

THE 'MISSING MIDDLE'

An Answer to Toronto's Housing Shortages?

December 2020

URBAN
STRATEGIES
INC



Toronto Regional
Real Estate Board
Celebrating 100 Years

TABLE OF CONTENTS

INTRODUCTION	1
WHY IS 'MISSING MIDDLE' DEVELOPMENT IMPORTANT?	6
WHAT ARE THE BEST EXAMPLES OF 'MISSING MIDDLE DEVELOPMENT?'	12
WHAT ARE CITIES DOING AT THE POLICY LEVEL?	30
THE COST OF 'MISSING MIDDLE HOUSING	36
WHAT ARE THE KEY INITIATIVES TO FOSTER 'MISSING MIDDLE' HOUSING?	37
GLOSSARY OF TERMS	42

THE MISSING MIDDLE OPPORTUNITY

This report on the 'missing middle' has been commissioned by the Toronto Regional Real Estate Board to assess the potential for increasing the available housing supply by introducing new forms of housing in the single-family neighbourhoods across the Greater Toronto Area. A lot of recent press and conference activity has identified the opportunity – most of our urban area is occupied by low density, single-family homes. Increasing the amount and variety of housing in those areas could significantly, and quickly, increase such housing supply.

1

Over recent decades, new housing in the Greater Toronto Area has consisted to an overwhelming degree of either single-family houses or high-rise apartments. Very little in the middle. Yet while marketing studies show a strong preference for lower, ground-related housing, the price of detached houses in Toronto spirals out of reach of most residents.

2

The vast majority of new apartments are being built in taller buildings. That drive for height is impelled by high land costs in areas designated for apartments and by the spiraling soft and hard costs of new development. Those new apartments tend to be smaller, with very few having two or more bedrooms, thus not meeting family housing needs.

3

Conversion of existing housing or introducing new units at slightly higher density in neighbourhoods zoned for single-family housing has been restricted by a multiplicity of planning regulations, by high and escalating development fees and by permitting complexities. While there have been important and effective recent measures to streamline the planning approvals process and reduce the financial burden on missing middle housing within much of the City of Toronto boundaries, work remains in the City's suburbs and across the broader GTA region.

4

Relaxing current prohibitions on conversions to allow additional units in single-family units is the easiest and quickest way to make a significant addition to the region's housing supply. Such conversions are now only allowed as-of-right in limited parts of the GTA. Permitting secondary units in all City of Toronto neighbourhoods could result in the rapid addition of 300,000–400,000 units in those areas. The City of Toronto's emerging policy changes on 'missing middle' housing forms should be explored for their applicability across the region, where even greater potential exists to provide a significant quantity of new housing relatively quickly and inexpensively.

5

'Missing middle' strategies will also benefit those living in the region's single-family neighbourhoods. They have been experiencing substantial population decline, which if unchecked could lead to the steady loss of their educational, social and retail amenities. Increasing the 'missing middle' population can stabilize the population in these areas, improving the long-term quality of life for existing as well as new residents.

7

Lower-scale additions are not the only way to add housing opportunities in existing neighbourhoods. Encouraging 4 – 6 storey apartment construction 'as-of-right' along the major streets and avenues in the urban region could represent the next big opportunity for 'missing middle' housing. Such streets are frequently lined by extensive strip malls and other low intensity uses, providing relatively easy-to-develop sites in the newer parts of the urban area if more permissive zoning and planning policies are introduced.

9

The Province of Ontario has set minimum density targets in areas around transit stations. Cities in the region should proactively work to facilitate development in these locations by enabling 'missing middle' development forms 'as-of-right', providing not only for high-rise development but for a measure of larger unit, ground-related housing.

6

Laneway housing and 'garden suites' are currently permitted in most of Toronto's older neighbourhoods, which have a 'street and block' and often laneway development pattern conducive to the addition of such units. Those housing forms will need to be adapted to fit into the more modern house-form and street patterns of Toronto's newer suburban neighbourhoods, although the presence of two+ car garages, split-level layout and side driveways can be explored to see how best to add secondary units.

8

The 'post-COVID' city is likely to see some substantial changes in its retail and industrial land-use structure, as older malls and employment areas are converted to residential use. Planning policy should take care to ensure that such new schemes include a proportion of ground-related housing, particularly where adjacent to single-family neighbourhoods, so as to demonstrate the attractiveness of modern ground-related housing forms. The 'tower renewal' program, aimed at adding new development around high-rises with extensive and under-used at-grade open areas, could also provide opportunities for such housing.

10

'Missing middle' housing is poised to take advantage of significant breakthroughs in low-rise construction techniques, particularly the employment of mass timber, modular construction, which could show substantial reductions in development time and cost. Governments and trade associations should actively promote whatever regulatory and construction practice changes are necessary to facilitate these innovations.

A vigorous program of facilitating 'missing middle' housing must be accompanied by a communications program to reduce the perceived 'threat' of such intensification in single-family neighbourhoods, showing the benefits of new population to such areas, the lack of any evident negative impact on property values and the attractiveness of such new housing forms.

1 | INTRODUCTION

1.1 The Space between Houses and Apartments

Given the scale and significance of the region’s housing crisis, it is time for a new look at the potential for ‘missing middle’ development to provide a greater range and quantity of new housing across large areas of the city.

FIRST, A DEFINITION. WHAT IS THE ‘MISSING MIDDLE’?

It’s a phrase used to merge two ideas. First, that of housing type. The vast majority of the housing built in recent decades has been either high-rise or low-rise; very little in the middle. The second idea is the limited geographic opportunity for more-intensive, lower-scale new housing development. Most municipalities in the Greater Toronto Area have planning and other regulations that restrict multiple unit development to a small part of their urban area. As a result, the region consists primarily of either single family neighbourhoods or apartment neighbourhoods. Very little in the middle.

So the questions for this study to answer are as follows:

- What are the major new opportunities to intensify low density residential areas?
- Which forms of denser, lower-rise multiple housing projects are most viable?
- What are the best examples for future projects?
- What are other cities doing that we can learn from?
- What are the primary cost, financial, marketing and other hurdles to such development? Is it viable?
- What is the scale of potential ‘missing middle’ development? Will it make a difference to the region’s housing situation?
- What are the impediments to such ‘missing middle’ development in terms of planning regulations, extra costs and procedures, and the local political climate?
- What major planning and procedural changes could be most effective?
- What are the easiest wins?
- How can the value of ‘missing middle’ best be sold to the residents of single-family neighbourhoods?
- What are the easiest wins?



1.2 The many forms of 'Missing Middle'?

It's useful to tease out what the phrase 'missing middle' does and doesn't mean.

'Missing middle' is used here to describe new development and conversions within existing, largely single-family neighbourhoods that take place at slightly higher densities than those of the immediately adjacent housing. Some have used the term 'gentle density' to characterize it.

'Missing middle' can be envisioned as a continuum of intensification activities. It can encompass the addition of units to existing buildings or lots, or new construction of multi-unit buildings in neighbourhoods typically containing single-family houses. Those initiatives, listed below, often get confused, and we have identified those that fall within the definition for this study.



Basement Apartments - the addition of a separately accessible unit in the basement of an existing single family home



Granny Flat - the addition of a separately accessible above-grade unit as part of a single-family home



Single-family unit **Conversions** to a multiple unit building



Laneway Housing - involving adding units to the rear frontage of a lot on a lane



Garden Suites - the addition of a unit to the rear of an existing house



Multiple Unit Buildings in single-family neighbourhoods



Collector Corridor development along a slightly wider street within single-family neighbourhoods



Arterial Corridor development on larger lots facing onto major streets that back onto single family areas. These are an important opportunity to add density near otherwise stable residential areas

Large site conversions are outside our definition of ‘missing middle’, but contribute to a greater variety of housing in the market. These include the increasingly common redevelopment of smaller shopping malls, former school or industrial sites within low density residential areas.



The Reimagine Galleria is a redevelopment of a large shopping mall site in Toronto

2 | WHY IS 'MISSING MIDDLE' DEVELOPMENT IMPORTANT?

Housing markets in the Greater Toronto Area are constrained by their inability to produce the range and type of housing sought by all sectors of the market in the locations desired. The supply response of urban land has been inhibited by restrictive planning policies which have made 'natural' change and addition very difficult in large parts of the urban area.

There are two serious consequences to this challenge. First is the crisis in housing affordability, particularly for ground-related housing. Second, existing low-rise areas are experiencing significant decline in population as their 'baby-boom' occupants age-in-place and very little new development has occurred.

Toronto's established residential neighbourhoods are often close to existing and new transit, well-served by schools, retail and other neighborhood amenities, but risk becoming 'frozen-in-time' and unresponsive to the housing demands from our rapidly growing city, forcing development ever-outward or upward. Such planning policies have the effect of excluding those who need housing most. Studies have shown that a strong preference remains for grade-related housing among families with young children, seniors, and those with accessibility concerns. Bringing additional 'missing middle' housing to these established neighbourhoods will address the concerning population decline and provide housing options to a broader range of new residents.



Established neighbourhoods are often close to existing cultural, retail and transportation amenities

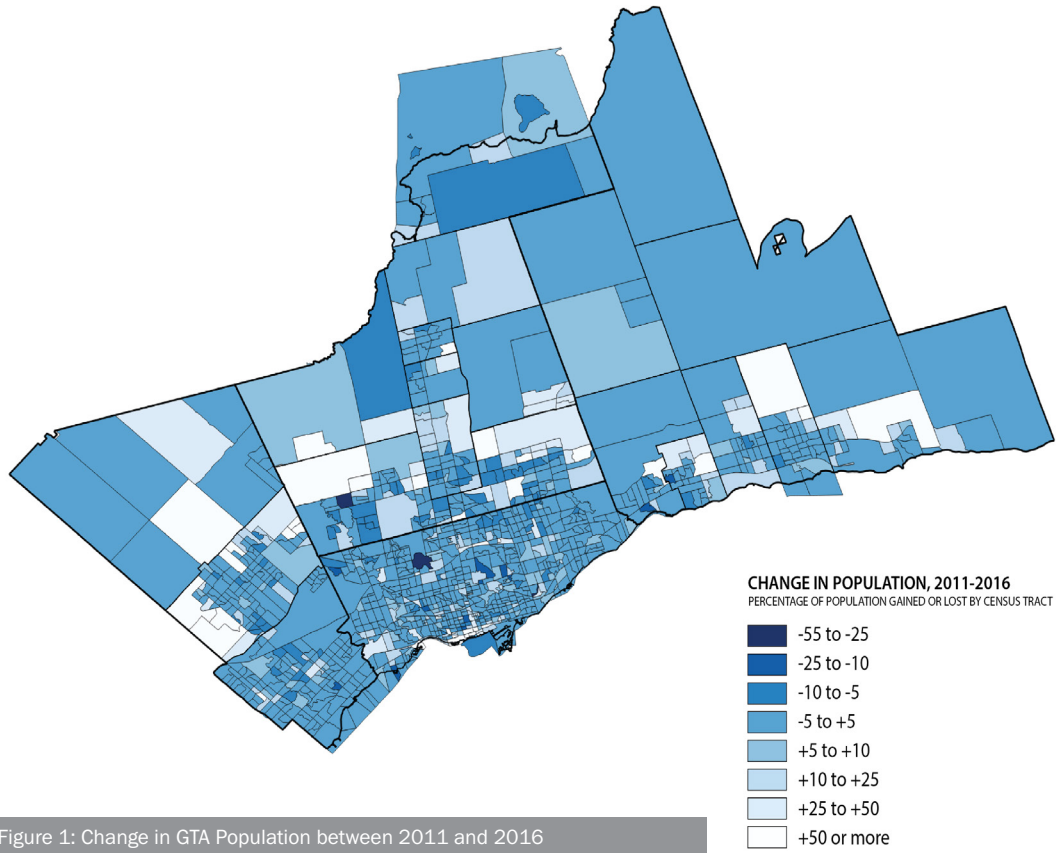


Figure 1: Change in GTA Population between 2011 and 2016

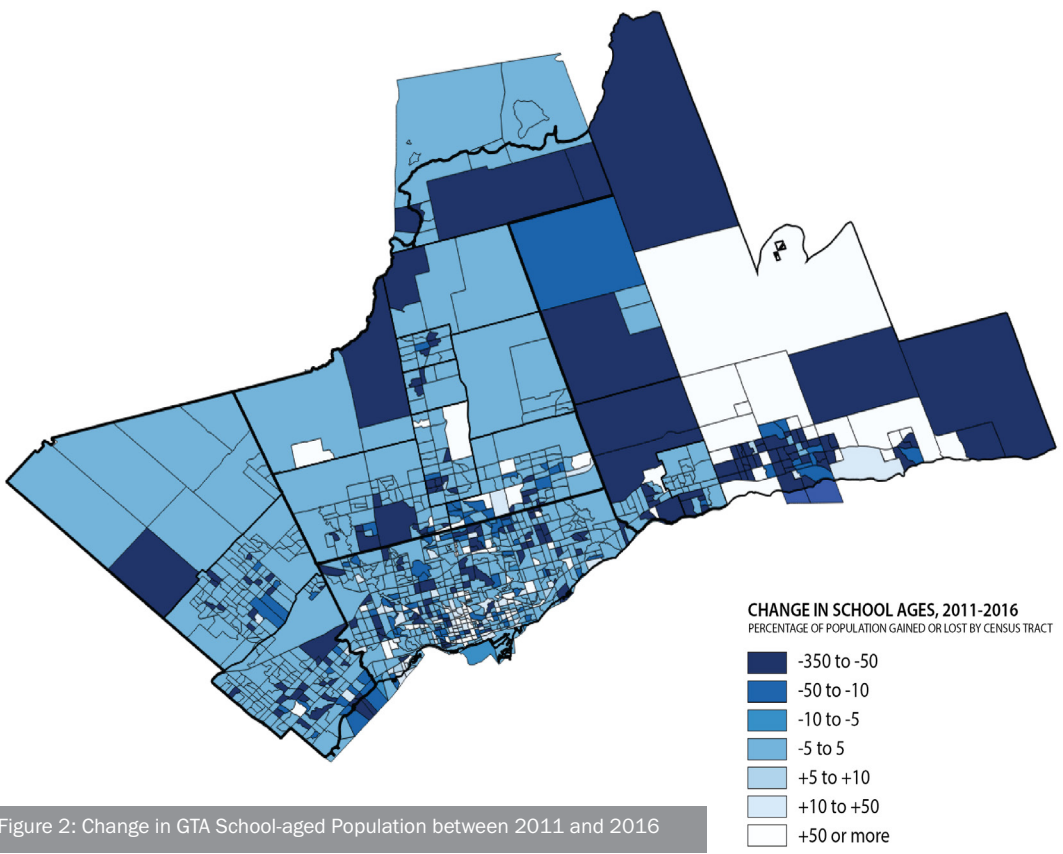


Figure 2: Change in GTA School-aged Population between 2011 and 2016

2.1 Housing need and affordability in Greater Toronto

The Greater Toronto Area, and in particular the City of Toronto are experiencing an increasingly serious crisis of housing affordability. A recent study undertaken last year for TRREB by Ryerson University - Centre for Urban Research and Land Development on the 'missing middle' opportunity summarized that crisis as follows: "The average price of a single-detached house was \$1,044,600 and (assuming a 25% down payment), the average household would have to devote 91.3% of its income to this purchase. The average price of a condominium apartment was \$516,300. The average household would have to devote 47% of its income to this purchase." The response to this crisis needs to be multi-pronged and address the full spectrum of housing affordability.¹ 'Missing middle' housing can help to address the crisis by making a wider spectrum of housing options available to urban residents.

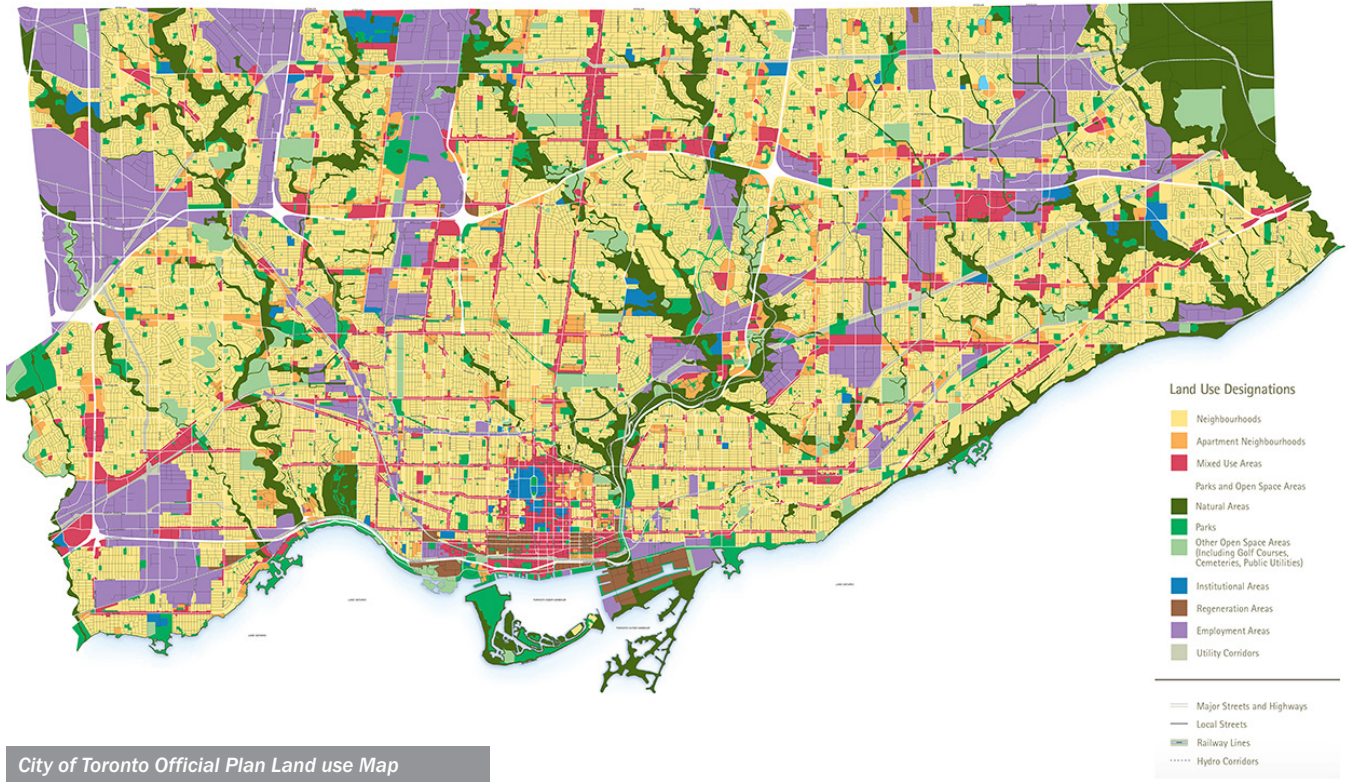
These housing costs are clearly unsustainable and given the continuing pressures of population growth and the strength of the urban region's economy, that affordability pressure is unlikely to diminish. In recent years the only significant production of housing has been in the forms of single-family homes or high-rise buildings. Between 2006 and 2016, the stock of units in mid and high rise buildings increased by 30%, while units in low-rise buildings increased by 3%. The policy direction to concentrate density along transit corridors and in identified 'Centres' has steered the City of Toronto and surrounding municipalities towards a built form of houses and high-rises, with little in between.

Current figures prepared by the Province for the A Place to Grow Plan project overall population and employment growth for the Greater Golden Horseshoe. The Plan projects 11,170,000 people in the Greater Golden Horseshoe by the year 2051, of which some 10.3 million will be located in Toronto, York, Peel, Halton and Durham regions, an increase of 3.5 million people. Such growth suggests an enormous housing challenge and one that requires a radical simplification of now quite restrictive planning policies. Failing such policy changes to permit greater flexibility in the 'missing middle', that 3.5 million people will have to be accommodated on less than a quarter of the land designated for residential development in the region.

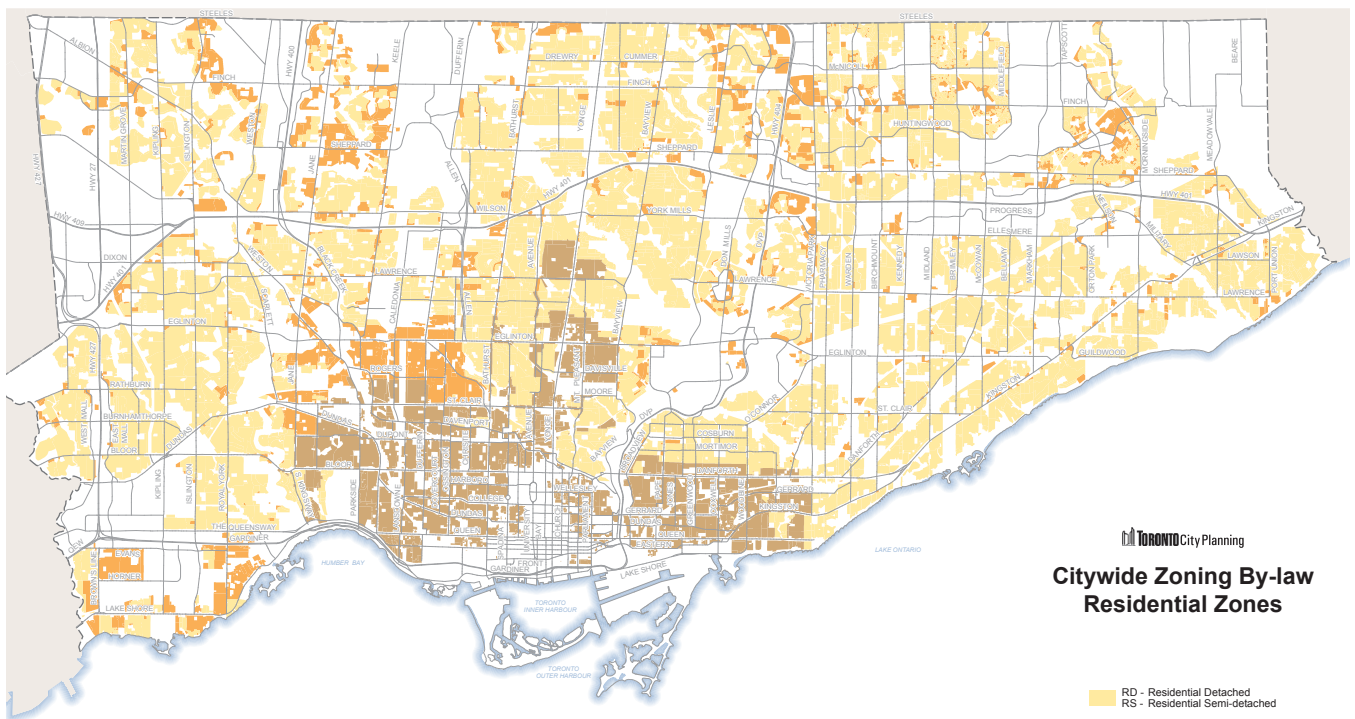
The region's planning policies have re-enforced this 'high- or low-rise', 'multiple- or single-family' split in its housing opportunities. Maps 13-23 of the City of Toronto Official Plan indicate the areas of the City of Toronto that are available for residential development. Shown on the following page, the red and pink areas indicate those areas designated for apartment development, the yellow those for low-rise housing.

Approximately 47% of the City is zoned as Residential, and 31.3% is restricted to detached houses only. Only 16% of Toronto is zoned to permit low-rise, multiple-unit residential buildings. The zoning map on the following page indicates the areas zoned for residential areas in the City of Toronto.

1. Clayton, Frank et al., *A Strategy for Significantly Increasing the Supply of 'Missing Middle' Housing in the City of Toronto*. Centre for Urban Research and Land Development. February 2019.



City of Toronto Official Plan Land use Map



City of Toronto Residential Zoning

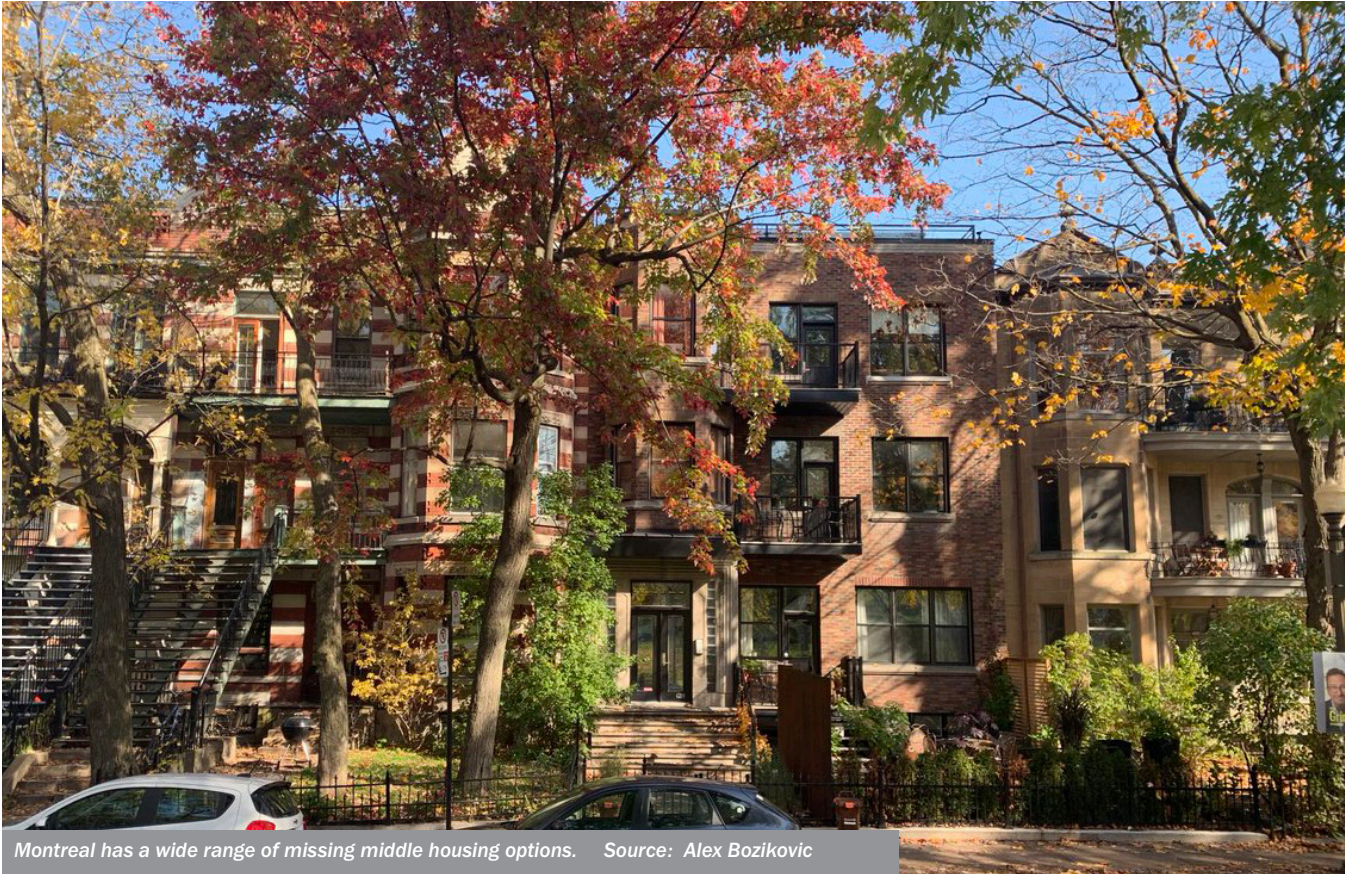
↑
 May 2013
 For Illustration Purposes Only

Within those lower-rise neighbourhoods, existing zoning places further restrictions on the ability to develop anything other than a single-family house. Figure x shows the extent of the most restrictive zoning policies, where no conversions or multiple-unit housing permissions are granted as-of-right, which currently comprise some 70% of the lands designated for 'Neighbourhoods' in Toronto. Such neighbourhoods interestingly have experienced a 220,000 drop in population since 2001, emphasizing the urgent need for intensification to maintain community quality of life.

The lack of 'missing middle' housing sets Toronto apart from other Canadian cities and from its own historic pattern of development. Both Montreal and Vancouver have much higher proportions of their housing stock in low-rise apartments and other low-rise multiple housing forms – and in recent decades very little such housing has been built in Toronto – only some 1,750 on average ever year between 2006 and 2016, compared with double that number in previous decades, evidence of a distinct shift away from these forms of housing.

Similar versions of these policy constraints exist in the other municipalities within the Greater Toronto Area. The consequence of these restrictions on available land supply, in the face of continuing strong housing demand, has been the steady decline in housing affordability in the region, particularly for the ground-related forms of housing in highest demand.

The policy response to affordability in Toronto and the region's other municipalities has primarily been to dramatically enable high-rise condo development. Significant such housing clusters have emerged in downtown Toronto, along its major transit lines, and in the emerging city centres of the region. While an important, essential part of the regional housing supply response, the continued upward price escalation of low-rise housing indicates the continuing strength of demand for that housing form in a major section of the housing market. While the long-term implications of the COVID pandemic are not yet clear, it seems likely that the demand for ground-related housing will only increase. 'Missing middle' housing is by no means a cure to the affordability crisis, but can broaden the range of the ground-related housing that is in such high demand.



Montreal has a wide range of missing middle housing options. Source: Alex Bozickovic

3 | WHAT ARE THE BEST EXAMPLES OF 'MISSING MIDDLE' DEVELOPMENT?

This section looks at examples of the many forms of 'missing middle' building types. Ranging from conversions within existing houses to mid-rise apartments on collector roads, they represent the broad range of 'missing middle' housing options.

These building types include some of the best local and international examples of:

- Laneway houses
- Garden suites
- Multi-unit houses
- Attached Clusters(Duplex, triplex, fourplex, row house, townhouse)
- Low-rise apartment buildings
- Mid-rise apartment buildings





Laneway Houses



Garden Suites



Multi-unit houses



Attached Clusters (Duplex, triplex, fourplex, row house, townhouse)



Low-rise Apartment Buildings



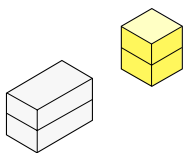
Mid-rise Apartment Buildings

THE URBAN AND SUBURBAN OPPORTUNITY

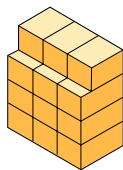
The shape and size of the lot is one of the key determinants of the type of 'missing middle' housing that can be achieved on a given property. Typical lots in urban and suburban residential areas have distinct differences that lend themselves towards different 'missing middle' building types.

Urban lots tend to be long and narrow, with straight frontage on a public street. Many urban blocks, particularly in the downtown, have public laneways behind houses which lend themselves well to building laneway housing.

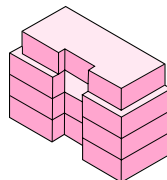
Residential lots in suburban areas are typically wider and larger, with an often curved street frontage reflecting the nonlinear streets that dominate these areas. Houses in these areas are often larger, presenting excellent opportunities for conversions to multi-unit housing. In addition, these larger lots present an opportunity for garden suites.



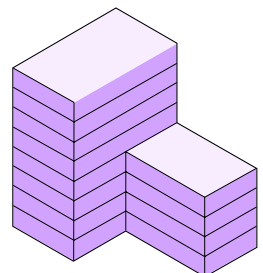
Laneway Houses



Infill/Conversion



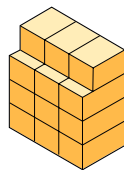
Low Rise Buildings



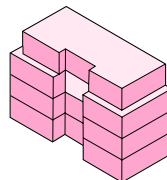
Mid Rise Buildings



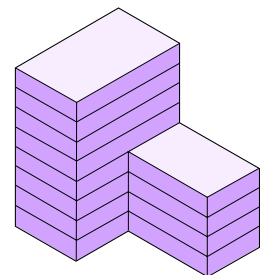
Typical suburban form



Infill/Conversion

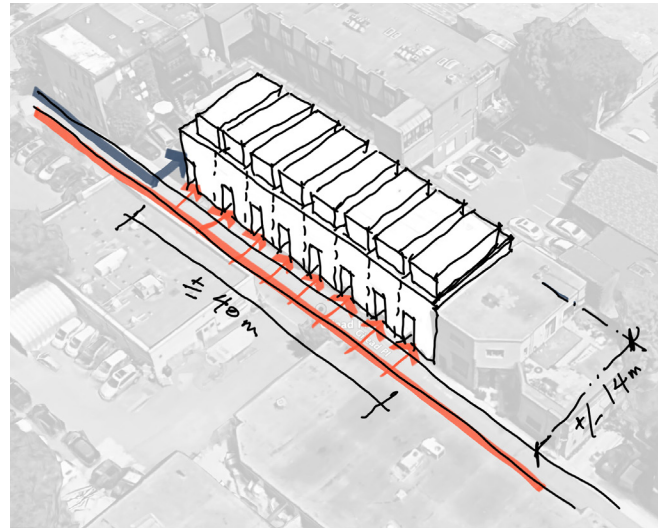
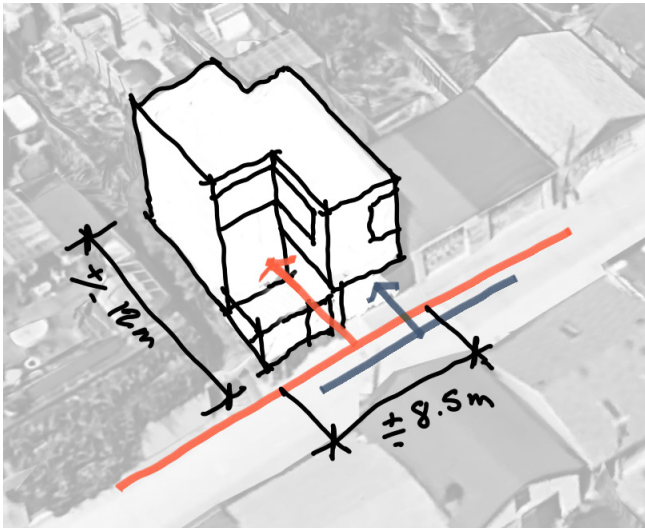


Low Rise Buildings



Mid Rise Buildings

Laneway Houses

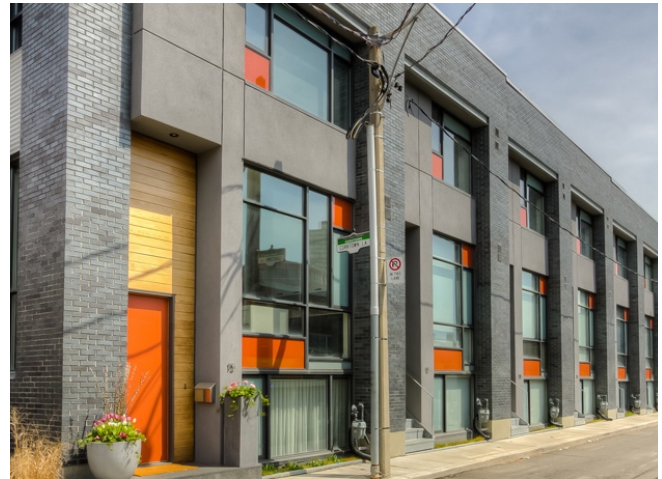


PROJECT ADDRESS

City of Toronto

SUMMARY

A 1,300 square foot laneway house, accommodating a family of 5. Public living is arranged on the upper levels over top of sleeping zones.



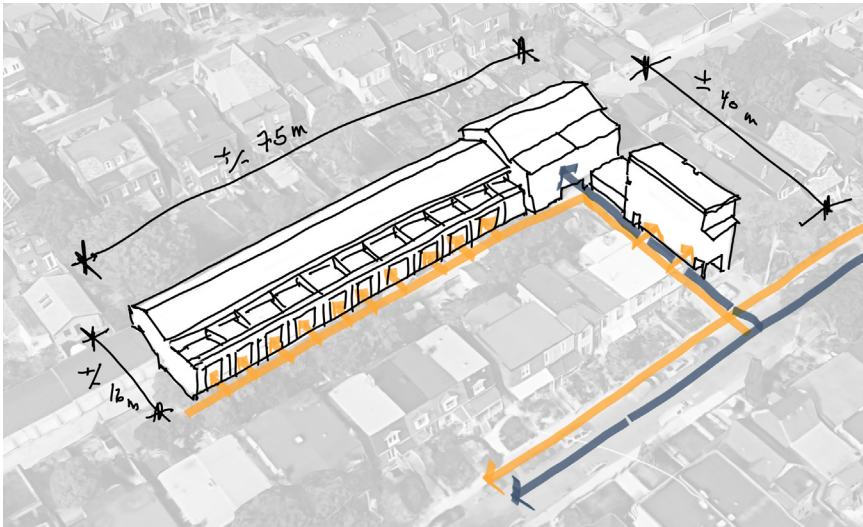
PROJECT ADDRESS

City of Toronto

SUMMARY

These townhouses located along a laneway in the City's east end are designed without front or backyard space to maximize internal space. Each unit accommodates three bedrooms above ground and one bedroom in the basement.

Laneway Houses



PROJECT ADDRESS

City of Toronto

SUMMARY

A rare project type in Toronto, Lanehouse converts a former yarn factory in a residential neighbourhood into custom-built loft-houses and flats. The project, consisting of 16 loft-style units ranging from 1,000 sq. ft. to 2,000 sq. ft., capitalizes on an opportunity to build additional laneway housing. The design is reminiscent of the building's industrial past. Red brick and metal cladding are consistent design elements throughout both the converted and newly built residential structures.



Garden Suite



PROJECT ADDRESS

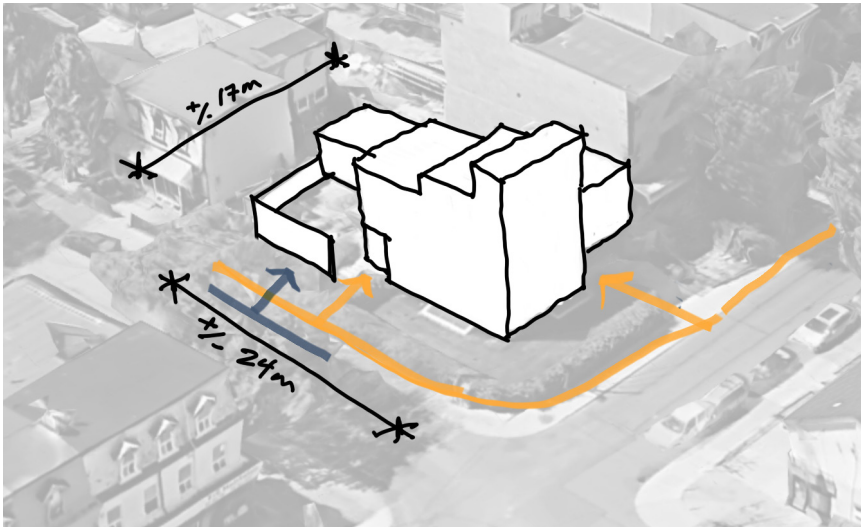
City of Toronto

SUMMARY

This garden suite took advantage of the unusually configured and deep lot size. The unit is an anomaly because it is located on a separate lot, despite being behind street-facing homes. But it does demonstrate the potential for garden suite types to be integrated into lots of a substantial size.



Multi-unit house



PROJECT ADDRESS

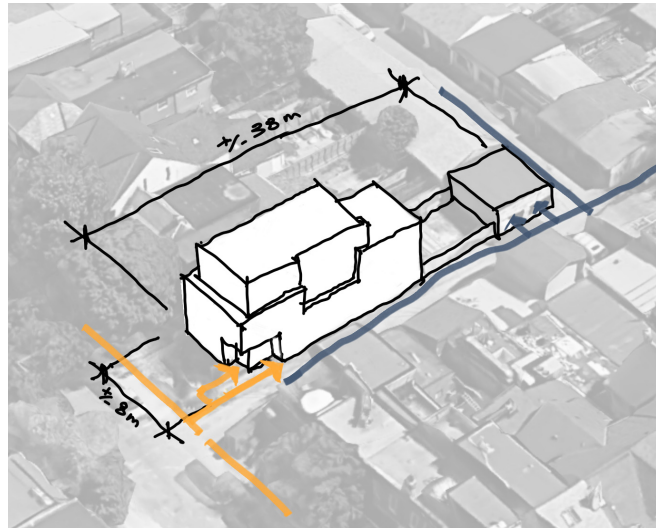
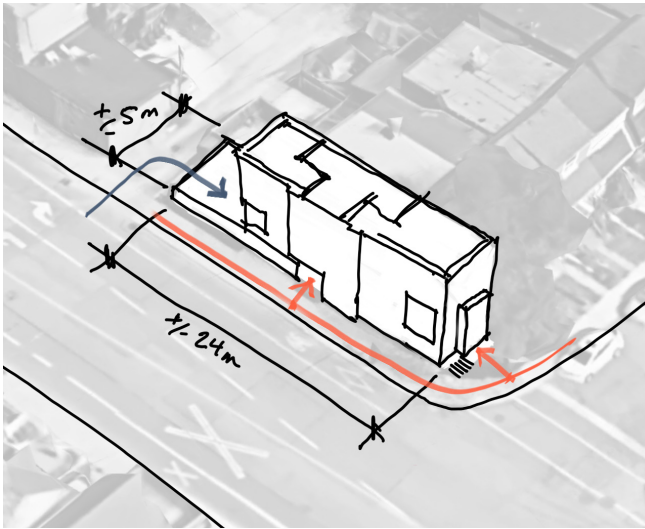
City of Toronto

SUMMARY

The house is a multi-unit and multi-generational housing prototype. The house consists of living spaces for a young family set on a double-wide lot, a grandparent's suite, and a rental unit. The home represents the possibilities of intensification in Toronto's urban fabric.



Multi-unit house



PROJECT ADDRESS

City of Toronto

SUMMARY

The architects identified a narrow lot measuring 16 by 78 feet (4.87 by 23.77 metres) with a run-down home on it that could be converted into two dwellings. The project is located in Greektown, not far from the city centre. The corner lot was divided perpendicular to its side lot lines, allowing each frontage to be addressed with an entrance.



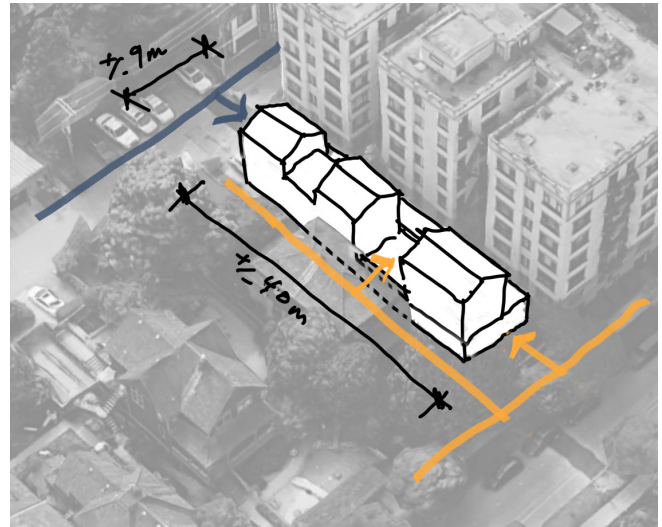
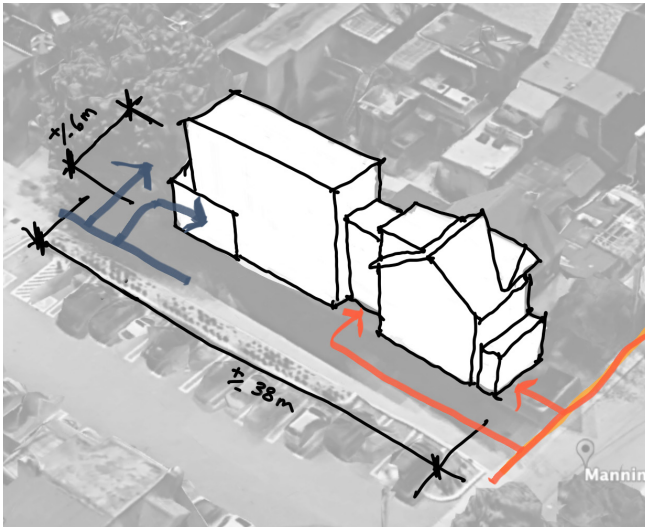
PROJECT ADDRESS

City of Toronto

SUMMARY

This lot was previously occupied by a semi-detached house. Seeing the opportunity for additional density, the owners converted the house into three condo units.

Multi-unit house



PROJECT ADDRESS

City of Toronto

SUMMARY

This apartment conversion is a fourplex with mixed use zoning.



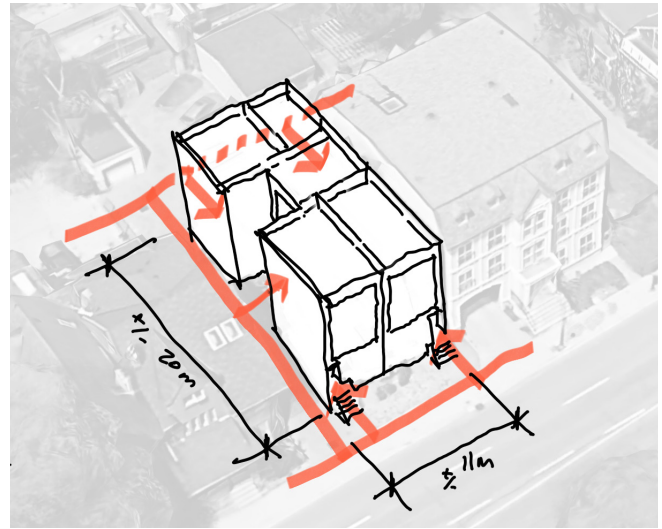
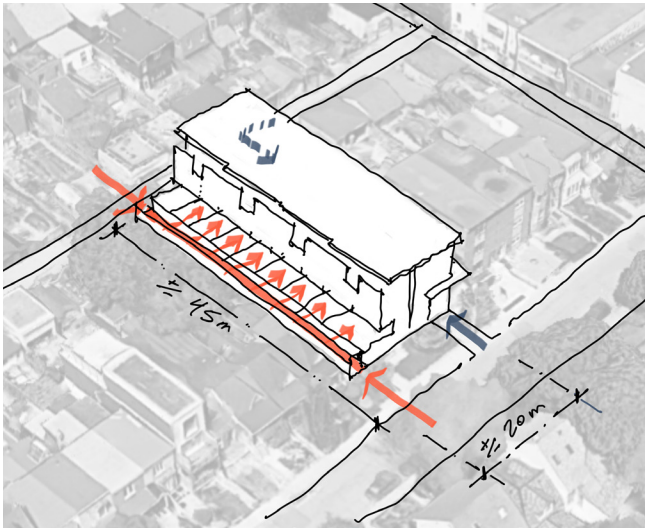
PROJECT ADDRESS

City of Vancouver

SUMMARY

This three-storey walk-up offers six dedicated rental units for tenancy with a rooftop, green roof and shared courtyard that supports the retention of an existing mature cypress tree. The project is sandwiched between a seven storey heritage building and a two-and-a-half storey heritage house.

Attached Cluster



PROJECT ADDRESS

City of Toronto

SUMMARY

Situated on a narrow lot previously occupied by a single-family home, this complex now contains eight units.



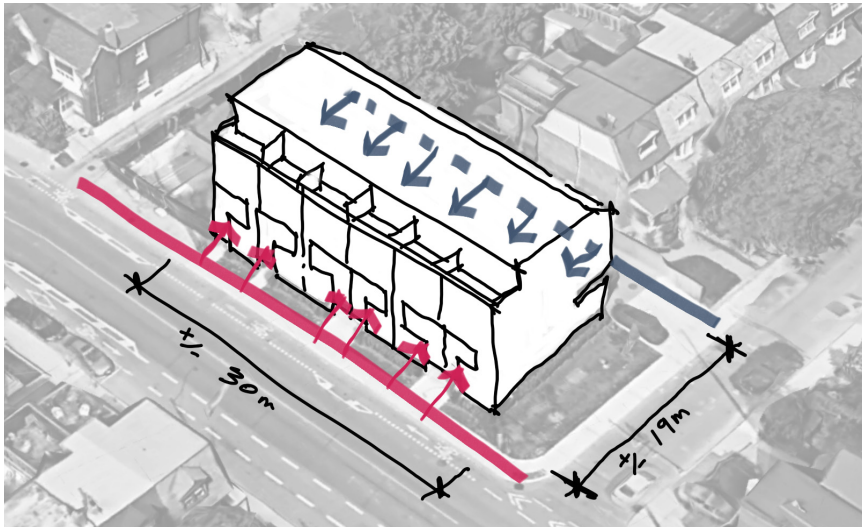
PROJECT ADDRESS

City of Toronto

SUMMARY

There are five townhouses in this Annex neighbourhood development. Completed in 2018, these units have frontage on Spadina Road and a laneway at the back of the complex.

Attached Cluster



PROJECT ADDRESS

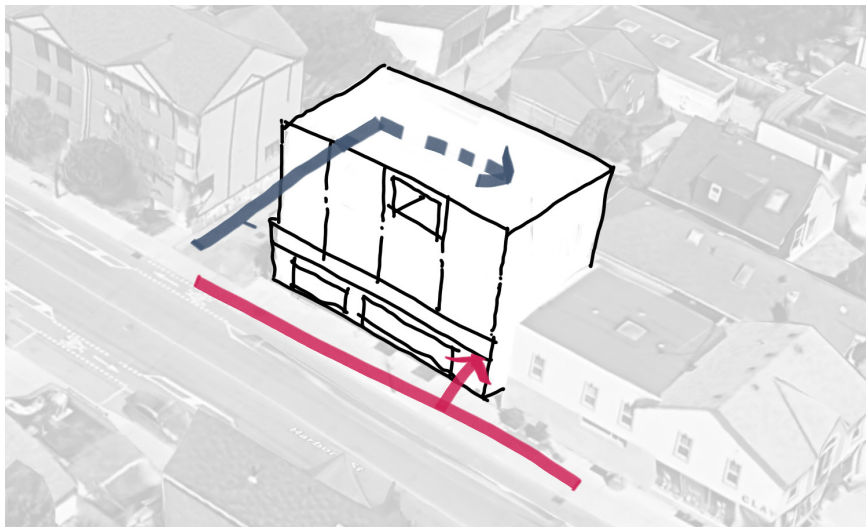
City of Toronto

SUMMARY

Located on a site that previously housed a gas station on Harbord Street in Toronto, this new six-unit townhouse development continues the scale and pattern of the existing residential housing stock while establishing a precedent for the future of multi-unit housing in urban centres. It forms a distinct and dynamic street edge and makes a positive addition to the wide variety of low-rise residential, commercial and institutional building types that comprise Harbord Street.



Low-rise Building



PROJECT ADDRESS

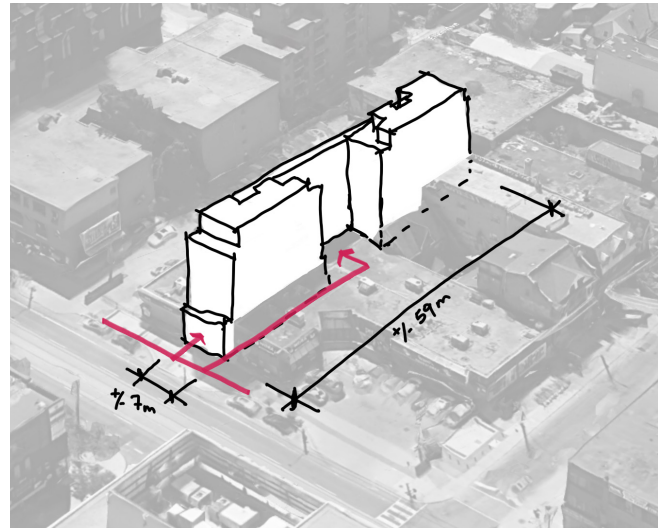
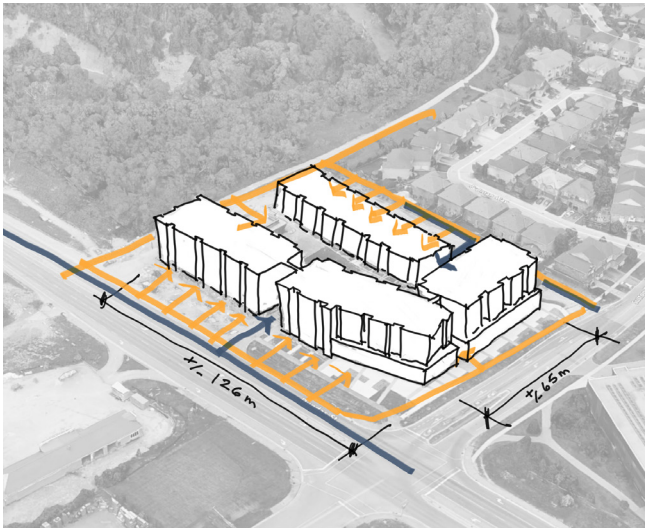
City of Toronto

SUMMARY

This building added two storeys to an existing 1 storey commercial building. The main floor continues to operate a coin laundry facility, while the 2nd and 3rd floor contain 8 residential units



Low-rise Building

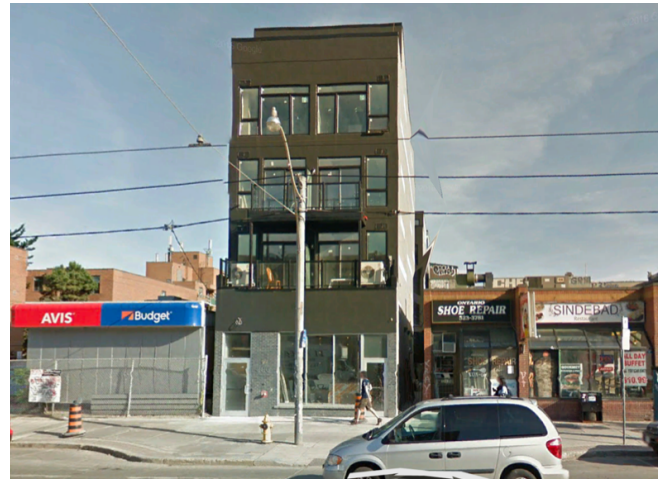


PROJECT ADDRESS

City of Toronto

SUMMARY

An infill project that converted a dilapidated house into a 4 storey main street development with retail at grade and laneway access. The units' outdoor spaces are located on the roof.



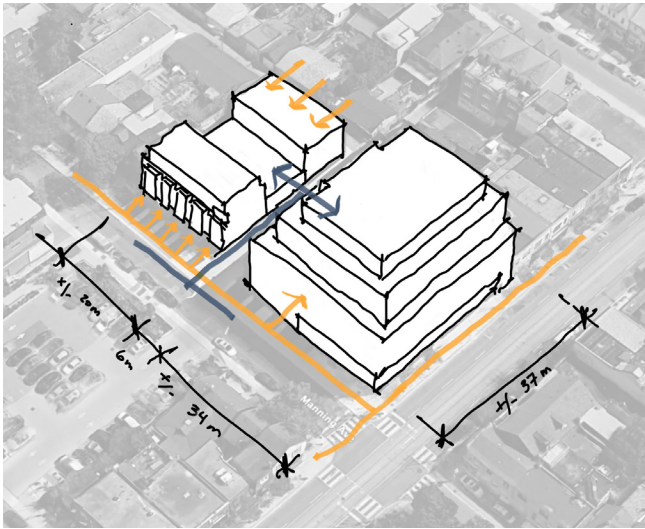
PROJECT ADDRESS

City of Toronto

SUMMARY

An unusually narrow parcel that has delivered a four storey apartment with retail at-grade. The scheme responded to the depth of the lot by creating an internal access-controlled courtyard.

Mid-rise Building



PROJECT ADDRESS

City of Toronto

SUMMARY

This building provides sensitive transition to the residential neighbourhood by locating mid-rise scale development on the main street, townhouses along the residential street and laneway housing in the rear of the building.



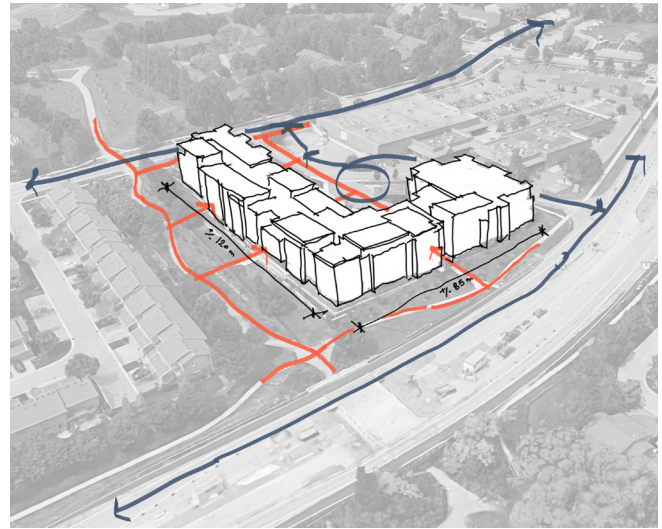
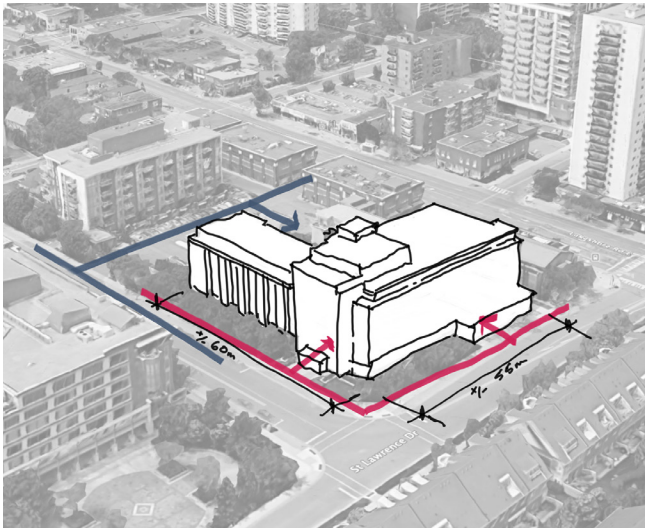
PROJECT ADDRESS

City of Toronto Vancouver

SUMMARY

This housing infill project under construction in a Queen Street East community is meant to demonstrate a development method that permits faster, cheaper and more environmentally sustainable construction than most housing projects. The completed structure will contain 18 residential units.

Mid-rise Building



PROJECT ADDRESS
City of Mississauga

SUMMARY

This 6 storey building is part of a wider mixed use development deploying a broad range of building types including live/work, townhouse , multi-unit buildings retail and office.

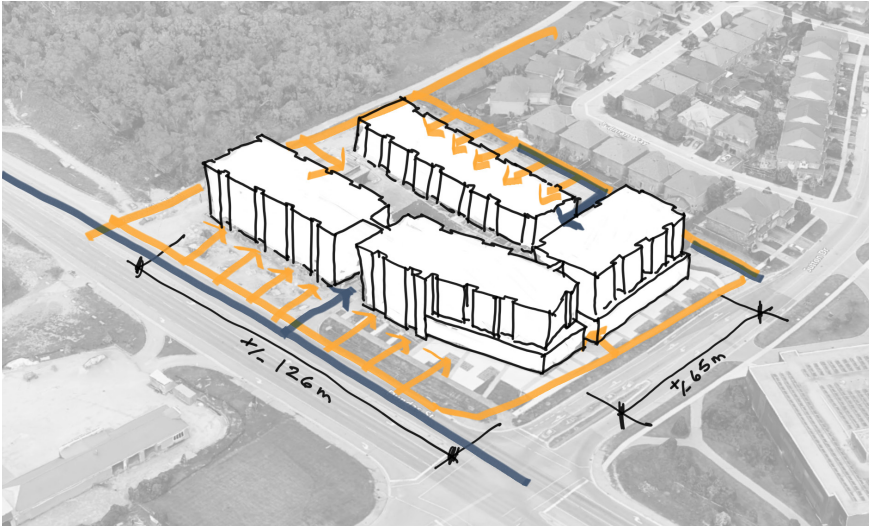


PROJECT ADDRESS
City of Mississauga

SUMMARY

This 4 to 5 storey development has 154 suites that straddle an existing suburban development, a strip mall and a large trail system.

Mid-rise Building

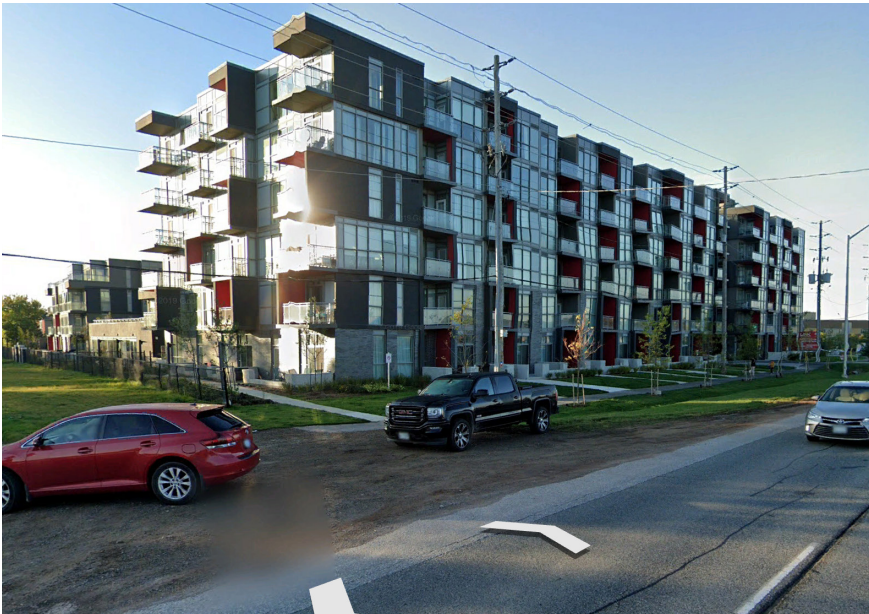


PROJECT LOCATION

City of Burlington

SUMMARY

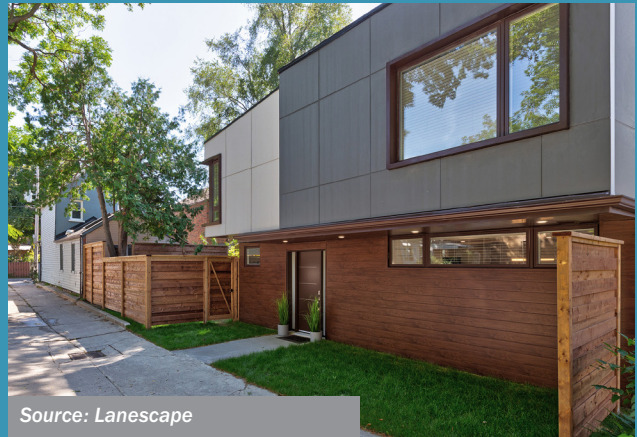
This 6 storey condo and townhouse development of 154 units is configured with an open courtyard and fronts two arterials and a ravine system. It creates a transition between the main arterial street and an adjacent single family suburb.



New developers are entering the market with effective business plans to target laneway and other missing middle typologies. Some interesting opportunities do exist in customizing construction to the extent possible to a limited product line that lends itself to replicability and a reduction in the construction period. These involve a combination of modular off-site construction, radical simplification of unit design and replicability with a limited number of unit types. There is some evidence that this sector of the development market could expand quite rapidly.



Source: R Haul



Source: Lanescape

R HAUZ

R Haul has two core products – a laneway suites and a main street, six storey townhouse. With a focus on sustainability and panelized construction, R Haul uses mass timber construction to create modular designs that can be constructed off-site. The main street townhouse design can be configured to generate rental income properties on-site, integrate live-work units on the ground floor or add retail to animate the pedestrian realm.

LANESCAPE

Originally founded with a focus on missing middle advocacy in City of Toronto, Lanescape has expanded to the construction side of the market. They provide customizable interiors and design laneway suites for adaptability, but much of the structure is highly systematized and the engineering is replicable. This reduces the construction time and costs for property owners, who often choose to build laneway suites to either permit intergenerational living or to earn supplementary rental income.

The proliferation of laneway suites and other forms of missing middle housing within the former City of Toronto boundaries reflect the long-term and ongoing policy work done to permit this housing form. More work will need to be done in order to encourage and realize missing middle housing throughout Toronto's inner suburbs and throughout the Greater Toronto Region. The next section will explore where the GTA stands in terms of supporting missing middle housing through policy, and examine other leaders from across North America.

4

WHAT ARE CITIES DOING AT THE POLICY LEVEL?

A number of other cities have begun to address the challenge of providing a more diverse offering of housing types using ‘missing middle’ housing strategies. Across the province and North America, stable low-density residential neighbourhoods are typically characterized by quite restrictive Zoning By-law and Official Plan treatment, whose complexities – and the costs of changing them – have inhibited much ‘missing middle’ development. Policy initiatives are being advanced by several cities intended to free up these planning constraints. Several Canadian cities – Toronto, Mississauga, Vancouver, Calgary and Ottawa – have advanced new ideas about how best to make use of the extensive ‘missing middle’ opportunity. These initiatives are also being explored by several US cities.

Policy Directions Towards Missing Middle Housing in the GTA

CITY OF TORONTO

From a policy perspective, the City of Toronto has taken a strategic approach to expand ‘missing middle’ housing in established Neighbourhoods. In addition to the HousingTO 2020-2030 Action Plan, which calls for a range of housing options to address housing and homelessness needs, the city has made a number of policy changes to expand the range of housing options in stable neighbourhoods by supporting secondary suites, laneway suites, and regulating short-term rentals.

In 2019, City Council removed zoning restrictions to permit the creation of secondary suites in new and existing homes, removed minimum unit sizes, reduced parking requirements and permitted secondary suites in townhouses. An average of 248 secondary suite units were created per year between 2015 and 2019.

Laneway suites have been permitted in the Toronto and East York District since June 2018. Recognizing the potential to add low-rise housing within established neighbourhoods, City Council expanded permissions for laneway suites to the full city in July 2019. Since that time, 74 laneway houses have received building permits.

In response to the proliferation of short-term rentals and the impact on the rental housing market, City Council approved a zoning by-law amendment which would restrict short-term rentals to principal residences. This regulation was intended to maintain the residential character of neighbourhoods in the city.

In July 2020, the City produced a report Called Expanding Housing Options in neighbourhoods which detailed priorities for future work. In the short term, the work will focus on public engagement and virtual design workshops on housing options. In the medium to long term, the City will study planning permissions for garden suites, expanding additional suites in Residential zones and review parcels currently designated Neighbourhoods along major streets. Much of this work will be supported by reviewing parking standards for ‘missing middle’ residential uses and a review of the planning and financial barriers to building ‘missing middle’ housing. The City also plans to initiate a pilot for missing middle housing demonstration projects in Ward 19.

In December 2020, the City’s Planning and Housing Committee took another step towards permitting garden suites in Toronto. The Committee approved a community consultation process to explore parameters for garden suites and requested a report with recommendations for their implementation in Q2 2021.

YORK REGION

In 2020, York Region released an updated version of their Housing Matters report. In the report, the Region refers to 'missing middle' housing as one emerging area contributing to the evolving range of housing options for families. The City of Vaughan's Urban Design Guidelines promote mid-rise development as the 'missing middle' to connect nodes including historic settlement areas and employment areas. The document also cites townhouses as an important typology between low and high-rise buildings.

HALTON REGION

In 2017, the Town of Oakville passed a revised Urban Structure Review to develop a town-wide approach to allocating growth in residential, commercial, employment and mixed use areas. The new Urban Structure identified key nodes and corridors as priority areas for mid-rise residential development, encouraging density on appropriate sites.



DURHAM REGION

In Durham Region, the City of Oshawa has begun reaching out to stakeholders in the development community to understand the implications of zoning to permit 'tiny' houses and update zoning regulation for two-unit houses. The consultation process was designed to begin in mid-2020. The Town of Pickering is conducting an Infill Study on residential development, with recommendations to amend both the Official Plan and Zoning By-law to permit 'missing middle' housing in residential neighbourhoods. The recommended changes to the Zoning By-law include adjustments to dwelling heights, setbacks, dwelling depth and lot coverage, all designed to permit infill housing as-of-right throughout the Town.

PEEL REGION

The City of Mississauga has addressed 'missing middle' housing as one strategy to address the high cost of housing. The City's 2017 Affordable Housing Strategy recommends supporting second unit grant and loan program as well as a suite incentive tools to reduce the financial burden associated with building missing middle housing. These incentives include deferral of development charges, deferral of property tax for housing affordable to middle income households and incentives to support inclusionary zoning.

Other cities in Canada have also made policy changes to support 'missing middle' housing through updates to zoning by-laws, financial incentives and design-based solutions.

VANCOUVER:

In Vancouver, a number of municipal initiatives exist to increase supply of affordable housing by addressing the 'missing middle'. Regulations to support laneway housing in single family residential zones were put in place in 2009. Monitoring and reporting of the new guidelines, as well as refined guidelines to promote liveability, and make laneway houses easier and more cost-effective to construct.

Laneway houses have been permitted in a wide range of residential zones in the city as part of municipal efforts in increase housing affordability and variety of house forms. In 2018, the City launched the making Room Housing Program to address the need for ground-related housing in low-density areas of Vancouver. The Making Room Program expanded the number of residential zones that would permit 'missing middle' housing to approximately 65,000 lots, while recognizing the character and structure of each neighbourhood. The Program is exploring duplexes, triplexes and fourplexes as well as townhouses and mid-rise apartment buildings on assembled lots.

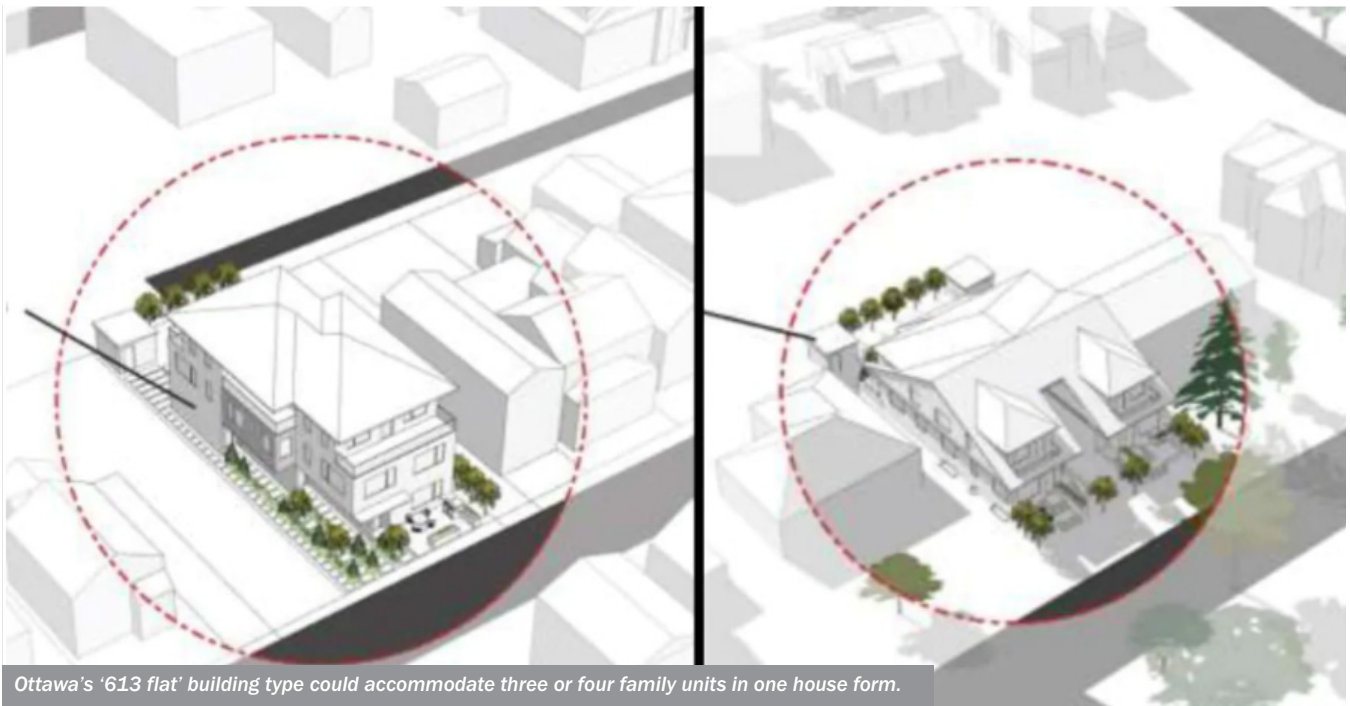


Vancouver's long-standing support for 'missing middle' housing has supported creativity in form and design.

OTTAWA:

The City of Ottawa has undertaken analysis of the potential for infill development in stable low density neighbourhoods within the urban boundary. In 2016, the City recognized that the R4 zone, designed to accommodate more intensive low-rise residential development, unintentionally created barriers to affordable infill housing and instead encouraged forms that were not suitable for many household needs and budgets. Since that time, the City has engaged in a study of the R4 zoning provisions in order to broaden these standards.

In addition to the R4 zoning provisions review, the City has engaged a local architecture firm to explore a '613 flat', which could fit three family units in a design intended to blend with existing single family neighbourhoods. The design includes six rooms, with three bedrooms per unit and could fit between three and four families within one building. These slightly smaller family units may increase affordability for families within established neighbourhoods.



CALGARY:

In 2014, the City of Calgary introduced a new residential zoning category to encourage infill development. The Residential – Ground Oriented Infill Development District zone is designed primarily to accommodate rowhouses, secondary suits or backyard suites. It is designed to accommodate up to 4 housing units on a typical residential lot.

KITCHENER:

In Kitchener, establishing a basement apartment or secondary suite has been permitted as-of-right since 1994. In 2019, the City adopted a comprehensive zoning by-law with a focus on housing affordability. Key changes included in the new zoning by-law included reduction in parking requirements for many zones and allowing third dwelling units within residential zones, including laneway housing or granny flats. Acknowledging that there are often financial barriers to building affordable rental housing, the City also moved to reduce development application, building permit fees and development charges for eligible affordable rental developments.



A recent conversion from bungalows to row houses in Calgary



A recent triplex development in Portland.

PORTLAND:

In November 2019, Oregon passed House Bill 2001 aiming to broaden the types of housing permitted in lands zoned for single-family dwellings. Cities larger than 10,000 people are now required to permit ‘missing middle’ housing, including duplexes, triplexes and townhouses, within the urban growth boundary. House Bill 2001 effectively bans single-family zoning in Oregon State. In August 2020, Portland updated their zoning code to reflect House Bill 2001, permitting up to six units on one lot in a residential zone, provided half of the units would be available at affordable prices.

MINNEAPOLIS:

The City of Minneapolis has developed a ‘missing middle’ pilot program through a partnership between their Community Planning department and the Minnesota Housing and Land Bank organization. In an effort to expand ‘missing middle’ housing throughout the city, a Housing Pilot RFP was developed for developers to purchase city-owned property identified as appropriate for up to 20 residential units by the program. The RFP includes requirements for affordability and accessibility of the units in order to qualify for financial assistance.

5 | THE COST OF 'MISSING MIDDLE' HOUSING

There are many impediments to the development of 'missing middle' housing but one of the most significant are the number and extent of fees exacted on such forms of development greater than those charged on conventional single-family homes.

These exactions include Development Charges (DCs), parkland dedication, Committee of Adjustment applications for minor variances to the in-force zoning by-law, Site Plan Control applications and building permits. To provide an example, we have outlined below the fees associated with building four sample missing middle housing types in the City of Toronto as of November 2020.

	Laneway House	Adding a Secondary Suite	Townhouse (6 units)	4-storey residential building
Development Charge	Deferred	N/A	\$36,198 - \$72,158/unit	\$33,358 - \$51,103/unit
Committee of Adjustment	\$3,714.33	\$3,714.33	\$4,807.28	\$4,807.28
Zoning By-law Amendment Application Fee	N/A	N/A	\$45,372	\$63,492
Site Plan Application	N/A	\$22,224.60	\$25,358.60	\$40,123.60
Building Permit	\$17.16/m ²	\$4.93/m ²	\$52.08/unit + \$17.16/m ²	\$52.08/unit + \$17.16/m ²

The cost of securing the planning permissions for 'missing middle' housing can present a significant financial barrier, particularly for homeowners wishing to make alterations to their existing home, or adding a laneway suite. They can also act as a barrier for projects undertaken by developers.

Recent initiatives at the City of Toronto have aimed to streamline the process of building laneway housing. The by-law that governs laneway housing provides flexible design parameters for laneway houses, reducing the need to submit an application for a minor variance at the Committee of Adjustment. It further permits the construction of a laneway house without filing a Site Plan Application, reducing the time and financial barriers for building laneway housing.

In addition to the cost factors outlined above, re-zoning, site plan and other approvals also take time and create uncertainty in the face of bureaucratic, political and local resident concerns. The City is clearly moving in the direction of more 'as-of-right' planning permissions for larger areas of the City, something which should also be sought in the region's other municipalities.

6 | WHAT ARE THE KEY INITIATIVES TO FOSTER 'MISSING MIDDLE' HOUSING?

The crisis of housing affordability in the Greater Toronto Area shows little sign of subsiding. What is clear is that the response by the GTA's municipalities has largely been to encourage high-density development in limited parts of the urban region. While high-rise residential buildings can be part of a suite of initiatives to combat unaffordability, this form of housing appeals to only a section of the housing market and has been restricted to a geographically small part of the urban area.

The appeal of 'missing middle' solutions is that they cater directly to the substantial sector of the market wanting lower-rise, more ground-related housing and that such housing forms are possible across the larger part of the urban area. While 'missing middle' housing is not a blanket solution for the affordability crisis, the wider range and relative simplicity of such housing options may ease the rapid escalation of housing prices in the GTA.

Previous sections of this report showed the various forms such housing can take. What are the best prospects for success in increasing the supply of 'missing middle' housing?



Directing additional housing growth to urban growth centres results in nodes of high-density development surrounded by single family homes

6.1 Planning policy

- **Conversions** The simplest quick fix would be to remove the restriction on conversions in most municipalities to permit basement and secondary suites. The 2019 TRREB report undertaken by Ryerson CUR estimated that incentivizing these secondary suites in existing single-detached and semi-detached houses in Toronto could add 300,000 to 400,000 units to its current single-detached and semi-detached house stock – in which case Toronto would reach the levels already found in Vancouver and Montreal in 2016. Such conversions could be further assisted by appropriate grants and other incentives through municipal and CMHC funded programs.
- **Laneway and garden suites** The City of Toronto has recently moved to permit laneway housing across the city, with forthcoming work to enact similar permissions for garden suites. They have also dramatically simplified permitting and site plan approval processes to permit laneway units. Both laneway and garden suites, and the conversions mentioned above, can make a significant contribution to provide options for intergenerational living, a growing sector of the market.
- **Low-scale apartment buildings** Zoning by-laws should be amended to permit four-storey apartments in all residential zones. Appropriate reductions in or elimination of parking requirements should also be considered as incentives, policies that are being explored as part of future work by the City of Toronto. General design guidance should be prepared for such developments in the by-law so as to reduce any need for variances or site-plan approvals. Initially, such forms are most likely along collector or other broader streets but over time all residential neighbourhoods should amend their underlying zoning to permit townhouses, stacked townhouses, duplexes, triplexes, fourplexes and other low-rise apartment style homes. A key initiative will involve reduction in parking standards to eliminate the prohibitively costly need for underground parking.
- **Pre-zoning major streets for six-storey development** The major streets of the urban area offer particularly rich opportunities for mid-scale development, particularly in Toronto’s suburbs and Peel, York, Halton and Durham Regions, often characterized by larger strip malls and other ‘parking-rich’ development forms that lend themselves to relatively efficient development. Pre-zoning such streets for up to six-storey development would make such redevelopment attractive to the often smaller-scale owners of such sites by reducing their development approvals time and financial risk.
- **Transit-supported intensification** Consideration should be given to extending the ‘pre-zoning’ area in ‘density-transition zones’ perhaps 100 – 200 metres deep adjacent to such major streets and avenues, especially where they are served by transit. The Province’s recent ‘Major Transit Station Area’ policies, requiring minimum densities within 800 metres of a transit station can be most effectively realized with such policy initiatives.



6.2 Development charges and parkland dedication requirements

It is clear from research and interviews with ‘missing middle’ developers that simply clearing the path of planning impediments will not be sufficient to incentivize significant development. Parkland dedication requirements and other such fees, typically exacted on more intense forms of low-rise housing are barriers to building new missing middle housing. In addition to the cost burdens, a complex and extended approval process adds risk and time delays that are difficult for homeowners or small-scale developers to withstand.

In addition to the planning policy initiatives above, the range of missing middle housing forms need to be normalized across the GTA. The following next steps can help to increase acceptance of this gentler form of density.

6.3 Ground-related housing as a part of larger development schemes

One of the most productive way to generate ground-related housing is to ensure their provision as a part of larger development schemes, such as those occurring across the GTA on former industrial sites, older shopping malls and large public land developments. There are many good precedents for low-rise ‘edges’ for such projects, which also have the virtue of softening the transition between the development and surrounding single-family neighbourhoods, hopefully improving the acceptability of such forms.

The Port Credit West Village development, shown below, is located on a former industrial site in Mississauga. The redevelopment provides a range of housing type, including lower-density townhouses along the edges to stitch the site together with adjacent neighbourhoods.



Port Credit West Village - Brightwater provides low-density housing along the edges of this former industrial redevelopment site.

6.4 Neighbourhood and political directions

The restrictive ‘planning culture’ of much of the urban region exists for a reason – most single-family neighbourhoods like things the way they are – and the ward-based local political structures are largely driven by homeowner interests. Yet ironically, much of the missing middle housing that currently exists in Toronto is to be found in some of its wealthiest neighbourhoods.

To overcome potential neighbourhood opposition will undoubtedly need careful architectural insertion of these more intense forms of neighbourhood development and broad advertisement of the successes that can follow for all in the area in terms of the support of community institutions like schools, parks, libraries and local retail. And the fact that there is no demonstrable downside in terms of housing value, traffic or other negatives. Given the aging population of most single-family neighbourhoods, the advantages more flexible planning policy can bring in terms of the opportunity for local residents to ‘age-in-place’ should be promoted. A skillful campaign by local planners and politicians will be required to broaden the acceptance of such forms.

6.5 Development and real estate industry directions

Conversations from those involved in ‘missing middle’ housing construction and development have indicated that the essential economics of much low-rise ‘intense’ development are not that favorable. Fixed costs have to be spread over a limited number of units; critical construction elements like elevators, underground parking, mechanical systems are often unaffordable, and there is extreme competition to secure the necessary trades, particularly concrete workers and suppliers.

While relatively simple additions such as laneway and garden suites do seem to have more favourable economics, both they and more complex ‘missing middle’ development will generally need some form of public assistance in addition to the waivers of many municipal fees and charges. No such program presently exists and would require leadership at the Federal level given the parlous state of municipal finance post-COVID.

One exciting development that all levels of government should be supporting is the potential for mass timber modular construction in delivering ‘missing middle’ housing forms less expensively than traditional construction methods. This section of the construction industry is clearly in its infancy but some exciting new innovations are already evident.

Governmental support to foster these new forms of low-rise housing development, which could allow for significant construction cost savings, should focus on trouble-shooting building code and permitting problems and on fostering Province-wide agreements on appropriate fire ratings.



Mass timber construction permits greater replicability which can reduce barriers for 'missing middle' housing. Source: R Haux.



Using mass timber can reduce the time and cost of construction. Source: Hines.

7 | GLOSSARY OF TERMS

- **Arterial corridor:** A major road for traffic, cyclists and pedestrians.
- **As-of-right:** Development that is permitted in the existing planning framework and does not require a planning application to proceed.
- **Collector corridor:** A street designed to carry road users between local streets and arterial corridors.
- **Conversion:** Transforming a single-family unit to a multiple-unit building.
- **Garden suites:** The addition of an independent unit to the rear of an existing house.
- **Gentle density:** New buildings that deliver more floor area than currently provided by a neighbourhood's prevailing built-form. This increased density responds to the size of street width, lot scale, proximity to public space, transition to neighbouring built forms, and/or opportunity for conversion of an existing building stock.
- **Granny flat:** A separately accessible above-grade unit attached to a single-family home.
- **Infill development:** Growth within built-up areas on vacant or underutilized parcels of land.
- **Laneway housing:** Independent units added to the rear of a lot backing onto a lane.
- **Street and block network:** The neighbourhood pattern created by the layout of streets that determines lot size, building types, walkability and connectivity.
- **Tiny house:** A home, either rented or owned, that is generally very small.

**URBAN
STRATEGIES
INC .**