

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
Submitted by:	Rob Franklin Manager of Planning Planning and Development rfranklin@cobourg.ca	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	September 6, 2022		
Report No.:	Affordable & Rental Housing CIP Intake – 2021		
Submit comments to Council			

Subject/Title: Affordable & Rental Housing Community Improvement Plan (CIP) Intake 2021 CIP Results and Recommendations

RECOMMENDATION:

THAT Council receive this staff report for information;

FURTHER THAT Council award funding under the 2021 Affordable and Rental Housing CIP in the amount of \$111,863 under the Building Fees Program, \$16,050 under the Planning Fees Program, \$10,000 grant and \$50,000 loan under the Sustainability Program and \$10,000 grant and \$50,000 loan under the Universal Design Program, totaling \$147,913.87 grant and \$100,000 loan to Balder Corporation;

Further THAT Council pass a By-law authorizing the Mayor and Clerk to execute the necessary funding agreements between the Town of Cobourg and Balder Corporation;

Further THAT Staff send a letter to the unsuccessful applicants and explore any further funding opportunities during the 2022 intake period and beyond for their projects;

Further THAT the 2021 Evaluation Committee being comprised of *Coordinator of Planning & Development Services; One (1) member of the Planning & Development Advisory Committee; One (1) member of the Northumberland Affordable Housing Committee; Director of Corporate Services (or designate); Director of Planning or Development (or designate); and the County Housing Services Manager (or designate)* continue their work during the evaluation of the 2022 applications being received up until Sept 30, 2022; and,

Further THAT Council send a letter to the evaluation committee thanking members for their efforts.

The recommendations contained in this report supports the pillar of **People** as the Town supports and cares for the social and physical well-being of its citizens. The Affordable and Rental Housing CIP fulfills the Town's strategic action of creating a housing strategy that is in alignment with Northumberland County's housing strategy.

2. PUBLIC ENGAGEMENT

This report was published and made available to the public 10 days prior to the schedule Committee of the Whole Meeting.

3. PURPOSE

This report provides Council with the results of the 2021 Affordable & Rental Housing CIP 2021 intake, including recommendations for funding allocations to applicants. There were four (4) applications received.

4. ORIGIN AND LEGISLATION

In the Fall of 2019, a process to develop a Community Improvement Plan (CIP) was initiated by Council in collaboration with MacNaughton Hermsen Britton Clarkson (MHBC) Planning Limited and SHS Consulting to provide the Town with a financial tool to help stimulate the provision of affordable and rental housing in the community pursuant to the recommended actions arising out of the County and Town Affordable Housing Strategies. The CIP also aimed to further incentivize those affordable and rental projects that included elements of sustainable/urban design, universal and accessible design and brownfield re-development.

The Affordable & Rental Housing Community Improvement Plan (CIP) process included the preparation and implementation of a formal Communications and Public Engagement Plan in consultation with the Planning and Communications Departments to actively engage stakeholders and the general public. Specifically, public engagement included:

- ✓ the preparation of a dedicated and interactive webpage on Engage Cobourg;
- ✓ final adoption of the CIP by Council in open session on November 23, 2020;
- ✓ direction for the CIP Implementation Plan June 2021; and
- ✓ Call for Proposals starting July 5, 2021 and due by September 21, 2021.

5. BACKGROUND

Pursuant to Council's direction, MHBC in association with SHS Consulting prepared an Affordable & Rental Housing CIP for the entire municipality in 2020. The goal of the project was to develop a comprehensive, yet flexible plan to pro-actively assist in the development and enhancement of affordable and rental housing in the community, thereby improving the quality of life and social well-being of its residents. At the same time, the CIP project provided an opportunity to help advance the Town's objectives for community improvement by considering additional incentive

options which encourage sustainable, accessible and brownfield development throughout the municipality.

The CIP builds upon the goals of the Official Plan by establishing a coordinated and strategic mechanism for stimulating affordable housing and innovative and/or enhanced development utilizing the most effective tools available through existing legislation. The CIP is also consistent with Council's Strategic Plan objective of supporting residents in the community and the County's goal of increasing the supply of affordable rental housing in Northumberland.

The County and Town Affordable Housing Strategies (AHS), prepared by the County and endorsed by Cobourg Municipal Council in January of 2020, are the primary, over-arching documents that provide the necessary background information and strategic direction to help create more affordable housing in the municipality and county as a whole. One of the Foundational Actions of the AHS is for municipalities to prepare and implement a CIP to act as a vehicle to encourage the development of new affordable and rental housing in the community. The Town of Cobourg Affordable & Rental Housing CIP aligns with the County of Northumberland & Town of Cobourg Affordable Housing Strategies (AHS).

CIP's are undertaken in accordance with the legislative and policy framework of the Province, County and local municipality, and are commonly used to stimulate the physical improvement and revitalization of a specific area(s) of a community by offering a range of financial incentives to the private sector to implement action and change. Under the *Municipal Act*, municipalities are prohibited from financially assisting private commercial enterprises (otherwise known as "bonusing") unless undertaken in accordance with a CIP approved under Section 28 of the *Planning Act*. CIP's help encourage private sector investment and improve the physical and/or socio-economic environment in a community, but are not land use plans or housing support programs.

The CIP process included extensive background research and analysis, including a review of the local demographic and housing context and needs, research into best practices in Ontario, a financial assessment and public/stakeholder engagement. The results of this stage were compiled into a Background Report, where a number of *key focus areas* and *considerations* were identified as having the most influence with respect to the development of the CIP:

1. Increasing the supply of purpose-built rental housing;
2. Increasing the supply of smaller unit sizes;
3. Promoting the development of second units;
4. Promoting the development of mixed-ratio (market and affordable) developments; and,
5. Supporting emergency and transitional housing services.

The following *considerations* for the structure of the CIP were also identified:

- Incentives should be applied Town-wide and not targeted to a specific area(s);
- Options for waiving application fees, development charges and property taxes;
- Application of a tiered approach to incentives based on need and operating costs;
- Provision of incentives for affordable or rental developments that include sustainable and/or accessible design elements; and,
- Opportunities to leverage partnerships with community organizations to implement the CIP and/or provide on-site or off-site supports in conjunction with housing.

The incentives contained within the Affordable & Rental Housing CIP program (details in Section 3.7) and include grants and/or loans for work proposed under the following programs:

- Rental Housing Planning and Building Fee Waiver Program;
- Rental Housing Cash-in-lieu of Parking Reduction Program;
- Rental Housing Development Charge Grant Program;
- Rental Housing Property Tax Increment Grant Program;
- Second Unit Planning and Building Fee Reduction Program;
- Second Unit Renovation and Construction Grant/Loan Program;
- Emergency and Transitional Housing Planning and Building Fee Waiver Program;
- Emergency and Transitional Housing Development Charge Grant Program;
- Affordable Housing and Home Ownership Planning and Building Fee Reduction Program;
- Affordable Housing and Home Ownership Development Charge Grant Program;
- Brownfield Redevelopment Grant Program*;
- Universal Design Grant/Loan Program*; and,
- Sustainable Design Grant/Loan Program*

*Must be associated with an affordable and rental housing project.

This Report is intended to provide an overview of the applications received during the 2021 intake period for the CIP and provide Council with a recommendation for financial incentive applications for the Affordable & Rental Housing CIP in 2021.

6. ANALYSIS

The following section of this report summarizes each of the applications received and includes a recommendation of the allocation of financial support for each proposal.

1. Balder Corporation - 311-325 University Ave W

This project is for 71 rental units including 15 affordable units. As part of the project a number of the dwellings have been designed with Universal Design measures, Accessible or Accessible-ready features beyond the minimum required under the Building Code. All Planning approvals are in place and this project is under construction with occupancy planned for later 2022. Their request was for \$802,928.87 in grants under the various programs as well \$100,000 in loans under the accessible and sustainable programs. The Committee was in partial agreement of the request and recommend support under the Planning and Building Fee Program, and the grants and loans under the Sustainable Development and Universal Design Programs totaling \$147,913.87 plus \$100,000 in loans. The Committee did not support the request for Parkland Levy reduction as the CIP program does not have a program for that component, the program is for Parking Fees not Parkland. They also did not support the Development Charges reduction request of approximately \$650,000. There is already a 10-year deferral of the \$547,263 Development Charges in the existing Agreements as well as a waiver of the approximate \$110,600 in interest for those 10 years.

2. Trinity Housing – 25 James St E

This application relates to a proposal for 27 new rental units to be added to the existing 20 units. 13 of the new units are to be affordable. Zoning and Official Plan policies are in place now but Site Plan has not yet started as they have not yet formally applied. A number of other issues have arisen with the project that Council is aware of. Their request was for \$175,412 plus 10-year Tax Increment Equivalent Grant (TIEG) funding. There is already \$111,360 committed for this project under previous year's funding being \$35,287 in each of 3 years which is 50% of the Development Charges and a 5-year deferral of the remaining 50% plus the Town guarantee on a \$330,000 loan. There is also agreement to provide a 10-year tax increment grant of approximately \$179,500.

The Committee could not support committing additional funding beyond what has already been approved by Council primarily due to the preliminary nature of the development and absence of a site plan application. The proponent is encouraged to advance the project and apply for funding at a later date.

3. Veenstra Construction Ltd – 867-879 William St

This application relates to a proposal for 15 new rental units of which 1 is proposed to be affordable. The project is in early design stage and is not zoning approved nor site plan approved. Their request was for \$250,000 in several of the funding categories (fee waiver grant, construction costs, development charge grant, tax increment grant) of the overall \$4.6 million construction.

Given the details of the application, and since the project would trigger a rezoning and site plan approval, the Committee felt this project was too premature to support at this time.

4. Stallwood Homes – 448-458 Drewery Rd (Block 95)

This project is for 32 new stacked townhouse units (condominium tenure) in two buildings having 16 units each. Although not affordable, these units are proposed to be attainable through slightly smaller sizing to permit a reduced purchase price. Other Blocks in this neighbourhood have has 10-plex buildings constructed but this larger Block would fit two 16-unit structures. Stallwood identified that these units would be priced 10% less compared to other units in their development for attainable ownership. Their request was for \$200,000 under the Affordable Home Ownership Building/Planning Fees and Development Charge Reductions of the overall \$7 million in hard and soft costs to construct these buildings.

The application lacked a breakdown of the request, what the actual prices were or how a 10% reduction in ownership price might be accessed by future owners (requiring a restrictive agreement with new owners rather than the initial builder). Reducing the price now would not help any future owner nor reduce a re-sale other than through Market shifts. While the affordable home ownership programs are within the scope of the CIP, they are a secondary focus to the CIP. At this point the Committee felt that more units in the space and the question of future cost-savings did not make this project supportable under the 2021 funding. Staff is committed to working with Stallwood to explore other opportunities to increase the affordable and rental housing stock across the Town and Stallwood is encouraged to participate in future CIP funding windows in 2022 and beyond.

Beyond these four requested projects, the Town has also committed funds to the Elgin Park project (265-327 Elgin St E) by Northumberland Housing Corporation to reduce Building and Planning fees by 50% being \$52,517.50 and a 5-year interest free deferral of the other 50%

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

Council approved the allocation of \$250,000 in the 2021 municipal operating budget for the 2021 Affordable & Rental Housing CIP program. As part of this \$52, 517 has already been committed to the NCHC for the Elgin Park project and \$35,287 to Trinity Housing beyond this CIP request process being the last of 3 years commitment. This left \$162,195.50 available in the 2021 CIP program. The total grant and loan requests from the four applications exceeded \$1.5 million.

The recommendation contained in this report would authorize funding to Balder Corporation in the amount of \$147,913.87 as well as a loan of \$100,000, and subject to entering into a funding agreement with the Town of Cobourg, and

County of Northumberland. This is in line with budgeted amounts for 2021 and takes into previous funding commitments while ensuring an adequate reserve fund available for future years consideration. Any excess from the 2021 program or from previous years will be shifted into a reserve and made available for 2022 CIP proposals or for Council's special consideration should a major affordable housing project come forward outside of the CIP application process.

Following the funding of Balder and considering all other prior commitments the balance in the CIP Program is \$209,803.97 and that includes the 2022 budgeted amount of \$125,000.

8. CONCLUSION

In summary, the Affordable & Rental Housing Community Improvement Plan (CIP) was developed to directly support builders/developers/property owners in the provision of new rental and affordable housing units in Cobourg.

Funding Balder Corporation's project in the amount of \$147,913.87 has the effect of facilitating the creation of 15 affordable units in the very near future. This will address an immediate need in the community and achieves a key priority of providing affordable and attaining housing as well as 56 rental units as well.

On the heels of wrapping up the evaluation of the 2021 applications, Staff recommend that the current Committee evaluate the 2022 applications with a report back in early 2023. The funding window for 2023 will be scheduled shortly thereafter should it be deemed that the program continue pending ratification in the 2023 budget deliberations.