



**DEVELOPMENT SERVICES
MEMORANDUM**

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TO: MAYOR A. NUTTALL AND MEMBERS OF COUNCIL

**FROM: J. ROBERTS, MANAGER OF STRATEGIC INITIATIVES POLICY AND ANALYSIS
EXT. 4507**

WARD: ALL

NOTED: M. BANFIELD, RPP, DIRECTOR OF DEVELOPMENT SERVICES
**B. ARANIYASUNDARAN, P. ENG., PMP, GENERAL MANAGER OF
INFRASTRUCTURE AND GROWTH MANAGEMENT**

RE: AFFORDABLE HOUSING STRATEGY UPDATE: POLICY OPTIONS

DATE: NOVEMBER 29, 2023

The purpose of this Memorandum is to provide members of Council with responses to questions asked during the presentation on the Policy Options for the Affordable Housing Strategy at the September 27th Affordability Committee meeting.

Background

As part of phase 2, staff presented policy options to Affordability Committee who then asked about the financial commitments required to adequately fund the proposed incentives. Specifically, questions were asked about how other municipalities are incentivizing affordable housing and what the budgets are of others Community Improvement Plans (CIPs). Community Improvement Plans are tools municipalities can use to financially incentivize eligible projects that target key planning and growth management objectives, such as affordable housing.

Other Municipal Programs

N. Barry Lyons Consulting has provided a synopsis on other successful Community Improvement Plans programs in Ontario related specifically for affordable housing.

City of Toronto Open Door Program

Program Budget: Approximately \$80 million annually, plus additional funding through grants in Provincial and Federal funding.

Units Achieved: ~2000 affordable units since 2017.

- This program incentivises 100% Average Market Rate and below, rental housing only.
- Offers relief from Development Charges, property taxes, parkland fees and application/permit fees. Also offers grants on a competitive basis.
- In 2017 the City contributed \$85 million in grants and fee/charge exemptions, with approved projects also securing \$43 million in funding from the Provincial and Federal governments. Resulting in the creation of over 1,200 new affordable rental units across 19 discrete projects delivered by both the private and non-profit sectors.
- In 2022 the City contributed \$78 million in grants and fee/charge exemptions, resulting in the creation of 919 new affordable rental units across 17 discrete projects delivered by both the private and non-profit sectors.
- The range in subsidy within individual projects is significant. In 2022 for instance, projects have received between \$25,000 per affordable rental unit to \$625,000 per affordable rental unit,



averaging close to \$84,600 per affordable unit overall. This is due to differences between projects such as depth of affordability, affordability term, offering specialized housing, the cost of land, the financial position of the organization, return expectations, other sources of funding secured and many others.

- Of note, the program was on hold this year due to Bill 23. It is expected per door subsidy amounts will increase substantially given rising construction costs and interest rates.

Region of Peel Rental Incentive Program

Program Budget: Currently \$10 million annually.

Units Achieved: ~137 affordable units since 2021.

- Incentivizing 135% Average Market Rate and below, rental housing only.
- Offers \$10 million in capital grants that are allocated through a competitive request for proposal (RFP) call annually. Year 1 budget was \$7.5 million (2021), which has now increased to \$10 million.
- In the first year of the program (2021), \$7.48 million was allocated to three separate projects to create a total of 130 affordable rental units, which amounts to approximately \$60,000 per unit.
- In 2022, the program was affected by COVID and macro market impacts, meaning only one project was approved, creating 7 units with a \$1.5 million grant, averaging \$214,000 per unit.

Region of Durham Rental Incentive Program

Program Budget: Currently \$7 million annually.

Units Achieved: ~88 affordable units in 2022.

- Incentivizing 100% Average Market Rate and below, rental housing only.
- Offers \$7.5 million capital grants that are allocated through a competitive request for proposal call annually.
- In the first year, Durham Region allocated a total of \$7.45 million that resulted in the creation of 88 affordable rental units, which average about \$85,500 per unit. This included \$5.5M to Riverbank Homes to construct a six-storey and 75-unit (\$73,000 per door) affordable rental building in Oshawa for seniors and persons with disabilities. Kindred Works received the remaining \$1.95 million to construct 13 affordable (\$150,000 per door) and 28 market units in Pickering targeting indigenous peoples, recent immigrants, and persons with disabilities.

The City of Barrie currently has a Community Improvement Plan (CIP) which was put on hold for 2023 for staff to fully understand the implications of Bill 23 and while staff work to update the affordable housing strategy. The CIP provides grants for Affordable Housing, Redevelopment and Heritage, each CIP receives funding based on a percentage of the total annual contribution:

Affordable Housing - 55%

Redevelopment - 40%

Heritage - 5%

Since the inception of the new Community Improvement Plan (CIP) in 2020, a total of \$1,540,855 million has been given to eight (8) projects. These projects have added 100 affordable, and/or transitional/supportive housing to our housing supply.

An additional two (2) projects have been approved to receive funding (\$1.3M) but have yet to proceed to construction, these are proposed to create an additional 62 affordable units.



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Most projects that received CIP funding are a mix of affordable and market units; receiving funding based on the number affordable units. It should be noted that these projects have added additional market rate rental units into the housing supply; however, the market units are not included in the unit counts above.

As noted by the consultant regarding the above programs, the range in subsidies provided is significant and is dependent on several factors such as the depth and length of affordability. Funding secured through senior levels of government and other sources (such as CMHC) will also vary the subsidy needed from a municipality to make a project viable. The per door amounts noted above are from the municipality only, and almost always used in conjunction with funding from other sources.