

To: COUNCIL

Meeting Date: 06/08/21

Subject: 4045 Maple Grove Road Affordable Housing Condition of Draft Approval Information Report – Maple Mills (Hespeler) Ltd.

Submitted By: Deanne Friess, MCIP, RPP

Prepared By: J. Matthew Blevins, Senior Planner – Reurbanization, MCIP, RPP

Report No.: 21-095(CD)

File No.: 30T-16101

Recommendations

THAT report 21-095(CD) 4045 Maple Grove Road Affordable Housing Condition of Draft Approval Information Report – Maple Mills (Hespeler) Ltd. be received.

AND THAT Council request the Region of Waterloo amend condition 9 from report 19-063 (CD) at 4045 Maple Grove Road to remove the reference to exemption from development charges from clause e. so that it reads as follows:

- e. the payment of the affordable housing contribution by the Owner pursuant to this condition shall be in full satisfaction of any and all requirements respecting the contribution to or provision of affordable or social housing in respect of the development of the lands within the plan, and, for greater certainty, the lands shall not be subject to any inclusionary zoning by-law.

AND THAT application of condition 9 from report 19-063(CD) at 4045 Maple Grove Road be applied as follows:

- 9. THAT the Owner agrees to make an affordable housing contribution to the City for each residential unit developed within the plan, which contribution will be paid and used in accordance with the following:
 - a. the affordable housing contribution shall be \$500 per residential unit, regardless of unit type, and shall not be subject to indexing or any other increase;

- b. the affordable housing contribution is payable for each residential unit in the plan, and shall be collected by the City, upon a building permit being issued for the unit;
- c. the affordable housing contribution shall not be payable in respect of second suites within a single detached, semi-detached or townhouse unit, or in respect of any non-residential development;
- d. the affordable housing contributions paid by the Owner will be used by the City toward the capital costs of a planned affordable housing project that is otherwise fully funded and approved, and may be given by the City to a not-for-profit affordable housing corporation for that purpose or used by the City to acquire land to be conveyed to such a corporation for that purpose; and
- e. the payment of the affordable housing contribution by the Owner pursuant to this condition shall be in full satisfaction of any and all requirements respecting the contribution to or provision of affordable or social housing in respect of the development of the lands within the plan, and, for greater certainty, the lands shall not be subject to any inclusionary zoning by-law.

Executive Summary

Purpose

- Report 19-063(CD) dated March 12, 2019 recommended, in part, conditions of draft plan approval for subdivision 30T-16101 at 4045 Maple Grove Road.
- The draft approved development consists of two blocks for high density residential and mixed use commercial/residential development. A range of units from 627-863 with the final unit count being determined at the site plan stage. A site specific provision was included to set a maximum building height of 12 storeys (42 m (137.8 ft.)). Blocks are included for utilities, storm water management, municipal park, municipal road, sewage pumping station and Open Space.
- One of the draft conditions required staff to report back to Council with information and a recommendation as to whether affordable housing should be addressed through provision of 10% of the total units as affordable rental units or \$500/door contribution to the Affordable Housing Reserve fund.

Key Findings

- Providing affordable units in this development would require the developer or City to partner with a third-party agency to own and/or administer the affordable units as well as reviewing and tracking annual reporting on rental rates for the affordable units.
- The City of Cambridge plays an important role in increasing the number of affordable units at the local municipal level through Council decisions about planning applications, long range planning studies, financial incentives and official plan policies. The City does not have a role in providing affordable housing.
- The property is not located within a Community Improvement Plan (CIP) area so no CIP financial incentives would be available to offset the cost of building affordable units on this property.
- As the property is not eligible for the financial incentives the condition needs to be amended to remove the reference in clause e. to exemption from development charges.
 - The plan of subdivision has been draft approved by the Region of Waterloo so the Region would need to amend the condition. Recommendation has been included to reflect this requirement

Financial Implications

- If the option to contribute to the Affordable Housing Reserve Fund is chosen a contribution of between \$313,500 - \$431,500 would be made to the Affordable Housing Reserve Fund at the building permit stage as set out in the condition of draft approval. These funds can be used to create affordable housing anywhere in the City.
- The current balance of the Affordable Housing Reserve Fund is \$17,432 as of April 2021.

Background

Staff report 19-063(CD) went to Planning & Development Committee March 12, 2019 recommending approval of the requested Zoning By-law Amendment and support for draft plan of subdivision 30T-16101 for 4045 Maple Grove Road. The draft approved development consists of two blocks for high density residential and mixed-use commercial/residential development. A range of units from 627-863 is proposed, with the final unit count being determined at the site plan stage. A site-specific provision was included to set a maximum building height of 12 storeys (42 m (137.8 ft.)). Blocks are

included for utilities, storm water management, municipal park, municipal road, sewage pumping station and Open Space.

Report 19-063(CD) also included recommended conditions of draft approval. As a result of discussion regarding consideration of providing 10% of the total units as affordable housing or contribution to the City's Affordable Housing Reserve Fund, condition 9, regarding affordable housing was amended through report 19-098 (CD), dated March 19, 2019, and recommended by City Council as follows:

9. THAT after consideration of a report from City staff prior to the registration of any phase of the subdivision to the satisfaction of Council, the Owner agrees to provide 10% of the total number of residential units as affordable rental units or, if Council determines that affordable rental units cannot be provided, the Owner agrees to make an affordable housing contribution to the City for each residential unit developed within the plan, which contribution will be paid and used in accordance with the following:
 - a. the affordable housing contribution shall be \$500 per residential unit, regardless of unit type, and shall not be subject to indexing or any other increase;
 - b. the affordable housing contribution is payable for each residential unit in the plan, and shall be collected by the City, upon a building permit being issued for the unit;
 - c. the affordable housing contribution shall not be payable in respect of second suites within a single detached, semi-detached or townhouse unit, or in respect of any non-residential development;
 - d. the affordable housing contributions paid by the Owner will be used by the City toward the capital costs of a planned affordable housing project that is otherwise fully funded and approved, and may be given by the City to a not-for-profit affordable housing corporation for that purpose or used by the City to acquire land to be conveyed to such a corporation for that purpose; and
 - e. the payment of the affordable housing contribution by the Owner pursuant to this condition shall be in full satisfaction of any and all requirements respecting the contribution to or provision of affordable or social housing in respect of the development of the lands within the plan, and, for greater certainty, the lands shall not be subject to any inclusionary zoning by-law and the Owner shall be exempt from any development charge imposed by the City in respect of affordable or social housing;

Staff committed to reporting back to Council about whether or not a condition requiring the provision of 10% of the units as affordable rental units was possible.



Council recommended draft approval of the plan of subdivision to the Region of Waterloo and the plan was draft approved by the Region on June 21, 2019 with condition 9 as revised above.

If the option to provide 10% of the total number of units as affordable rental units is chosen there are three hypothetical options:

- Rental units could be owned and administered by the developer;
- Rental units could be owned and administered by the Region (Regional comments have been provided below indicating that the Region is not in a position to take on new rental units at this time that are not on properties already owned and operated by the Region); or,
- The developer could partner with a non-profit organization to own and/or administer the affordable units. Regional staff have indicated they are willing to try to help facilitate a partnership with a non-profit organization if that is the chosen option.

Below, staff have provided a list of pros and cons for both options which formed part of the research used by staff in arriving at the recommendation for this report.

Analysis

Strategic Alignment

PROSPERITY: To support and encourage the growth of a highly competitive local economy where there is opportunity for everyone to contribute and succeed.

Goal #1 - Community Wellbeing

Objective 1.4 Promote, facilitate and participate in the development of affordable, welcoming and vibrant neighbourhoods.

This report is to provide Council with information regarding the two options contained in a condition of draft approval intended to facilitate the creation of affordable dwelling units to address a need within the City of Cambridge. Both options will assist in establishing affordable units within the City which will help to create a complete community that is affordable, welcoming and vibrant.

Comments

Requiring provision of affordable rental units in the Maple Mills (Hespeler) Ltd development:

Under this option it is recommended that the focus should be on affordable rental units. Rental rates can be monitored and rent increases are regulated under the Residential Tenancies Act. Affordable ownership is more difficult to administer over time. Hypothetically, a municipality can only request that the cost of a purchased home be affordable at the initial point of ownership. After that other factors such as maintenance and alterations to a home can affect its resale value which the municipality cannot control.

Pros	Cons
<ul style="list-style-type: none">Up to 86 additional affordable rental units in the city when affordable units are in high demand.	<ul style="list-style-type: none">It is not the City's role or within the City's jurisdiction to own and/or administer affordable housing so units would have to be owned either solely by the developer or the developer in partnership with a non-profit organization.Through their comments, Regional staff have indicated they are not in a position to take on the ownership or administration of new affordable housing units outside the scope of the Waterloo Region Housing Master Plan.

Pros	Cons
<ul style="list-style-type: none"> Affordable units of varying sizes could be provided dispersed throughout the development, indistinguishable from market rent and/or privately-owned units. 	<ul style="list-style-type: none"> With the units owned and administered by a third-party organization it may be difficult to disperse the affordable rental units throughout the development. Including units in a single building would be preferred from an operational standpoint but may unintentionally differentiate the affordable units from the market rate units.
<ul style="list-style-type: none"> Working to create complete communities through inclusion of affordable units in a new development 	<ul style="list-style-type: none"> There are limited employment opportunities within walking or cycling distance of the subject property which may require access to transit or a vehicle to get to and from work.
<ul style="list-style-type: none"> Ownership of the affordable rental units by the developer and/or a non-profit organization would likely result in the units contained in a single building making administration of the units easier. 	<ul style="list-style-type: none"> The nearest public transit stops are approximately 700 m (0.5 mi.) from the portions of the property proposed for residential units which may present a barrier for future tenants who may not have access to a private vehicle.
<ul style="list-style-type: none"> Affordable units owned and operated by a third party would require annual reporting requiring tracking and review by City Staff. This already falls within the portfolio of the Senior Planner – Reurbanization. The owner would be required to submit rent rolls and confirm that they adhere to the affordable rental rates to the City annually. 	<ul style="list-style-type: none"> Subject lands are not in close proximity to social service providers, medical offices or schools.
	<ul style="list-style-type: none"> Property is not located within a Community Improvement Plan (CIP) area which means that none of the financial incentives generally available to affordable housing developments would be available here (Deferral of Development Charges, exemption from building permit fees & Tax Increment Grants)

Provision of \$500/door contribution to the Affordable Housing Reserve Fund:

As of April 2021, the balance of the Affordable Housing Reserve Fund is \$17,432. Additional contributions to the Fund will be coming from other new developments in the City through contributions prior to the issuance of building permits in those developments.

An Implementation Policy was approved by Council setting out the eligibility requirements the City will use to evaluate each application and how these Reserve Fund monies will be released and to whom. Information about the policy is posted on the City's website at: <https://www.cambridge.ca/en/learn-about/resources/Affordable-Housing-Reserve-Fund-Implementation-Policy.pdf>

Pros	Cons
<ul style="list-style-type: none"> Contribution of up to \$431,500 for the acquisition and construction of new affordable units in areas of the City where demand is identified 	<ul style="list-style-type: none"> There are no time lines associated with when the financial contribution may be used to develop affordable units, there is no way to determine when a proposal would be submitted that would access the reserve fund nor how many affordable units would result from the proposal.
<ul style="list-style-type: none"> Moneys from reserve fund can be utilized for future affordable units within Community Improvement Plan (CIP) areas. CIP areas generally include the three core areas as well as the associated regeneration areas as well as Hespeler Rd/Dundas St. N regeneration area, Regional Scale Node (Hespeler Rd. & Highway 401), Hespeler Rd/Can Amera Pkwy Node, Main St./Dundas St. S Node and Queen St./Goebel Ave./Holiday Inn Dr. Node. 	<ul style="list-style-type: none"> Financial contribution would not result in the construction of up to 86 affordable units in this development.
<ul style="list-style-type: none"> Affordable Housing Reserve Fund can be accessed to assist developers and partners with experience and qualifications to develop, manage and maintain affordable rental housing; in constructing affordable units. The developers would be accessing the fund to add to their own investment rather than relying solely on the reserve fund moneys. 	<ul style="list-style-type: none">

Pros	Cons
<ul style="list-style-type: none"> Financial contribution would be managed in accordance with the implementation policies for the Fund. 	
<ul style="list-style-type: none"> Affordable Housing Reserve Fund is subject to annual reporting by City staff and there would be no further financial implications to the City associated with this option. 	

A recommendation has been included in this report to amend clause e. of condition 9 to remove references to an exemption of development charges. The property is not located within a Community Improvement Plan (CIP) area and as such is not eligible for financial incentives such as an exemption from development charges. The plan of subdivision has been draft approved by the Region of Waterloo and a change to a condition of draft approval at this point in the process would need to be done by the Region. Accordingly, a recommendation has been added to this report for Council to request the Region to amend the condition.

If Council does not agree with staff’s recommendation and chooses to have the applicant provide 10% of the overall units as affordable rental units a separate agreement would be required with the developer to outline the specific definition of affordable rental units and to establish the time frame for which the units must remain affordable.

If the applicant objects to the option selected by Council they may, pursuant to Section 51(43) of the Planning Act, file an appeal of the conditions to the Local Planning Appeal tribunal “at any time before approval of the final plan of subdivision” which would result in a hearing before the tribunal. Such a situation may require Council to retain outside planning representation to defend their position before the Tribunal.

Existing Policy/By-Law

Section 51(25) of the Planning Act allows Council to impose reasonable conditions of draft approval on a subdivision. There is case law and examples of conditions of draft approval being imposed which require the provision of affordable housing units. Amendments to the Planning Act and provincial policy framework in 2018 and 2019 allowed for the implementation of inclusionary zoning which would allow a municipality to require the provision of affordable units through zoning provisions but only in Major Transit Station Areas (MTSAs). Generally, where a specific permission exists, it sometimes narrows what is considered to be a reasonable condition of draft approval. In other words, if a specific tool or provision exists to require affordable units but that

tool can only be used in a specific area it may not be considered reasonable to require affordable units in a different area.

If a condition to provide 10% of the total number of residential units as affordable rental units is imposed and challenged before the Local Planning Appeal Tribunal (LPAT) there is no clear case law to suggest whether or not the challenge would be successful. If the condition is successfully challenged there may not be any requirement to provide affordable units or a contribution to the Affordable Housing Reserve Fund.

Policy 8.4.1.2 of the Cambridge Official Plan requires, where possible, that residential development on a site containing two hectares (4.9 acres) or more will have a minimum of 30% of new residential units to be planned in affordable forms of housing (any form other than single or semi-detached units).

The Official Plan also requires, through Policy 8.4.1.3, the provision of affordable housing in all new residential developments based on the targets established in the Region's Community Action Plan for Housing. The action plan does not set specific targets for new developments but lists targets for the percentage of units of different tenure (ownership and rental) that should be affordable.

The City's Affordable Housing Reserve Fund implementation policy is available on the City's website and establishes criteria regarding the eligibility of development proposals to apply to the fund as well as what costs are eligible for funding. The policy also sets out the general process for a developer or land owner to apply to the fund for assistance in establishing new affordable units.

The City of Cambridge Development Charge By-law establishes the rules for collection of development charges. The property is not located within a Community Improvement Plan (CIP) area and as such is not eligible for financial incentives such as an exemption from development charges so development charges will apply in accordance with the Development Charge By-law.

Financial Impact

- If the option to contribute to the Affordable Housing Reserve Fund is chosen a contribution of between \$313,500 - \$431,500 would be made to the Affordable Housing Reserve Fund at the building permit stage as set out in the condition of draft approval. These funds can be used to create affordable housing anywhere in the city.
- The current balance of the Affordable Housing Reserve Fund is \$17,432 as of April 2021.

Public Input

The public were given the opportunity to provide public input throughout the process leading up to, and including, draft approval of the plan of subdivision and no public comments were received regarding affordable housing. All public comments received were addressed in staff report 19-063(CD).

Posted publicly as part of the report process.

Internal/External Consultation

City Staff consulted with Regional Housing Services staff who provided the following comments:

“The Region supports the City of Cambridge in its efforts to add to the range of housing options in the community, including affordable housing. However, the Region is not in a position to take on the ownership and/or administration of new affordable rental housing outside of the scope of the Waterloo Region Housing (WRH) Master Plan. Through the Council-approved WRH Master Plan, the Region will only manage and operate new affordable housing by redeveloping current WRH properties. The Region, through our connections as Service Manager for Housing, can offer to assist in facilitating a non-profit or other agency to take on the administration of any affordable housing units in this development.”

Conclusion

Based on the review completed by City staff and the pro and con lists included in this report it is the opinion of staff that a financial contribution of \$500/door to the Affordable Housing Reserve Fund is the most appropriate condition of draft approval to be implemented for subdivision 30T-16101 at 4045 Maple Grove Road. As discussed above, a recommendation was also added to amend the condition to remove references in clause e. to exemption from development charges (DC) as the property is not located within a Community Improvement Plan (CIP) area and, as such, is not eligible for a DC exemption.

By approving the recommendations, Council will enable the applicant to seek registration of the draft plan of subdivision and to then construct up to 863 residential dwelling units as well as commercial units and a municipal park. In addition, a contribution towards the City's Affordable Housing Reserve Fund which will help to create a complete community that is affordable, welcoming and vibrant which aligns with the City's Strategic Plan.

Signature

Division Approval

Name: N/A

Title: N/A

Reviewed by the CFO

Reviewed by Legal Services

Departmental Approval



Name: Hardy Bromberg

Title: Deputy City Manager – Community Development

City Manager Approval



Name: David Calder

Title: City Manager

Attachments

- Attachment No. 1 – Draft Approved Plan of Subdivision

Attachment No. 1

Draft Approved Plan of Subdivision

