits as-of-right.

The retirement homes sector is expanding rapidly to meet the growing demand for seniors housing, however, more growth will be needed in order to keep pace with demand levels. There are currently 64,000 licensed retirement suites in Ontario. Ontario will need to add 89,000 new suites by 2041 to accommodate the needs of seniors who wish to age within their local communities in the type of social and supportive environment that retirement home living has to offer.

ORCA's members are working to meet this demand, however, increasing construction, debt service, and carrying costs, as well as development charges and interest rates, associated with new developments have the potential to slow future developments and limit seniors' options when transitioning to retirement living.

To spur increased development of purpose-built seniors housing, such as retirement homes, and ensure costs remain sustainable, **ORCA recommends amending O. Reg. 82/98, under the *Development Charges Act, 1997*, to clarify that the development charge discounts for rental housing developments also applies to care homes, which provide rental accommodations and care services and are covered by the *Residential Tenancies Act, 2006*.**

We appreciate the opportunity to submit our recommendations with respect to regulatory amendments under the *Development Charges Act, 1997*. The retirement homes sector has an important role to play in contributing to the goal of greatly expanding the province's housing stock, and the solutions we propose in this submission will better position our sector to be a productive partner in building more housing for Ontarians, especially seniors.

ONTARIO MUST PRIORITIZE SENIORS HOUSING

Demographic Shifts

The number of seniors as a proportion of Ontario's population is growing rapidly, a significant number of whom continue to choose to live in single-family homes. The significant increase in the senior demographic presents a critical opportunity for the province to unlock more housing stock by incentivizing seniors to downsize. Policy directions that support senior downsizing will not only bring more single-family homes to market, but also allow for potential redevelopment of single-family homes into multi-unit dwellings, including triplexes, which the *More Homes Built Faster Act*, 2022 permits as-of-right.

According to Statistics Canada, "from 2016 to 2021, the number of persons aged 65 and older rose 18.3% to 7.0 million. This is the second largest increase in 75 years, after the increase observed from 2011 to 2016 (+20.0%) ... [representing] nearly 1 in 5 Canadians (19.0%), up from 16.9% in 2016."¹

Developers have taken note of the opportunity to expand seniors housing in Canada. In their annual Seniors Housing Industry report, Cushman and Wakefield note that "Over the next 20 years, the age 75-plus segment is expected to grow by almost 4.0% per year and will account for 13.5% of the total population by 2040... To maintain the current level of seniors housing inventory per capita, total supply will need to more than double over the next 20 years."²

Challenges to Ontario's Policy Direction to Support Aging in Place

Currently, Ontario's policy direction promotes seniors aging in place. This is illustrated by important initiatives, such as the recently introduced Ontario Seniors Care at Home Tax Credit.

While this is important, Ontario can learn from other G7 nations about how prioritizing seniors housing presents real opportunities to expand the housing stock. A report by Professor Les Mayhew for the UK's Centre for the Study of Financial Innovation found that "for the 65+ cohort, the number of surplus bedrooms is on track to almost double from 6.6m in 2000 to 12.8m by 2040." He concluded that the "under-occupation of the housing stock caused by ageing population has created a dysfunctional housing market."³ More research is required to better understand the number of seniors living alone in single-family homes in Ontario. However, what is clear is that a significant number of seniors live alone at home; in 2016, 25.7% of Canadians aged 65 and over live alone, or 1.4 million Canadians.⁴

While supporting aging in place should continue to be a priority, Ontario must ensure that policy directions also encourage and incentivize downsizing, which includes incentivizing seniors to move into communal settings such as retirement communities, as part of a multi-pronged approach to unlock more housing supply. In doing so, not only will Ontario free up more single-family homes, but will further unlock opportunities for the development or redevelopment of duplexes and triplexes, helping to achieve the government's goal to create 1.5 million new homes over the next decade.

¹ [Number of seniors aged 65 and older grows six times faster than children 0-14](#), Statistics Canada. April 2022

² [Seniors Housing Industry Overview](#). Cushman & Wakefield. January 2022.

³ Mayhew, Les. [Too Little, Too Late? Housing for an ageing population](#), Centre for the Study of Financial Innovation. June 2020.

⁴ [Living Alone in Canada](#), Statistics Canada. March 2019.

Preventing Premature Transfers to Long-Term Care

A September 2021 PhD thesis by McMaster University student Derek Manis found that retirement homes support aging in place. Residents who were newly diagnosed with dementia and lived in a retirement home with a dementia care program had a 40% lower rate of transition to a long-term care home.⁵

Manis further concluded that retirement homes reduce strain on the long-term care sector, where the median waiting period for a bed in 2019/20 was nearly six months for those living in the community and three months for those living in hospital. The value of retirement homes for reducing the demand for a bed in a long-term care home should be an important strategy for policymakers who are seeking ways to increase health system capacity for older adults and the long-term care sector.

We also know that with the current structure of Ontario's long-term care waitlist policies, seniors are moving out of the community, including retirement homes, prematurely. A 2020 Canadian Institute for Health Information report found that about 1 in 9 newly admitted long-term care residents potentially could have been cared for in a home community⁶, with the primary reasons being difficulty navigating the health care system, financial barriers, and the lack of reliable home care.

Development Challenges

According to Cushman and Wakefield, "Seniors housing construction starts increase marginally in 2021 and remained at historically low levels, as developers remained more selective about starting new projects." As with development of all property types, increasing construction and labour costs presents a real barrier that has led to lower supply growth. Coupled with rising interest rates, and the resulting increase in debt service requirements, property developers are facing escalating challenges in the current construction environment. Demand is expected to surpass supply growth towards the end of the decade, and it is critical that Ontario take steps to spur increased development of seniors housing to meet this demand.

The retirement homes sector is expanding rapidly to meet the growing demand for seniors' housing, however, more growth will be needed in order to keep pace with current and expected demand levels. There are currently 64,000 licensed retirement suites in Ontario. Ontario will need to add 89,000 new suites by 2041 to accommodate current demand levels from seniors who wish to age in their local communities in the type of social and supportive environment that retirement home living has to offer.

ORCA's members are working to meet this demand, however, increasing costs associated with new developments will slow future developments and limit seniors' options when transitioning to retirement living.

⁵ Manis, Derek. [Examining the Substitution Effect of Assisted Living Services in Retirement Homes in Ontario, Canada](#). September 2021.

⁶ [1 in 9 new long-term care residents potentially could have been care for at home](#), Ottawa: Canadian Institute for Health Information, 2020.

RECOMMENDATION: DEVELOPMENT CHARGE DISCOUNT

Rationale for Discount

The increasing costs of development, including high development charges, are prohibitive to the construction of new purpose-built housing, such as retirement homes. Development charges in some municipalities can total into the tens of millions of dollars, which significantly impacts the cost of retirement home living and the affordability for seniors in need of this level of support in order to age in place.

Given the demographic shifts and increasing number of seniors in Ontario, municipalities must be responsive to the anticipated seniors housing demand and work toward collaborative solutions that will keep seniors housing options affordable and accessible. This government can support these efforts by incentivizing the construction of seniors housing, such as retirement homes, that support congregate living options for seniors.

Suites in retirement communities are different than suites in a typical one-bedroom apartment building. A typical retirement community suite houses one senior, which has one bathroom and a small kitchenette.

Several municipalities throughout Ontario have introduced a special classification in their development charges by-laws for these unique retirement community occupancies. Municipalities such as Burlington, Hamilton, Kitchener, Oakville and Oshawa have often classified these as “special care” dwellings which incur development charges, on average, at a 25 per cent discount than a comparative one-bedroom apartment.

Research by David Amborski, past Director of the School of Urban and Regional Planning at Toronto Metropolitan University (formerly Ryerson), found that policy advisors and politicians that have introduced these special classifications of development charges have done so for two predominant reasons:

- Retirement homes are less complete compared to one-bedroom multi-residential apartment units, e.g., there are no full kitchens provided.
- According to the *Ontario Building Code*, seniors housing does not technically meet the definition of a “dwelling unit.”

Therefore, if a one-bedroom apartment is a dwelling unit, seniors housing must be something less than this standard and therefore be charged less.⁷

Rental Housing Development Discount

With the recently passed *More Homes Built Fast Act*, 2022, the government has extended development charge discounts to rental housing developments. Currently, there is a lack of clarity in the legislation around rental housing as it impacts retirement home developments.

The *Development Charges Act*, 1997, defines a rental housing development as “development of a building or structure with four or more residential units all of which are intended for use as rented residential premises.” However, the Act also identifies another type of development, i.e.,

⁷ OMB File No. DC080008 *Regional Municipality of Durham Development Charges Appeal*, 2009, statement of David Amborski, Director of the School of Urban and Regional Planning, Ryerson University.

institutional development, which O. Reg. 82/98 defines as a development of a building intended for a number of identified uses, including retirement homes as defined by the *Retirement Homes Act*, 2010.

Retirement homes provide rental accommodation with care and services for seniors who wish to stay independent in their local community. As with other rental homes and buildings, the *Residential Tenancies Act*, 2006, applies to care homes, which includes retirement homes and their residents. Based on the *Development Charges Act*, 1997, definition of “rental housing development,” it is unclear whether the development charge discounts extend to retirement homes – as written, it could be interpreted to also describe care homes.

Recommendation: Clarify the definition of rental housing developments to include care homes by amending O. Reg. 82/98, under the *Development Charges Act*, 1997, to include the following:

Discount, Rental Housing Development

11.3 For the purposes of subsection 26.2 (1.1) of the Act, a rental housing development includes development of a building or structure intended for use,

- a) as a long-term care home within the meaning of subsection 2 (1) of the Fixing Long-Term Care Act, 2021;
- b) (b) as a retirement home within the meaning of subsection 2 (1) of the Retirement Homes Act, 2010.

CONCLUSION

ORCA acknowledges the important role that the retirement homes sector can and must play as a partner to help address the housing crisis facing the province. To spur increased development of purpose-built seniors housing, such as retirement homes, and ensure costs remain sustainable, **ORCA recommends amending O. Reg. 82/98, under the *Development Charges Act*, 1997, to clarify that the development charge discounts for rental housing developments also applies to care homes.**

The retirement homes sector has an important role to play in contributing the goal of greatly expanding the province’s housing stock, and this proposed solution will better position our sector to be a productive partner in building more housing for Ontarians, especially seniors.

With Ontario’s senior population growing, the government can unlock more single-family homes for larger families and for redevelopment into multi-unit housing by incentivizing downsizing and retirement home living; and making it more financially viable to develop purpose-built seniors housing, like retirement homes. The recommendation we propose above will help achieve these goals and set Ontario up for success to build the 1.5 million homes we need over the next decade.