



To: COUNCIL
Meeting Date: 10/8/2024
Subject: Affordable Housing Community Improvement Plan Update – Housing Accelerator Fund Project #7
Submitted By: Bob Bjerke, Chief Planner
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Report No.: 24-116-CD
File No.: C11
Wards Affected: All Wards

RECOMMENDATION(S):

THAT Report 24-116-CD, Affordable Housing Community Improvement Plan Update be received for information.

EXECUTIVE SUMMARY:

Purpose

This report is to provide Council with information on the initiation of an update to the City's Affordable Housing Community Improvement Plan (CIP).

Key Findings

The proposed update to the City's Affordable Housing CIP is one of nine initiatives that the City has committed to implementing as part of the Housing Accelerator Fund (HAF) Program administered by the Canada Mortgage and Housing Corporation (CMHC).

The objective of HAF is to stimulate new housing construction through transformational changes to municipal policies, processes and programs.

The proposed CIP (Project #7 under HAF) update could include:

- Expansion of the program so that it applies City-wide.
- Modifications to the incentive program offerings, including additional enhancements.

Financial Implications

The Affordable Housing CIP update has a total budget of \$846,877. The budget could be altered depending on how other HAF funds are allocated, and subject to the approval of CMHC.

The funding source for the updated CIP program is CMHC. When these funds have been exhausted, the City will be required to determine whether to continue with the expanded CIP program and if so, a source of funding.

STRATEGIC ALIGNMENT:

Strategic Action

Objective(s): VIBRANT NEIGHBOURHOOD - Promote, facilitate and participate in the development of safe and healthy neighbourhoods with a range of housing options

Strategic Action: Increase housing options

OR

Core Service

Program: Not Applicable

Core Service: Not Applicable

BACKGROUND:

Community Improvement Plans:

CIPs are tools used to support and encourage physical improvement and investment within a delineated area of the City or City-wide. Section 28 of the Planning Act provides powers to the municipality to develop a CIP and offer financial incentives to be used by private property owners and developers to undertake improvement projects.

Existing Affordable Housing Community Improvement Plan:

In 2016 the City adopted an Affordable Housing Community Improvement Plan. Under this program, residential developments that meet affordability requirements may apply to benefit from three financial incentives, which include:

1. Affordable Housing Incentive Program:
 - This program provides exemptions for eligible projects from all municipal fees charged by the City associated with the development of affordable housing.

Applicable municipal fee exemptions include planning application fees (Official Plan and Zoning By-law amendments, Site Plan Approval, Minor and Consent) and Building permit fees.

2. Affordable Housing Development Charge Deferral Program:

- Housing providers can enter into an agreement with the City to defer Development Charges (DCs) for 20 years from issuance of a building permit.

Recent amendments to the Development Charges Act has made DC exemptions for affordable housing projects mandatory. Therefore this CIP program is considered redundant and is not recommended to be maintained in the updated CIP program.

3. Affordable Housing Tax Increment Grant:

- The Tax Increment Grant (TIG) is applied over a 20 year period for affordable housing projects and provides full or partial grants to offset the increase in municipal property taxes following development and reassessment. The grant can be up to 100% of the increase in the City's portion of taxes from years 1-15; with grant reductions over years 16 – 19, with the full amount of taxes due in year 20.

The above noted incentive programs are currently only applicable to select areas of the City. These include the City's core areas of Galt, Hespeler and Preston, as well as the Regeneration areas and Nodes that are identified in the City's Official Plan.

Regeneration areas are primarily comprised of former industrial sites that surround the core areas which have been identified for long term transition in use. Nodes are lands that have been identified in the Official Plan for future high density and mixed-use development.

Attachment No. 1 shows the general location of where the existing Affordable Housing CIP program applies.

Since program initiation in 2016, approximately 171 affordable housing dwelling units have been issued building permits in the City.

Housing Accelerator Fund Action Plan – Affordable Housing CIP Update – Project #7

In February 2024, the City was selected to participate in the Housing Accelerator Fund (HAF) Program, administered by CMHC. Through this program, municipalities receive funding to complete various projects aimed at accelerating the creation of new housing units over the next 3 years. The City entered into a Contribution Agreement with CMHC

in February 2024, which was amended on July 17, 2024. The agreement sets out a payment schedule for funding, and an Action Plan containing 9 projects with completion timelines.

Project #7 of the Action Plan is an update to the City's existing Affordable Housing CIP, with a completion date of April 30, 2025.

ANALYSIS:

The current CIP program is proposed to be updated by making the program City-wide, rather than scoped to specific geographies. This is in recognition that the need for affordable housing is a City-wide issue.

The incentive program will also be updated to remove the current DC deferral program, since affordable housing projects are no longer subject to the collection of DCs. The current Planning and Building permit application waiver and Tax Increment Grant programs is anticipated to be retained.

Staff is also considering best practices in incentive programs that are offered by other municipalities in Ontario. Other incentive programs, beyond what the City currently provides include:

- “Per Door Grant” – applicants submit estimated project costs and request a per-unit dollar amount and justification.
- Capital Grant Program – grant to offset capital costs associated with an affordable housing project
- DC Equivalent Grant for Fourplexes – the portion of the project that relates to the 4th unit of a fourplex is eligible for a DC grant
- Homeownership Forgivable Loan – financial assistance to residents who are ready to purchase and maintain a home but do not have enough funds for a required down payment
- Renovations for Affordable Rental Housing Program – financial assistance for affordable rental housing where renovations are needed for accessibility or critical repairs
- Affordable Housing Feasibility Study/Pre-Construction Grant – grants to offset costs professional studies such as financial assessment and other technical reports (engineering, architectural).

The above programs are under review and staff will include recommended enhancements in an updated CIP program through a future public meeting and recommendation report.

EXISTING POLICY / BY-LAW(S):

City of Cambridge Official Plan:

- Policy 10.15 of the City's Official Plan outlines the reasons that a Community Improvement Plan may be created. The reasons related to this CIP include improving the quality of housing stock and providing for affordable housing.

By-law 191-16:

- The City's existing Affordable Housing CIP was enacted under By-law 191-16. This By-law is proposed to be amended as part of the update to the City's CIP program.

FINANCIAL IMPACT:

The funding source for the updated CIP program is CMHC. When these funds have been deployed for affordable housing projects, the City will be required to determine whether to continue with the expanded CIP program and if so, a source of funding.

PUBLIC VALUE:

This project addresses the public value principle of collaboration. Collaboration will involve working in partnership with CMHC to bring more housing to the City of Cambridge.

ADVISORY COMMITTEE INPUT:

Not Applicable

PUBLIC INPUT:

As part of the consultation process required for the CIP, staff will consult with the public by posting the draft CIP on the City's website with instructions on how to provide feedback and hold a statutory Public Meeting.

INTERNAL / EXTERNAL CONSULTATION:

As part of the consultation process required for the CIP, staff will consult with internal staff from various departments including:

- Planning
- Building Division
- Finance
- Legal

Staff will also be contacting affordable housing providers to seek input on the proposed expanded CIP.

CONCLUSION:

The City has committed to the expansion of the existing Affordable Housing CIP, as one of the nine initiatives approved by CMHC through the Housing Accelerator Fund.

This initiative will assist in the creation of affordable housing by expanding the incentive program so that it is applicable City-wide. Best practices will also be reviewed to provide updated incentives through the program.

REPORT IMPACTS:

Agreement: **No**

By-law: **Yes**

Budget Amendment: **No**

Policy: **Yes**

APPROVALS:

This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:

Director

Deputy City Manager

Chief Financial Officer

City Solicitor

City Manager

ATTACHMENTS:

24-116-CD Attachment A – 2016 Affordable Housing CIP Locations