



**DEVELOPMENT SERVICES
MEMORANDUM**

Page: 1
File: D18-001-
2024
Pending #:

TO: MAYOR A. NUTTALL AND MEMBERS OF AFFORDABILITY COMMITTEE

FROM: S. WHITE, RPP, SENIOR PLANNER, EXT. 4517

WARD: ALL

NOTED: M. BANFIELD, RPP, EXECUTIVE DIRECTOR OF DEVELOPMENT SERVICES
M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RE: PUBLIC MEETING FOR A PROPOSED HOUSING COMMUNITY IMPROVEMENT PLAN

DATE: MAY 8, 2024

The purpose of this Memorandum is to advise members of Affordability Committee of a Public Meeting for a proposed Housing Community Improvement Plan (CIP) which is intended to replace the existing City of Barrie CIP. It also provides an overview of the legislative framework CIPs must adhere to, poses implementation considerations, and briefly summarizes the proposed CIP programs.

On March 8, 2023, Council adopted motion 23-G-038 as follows:

1. That Staff Report DEV008-23 regarding the status of the Community Improvement Plan (CIP) Grant Program be received for information purposes.
2. That the application in-take periods for the Affordable Housing and Redevelopment Grant Programs offered through the City of Barrie CIP be put on hold until:
 - a) The Development Services and Finance Departments have had an opportunity to investigate the financial implications associated with the passing of the More Homes Built Faster Act, 2022 (Bill 23), as it relates to Development Charge (DC) exemptions and reductions for affordable, attainable, rental, and non-profit housing, as defined by the Act; and,
 - b) The Development Services Department updates the Affordable Housing Strategy which may include amending the CIP to respond to legislative changes associated with Bill 23, as well as to improve the financial incentives offered by the Affordable Housing and Redevelopment Grant Programs to better deliver affordable housing to the community.
3. That staff schedule a statutory public meeting, in accordance with the Planning Act, as soon as possible to initiate the process for the following amendments to the City's Community Improvement Plan: a) Update section 8.2 to provide further clarity with respect to the eligibility requirements for renovations and improvements to heritage buildings that qualify for funding through the Preservation of Built Heritage Grant Program.
4. That, in the future, staff can schedule statutory public meetings when deemed appropriate to amend the CIP, such as: following the review and update of the Affordable Housing Strategy. (DEV008-23)

Background

In March 2023, two out of the three programs under the existing City of Barrie CIP (the Redevelopment Grant Program and Affordable Housing Development Grant Program) were placed on hold, pending completion of the City's Affordable Housing Strategy (AHS) update and a staff review of the impacts of legislative changes associated with [Bill 23, More Homes Built Faster Act, 2022](#).

In January 2024, Barrie City Council adopted the [Affordable Housing Strategy](#) (AHS) as the guiding strategy for the City to action for housing affordability in 2024 and beyond, as resources and budget allowed. One of the key recommendations of the AHS included updates to the City's incentive programs in the existing CIP and to increase the annual CIP budget.

On March 14, 2024, the [Federal government announced](#) that the City of Barrie was successful in obtaining Housing Accelerator Fund (HAF) funding in the amount of \$25,684,990 over the three-year program, with a commitment to complete our submitted Action Plan and to have 6825 housing starts by March 31, 2027. The 6825 housing starts includes 688 units fast-tracked by the HAF funding, of which 210 must be affordable housing units. Funding will be released in three equal payments, the first of which has been received. The second payment is contingent on meeting each milestone outlined in the Action Plan, with the final payment contingent on Canadian Mortgage and Housing Corporation (CMHC) assessing whether the housing starts target has been met.

On March 15, 2024, the [Provincial government announced](#) that the City of Barrie had been provided \$6,344,201 in Building Faster Fund (BFF) funding in recognition for exceeding our 2023 housing target. To be eligible for the annual BFF funding, the City must meet 80% of the target of 1917 housing starts by the end of 2024; if the City exceeds the target, there is the possibility that additional funding will be provided.

Since the passing of Bill 23 several additional legislative changes have either passed or been proposed by the Province; considering this, as well as recent funding from the Federal and Provincial governments, staff are of the opinion that the City is financially positioned to move forward with a well-funded CIP in the next few years. Based on the recommendations of the Council adopted AHS, and the recently provided HAF and BFF funding, City staff recommend it would be most appropriate to repeal the existing City-wide CIP and replace it with a dedicated Housing CIP to encourage rapid investment in new housing units.

Legislative Framework – What a CIP Can and Cannot Offer

Section 28 of the *Planning Act* provides municipalities with the legislative authority to prepare a CIP. It also broadly defines “community improvement” to include the development, redevelopment or construction of residential uses and buildings, including affordable housing, within the community improvement project area, as may be appropriate or necessary. It also loosely defines the types of incentives that can be offered through a CIP, including the acquisition, preparation, and disposition of land by the municipality as well as the offering of grants and loans. Grants and loans can be offered to cover (but not exceed) eligible costs, which can include anything from site preparation, development, construction, redevelopment, and other related items.

A CIP is a tool used to allow municipalities to deliver incentives for development/redevelopment without contravening Section 106 of the *Municipal Act*, which otherwise prohibits municipalities from directly or indirectly assisting manufacturing businesses or other commercial or industrial enterprises through the granting of bonuses, which includes giving or lending property/money; guaranteeing borrowing; leasing or selling municipal property below fair market value; or giving a total or partial exemption from any levy, charge, or fee.

Notwithstanding, there are a few notable things a CIP cannot do:

- A CIP does not give municipalities the authority to exempt or waive development charges. Offering grants equivalent to development charges is, however, acceptable. Additionally, there are some exemptions for affordable and attainable residential units, as well as non-profit housing development, from development charges per Sections 4.1 and 4.2 of the *Development Charges Act*, which could be applied in conjunction with the CIP programs, where applicable.

- A CIP also does not give municipalities the authority to cancel or reduce municipal or school taxes (the only exception to this is for eligible heritage and brownfield properties), but it can offer grant money equivalent to municipal property taxes, such as through tax increment equivalent grants.
- There are legislative requirements under Section 7 of the *Building Code Act* which require Building Services to be revenue neutral, and as such, the waiving of any building permit fees through a CIP is possible but would need to be funded through the CIP capital reserve fund (they could not simply be absorbed by the City as lost revenue).

Implementation Considerations

The draft Housing CIP puts in place the policy framework necessary for the City to be able to provide grants and financial incentives to accelerate housing development within Barrie. The draft Housing CIP was intentionally written to give the City flexibility with respect to how each program is funded and implemented, so that it can adapt to evolving community needs without requiring formal amendments per the *Planning Act*.

The draft Housing CIP provides an overview of the proposed programs; additional program details, application forms and score cards that will be used to prioritize funding allocation (based on the CIP eligibility criteria), are being developed and will be available on the City's website in advance of application intakes, should Council approve the Housing CIP. These will provide more clarity to potential applicants regarding which projects will be prioritized for funding.

The draft Housing CIP does not explicitly define "affordable" rent or ownership levels, but instead references that these will be established in a separate "Development Services Housing Bulletin". The intent behind this is to allow staff to provide clarity and certainty to applicants regarding affordable rent and ownership rates, in response to feedback from applicants under the current CIP. This approach will also enable the program to respond to changes in the market without a full-scale update or change to the CIP.

Having affordability defined outside of the CIP allows for timely updates to rental and ownership rates based on the most currently available housing data (e.g. CMHC, County of Simcoe, Ministry of Municipal Affairs and Housing, etc.). It also allows for flexibility to response to future Provincial legislation which is considering new definitions for "affordable" and "attainable" housing.

Staff would like to draw attention to two key aspects of the CIP implementation that require careful consideration by Council:

- 1) how funding is to be allocated to the various CIP programs; and
- 2) whether all programs should have a targeted intake period or should some or all applications be accepted on a rolling, first-come first-served basis.

CIP Funding Allocation Considerations:

While the draft Housing CIP proposes several programs, it allows for the ability to place programs on hold and does not include program-specific budgets or funding allocation percentages within the CIP. The intent of this is to allow Council the flexibility to strategically implement programs based on changing community needs and priorities.

For example, given the City has been awarded significant funding that is tied to rapidly constructing homes, in the near-term Council could target funding only the programs that provide incentives to new construction, to provide support to development that will be built quickly and result in new housing starts. This could assist in making Barrie a more affordable place to live while also enabling the City to continue to meet the HAF and BFF funding requirements. Other programs could then be funded once these objectives have been met.

CIP Application Intake Considerations:

As currently drafted, the Housing CIP proposes a minimum of one intake period per year for CIP applications, with the ability to schedule additional intake periods as warranted based on funding availability. The CIP notes that details of how intake periods are scheduled (e.g., timing and length of intake periods) would be determined by staff. There may however be merit in considering application on an ongoing/rolling basis instead, for some or all the programs. Each approach has benefits and drawbacks, which are summarized below in Table 1:

Table 1: Comparison of Application Intake Style		
	Set Intake Application Periods	Open/Rolling Application Intake
Benefits	<ul style="list-style-type: none"> Allows funding to be allocated to the projects with the most merit, or that will provide the greatest return on investment. Allows applicants to have predictable timeframes to prepare an application (including clarify questions with staff) while doing so, without fear of missing out on funding because others submitted faster. 	<ul style="list-style-type: none"> Allows for more rapid allocation of funding to projects as needed, without the constraints of an intake periods.
Drawbacks	<ul style="list-style-type: none"> Applicants could miss out on funding if they do not submit an application on time/during the intake periods. 	<ul style="list-style-type: none"> Does not allow for prioritization of funding to projects based on merit, such as projects that provide more residential units, more affordable housing units, are well located (e.g., near services and transit, within growth areas). Projects that strongly align with the CIP goals may not receive funding (as monies are allocated based on when applications are received). May not prioritize projects that have demonstrated an ability to rapidly begin construction. May require greater staff resources (e.g., more frequent meetings of the Grant Review Committee).

Proposed CIP Programs

The draft proposed Housing CIP materials have been appended to this Memorandum and can be viewed on the City's [Housing CIP website](#). The proposed Community Improvement Project Area for the Housing CIP includes all lands within the City of Barrie.

The draft Housing CIP proposes four (4) financial incentive programs and three (3) additional community improvement programs, which have been summarized below in Table 2. It should be noted that the programs were designed to work in conjunction with other provincial and federal funding opportunities or exemptions through existing programs or legislation, such as development charge reductions for affordable housing, tax exemptions for non-profit organizations, and federal and provincial harmonized sales tax (HST) exemptions for purpose-built rental construction.



**DEVELOPMENT SERVICES
MEMORANDUM**

Page: 5
File: D18-001-
2024
Pending #:

Table 2: Draft Housing CIP Programs		
Program	Description	Eligible Projects
Per Door Grant	A flexible per-unit grant to support the creation of new affordable rental and ownership housing units. Applicants will be required to submit estimated project costs, a request for a per-unit dollar amount, and justification for the requested grant amount, taking into consideration requirements such as depth and duration of affordability, unit mix and type of development. This grant provides one single capital grant in place of tying incentives to specific fees and charges, such as cash-in-lieu fees, application fees or other charges.	<ul style="list-style-type: none"> ✓ Non-profit and charitable organizations – affordable rental housing ✓ Non-profit and charitable organizations – affordable ownership housing ✓ Non-profit and charitable organizations – other affordable housing types ✓ Market/for-profit housing developers – affordable rental housing ✓ Market/for-profit housing developers – affordable multi-residential ownership housing
Tax Increment Equivalent Grant (TIEG)	Incentivizes the development of medium and high density purpose-built rental units by providing a yearly grant for a period of up to five (5) years. The value of the grant provided is equal to the incremental increase in property assessment and municipal property tax resulting from the improvements.	<ul style="list-style-type: none"> ✓ Non-profit and charitable organizations – medium and high density purpose-built rental housing ✓ Market/for-profit housing developers – medium and high-density purpose-built rental housing ✓ Eligible projects can be standalone residential buildings or mixed-use buildings
Development Charges (DC) Equivalent Grant for Mixed-Use and Mixed Income Development	A grant available to non-profit and charitable organizations to incentivize and offset the costs of including commercial and institutional space, or market rental units to help ensure project viability, within their affordable housing developments. For further clarification, only the portion of the project that is not already receiving a DC reduction under the <i>Development Charges Act</i> is eligible for the DC Equivalent Grant.	<ul style="list-style-type: none"> ✓ Non-profit and charitable organizations – rental housing ✓ Non-profit and charitable organizations – mixed-use development (i.e., rental housing plus commercial and or institutional uses in the same building or on the same site)
Development Charges Equivalent Grant for Fourplexes	A grant available to incentivize and offset the costs of constructing four purpose-built rental housing units on a single lot. For further clarification, only the portion of the project that relates to the 4 th unit that is not already receiving a DC reduction under the <i>Development Charges Act</i> is eligible for the DC Equivalent Grant.	<ul style="list-style-type: none"> ✓ Non-profit and charitable organizations -purpose-built fourplexes (rental) ✓ Market/for-profit housing developers – purpose-built fourplexes (rental)



**DEVELOPMENT SERVICES
MEMORANDUM**

Page: 6
File: D18-001-2024
Pending #:

Approval to Defer Development Charges to Occupancy Permit¹	To reduce financial barriers to the construction of high-density residential and mixed-use buildings, the City of Barrie is allowing qualifying projects to seek approval to defer the payment of project development charges (DCs) from Building Permit issuance to prior to the issuance of the final Occupancy Permit.	<ul style="list-style-type: none"> ✓ High density residential or mixed-use buildings
Barrie Bonus for Additional Residential Units (ARUs)	A one-time grant payment to homeowners that have received funding through the County of Simcoe’s Secondary Suites Program (or its successor) to further assist in the creation of an affordable ARU (secondary suite, coach house, third ARU, or fourth ARU) on their property.	<ul style="list-style-type: none"> ✓ Non-profit or charitable organization – new additional residential unit ✓ City of Barrie homeowner – new additional residential unit
Homeownership Forgivable Loan	Down payment assistance to City of Barrie residents, who are ready to purchase and maintain homeownership, but financially do not have enough funds to put towards a downpayment. The homeownership loan is a 20-year forgivable loan that is registered on title in second place behind the first mortgage received from a financial institution or private lender. Prospective homeowners and the home they wish to purchase must meet eligibility criteria.	<ul style="list-style-type: none"> ✓ Purchase of new build home within the City of Barrie ✓ Purchase of resale home within the City of Barrie

Notes:

¹ Section 27 of the *Development Charges Act* already provides the opportunity to defer DCs; however, this CIP program would establish formal scoring criteria to assess which projects should be eligible for deferral. Council could remove this CIP program and still retain the ability to negotiate Section 27 agreements on a case-by-case basis.

The Housing CIP establishes both general eligibility criteria that all applicants must meet to be considered for CIP financial incentive grants, and for additional CIP programs, as well as program specific eligibility requirements, which differ for non-profit and charitable organizations and market/for-profit housing developers for some programs. These are detailed in Sections 3.3 and 3.4 of the Housing CIP.

Financial Implications

The proposed Housing CIP contains a relatively large number of programs, many of which are new to the City and will require appropriate resourcing to administer (e.g. developing new processes, evaluating applications, monitoring programs, administering funds) successfully.

Given the long-range nature of these programs, upwards of 25 years, and the new services provided, should Council recommend the adoption of all proposed CIP programs, an investment in additional full time staffing resources, including new staff and training, will be required to implement them.

As two of the current CIP programs have been on hold since March 2023, there is approximately \$3,000,000 in the CIP reserve fund, in addition to recent HAF and BFF funding that could allow the City to have a sustainable source of funding for the next three years, contingent on meeting housing targets and achieving the milestones in the Housing Accelerator Fund Action Plan. Should funding sources change, the CIP will need to be funded through an alternative source or put on hold.



DEVELOPMENT SERVICES
MEMORANDUM

Page: 7
File: D18-001-
2024
Pending #:

Next Steps

Notification of the proposed Housing CIP has been circulated to members of the public as well as stakeholders in the community, in accordance with the *Planning Act*.

Planning staff will review and consider all comments that are received through the public engagement process. All comments that are received will be identified and addressed in the Planning staff report. Based on feedback during the public consultation process, the expectation is that the CIP programs may be revised before returning to Council for approval. Planning staff are targeting May 29, 2024, for the staff report to be brought forward for General Committee's consideration of the proposed Housing CIP.

Should the new Housing CIP be approved, it will repeal and replace the existing City of Barrie CIP. Council should be aware that once the existing CIP is repealed, the current Heritage CIP programs will no longer have enabling local policy and therefore cannot be implemented. Staff are currently aiming to bring a new Conservation of Built Heritage CIP grant program forward for public consultation and Council review at the June 12, 2024, Affordability Committee meeting.

If you have any questions, please contact the planning file manager, Shelby White, Senior Planner at ext. 4517, shelby.white@barrie.ca.