



TO: GENERAL COMMITTEE

SUBJECT: OPTIONS FOR PROVIDING INCENTIVE PROGRAMS WITHIN A COMMUNITY IMPROVEMENT PLAN PROCESS TO INCENTIVIZE DEVELOPMENT PRIORITIES

WARD: ALL

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SUBMITTED BY: A. MILLER, RPP, DIRECTOR OF PLANNING AND BUILDING SERVICES

GENERAL MANAGER APPROVAL: A. MILLER, RPP, ACTING GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT (ACTING)

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That \$2.5 million be committed through the City's Annual Business Plan and Budget to the Community Improvement Plan (CIP) Reserve to incentivize land development priorities instead of offering Development Charge exemptions through the Development Charge By-law.
2. That staff in the Planning and Building Services Department be authorized to hold a Public Meeting under the *Planning Act* in the Fall of 2019 to amend the CIP Program in accordance with the provisions identified within Staff Report PLN022-19.
3. That in the period between adoption of the Development Charges By-law and the approval of a new Community Improvement Plan under the *Planning Act*, the eligibility requirements and evaluation criteria identified in paragraphs 16 to 21 of Staff Report PLN022-19, be used to assess development projects for affordable housing, development in the Urban Growth Centre and employment uses on employment area lands as described in paragraph 16 of Staff Report PLN022-19.

PURPOSE & BACKGROUND

Report Overview

4. The purpose of this report is to outline the benefits of the Community Improvement Plan Process to incentivize development priorities as well as to lay out the proposed list of incentives, eligibility and evaluation criteria for projects to meet in order to be considered for grant funding.
5. On April 15th, 2019, the Finance Department provided a Staff Report to General Committee (FIN 007-19) regarding development charge discounts and exemptions wherein they explored the concept of the provision of grants through a CIP as an alternative to discounts and exemptions through the Development Charge (DC) by-law. The report outlined a number of advantages for providing grants through the CIP as follows:

- CIPs can provide a variety of incentive programs which can be funded from one or more sources of funds;
 - Incentive programs can be better aligned with the City's development objectives and strategic initiatives, noting that those programs can set out goals/targets;
 - Would build on the current CIP, that already includes development objectives related to such community priorities as affordable housing and redevelopment of brownfield sites;
 - Funding through the CIP is application based meaning that each application is reviewed on its own merit to ensure that it aligns with the objectives of the funding program; and
 - Funding can be predictable and stable. The City has the ability to set the level of funding it is willing to invest into these objectives on an annual basis.
6. Staff Report FIN013-19 had identified several challenges and disadvantages of providing discounts and exemptions through the DC by-law rather than a grant program, including that the DC by-law is not flexible and as such criteria set out for how to qualify for exemptions or discounts may lead to unintended consequences of developments receiving incentives that were not the focus in the first instance.

Purpose of Community Improvement Plans (CIPs)

7. Community Improvement Plans are a tool used to attract investment and foster redevelopment. CIPs allow for City Councils to provide for the redevelopment, reconstruction, and rehabilitation of any area whose improvement is considered desirable for various environmental, social, or community economic development reasons. CIPs are permitted under Section 28 of the *Planning Act*, which (among other things) enables cities to provide financial incentives in the form of loans or grants to property owners to help cover the costs associated with improvements. Appendix "A" of Staff Report PLN022-19 provides an illustration of the benefits of a CIP.

Importance of Funding

8. Today's challenge is that the CIP reserve fund does not provide enough funding to act as the catalyst for development that the City would like to see. The fund is currently replenished annually with \$200,000.
9. With construction costs in southern Ontario averaging at approximately \$160 per square foot, that equates to about 1,250 sq. ft. of incentivized development based on the City's annual contribution to the program. Simply put, that is not even a drop in the bucket to make a significant difference in tackling the real issues of providing affordable housing and jobs through development and redevelopment in strategic growth areas within the City.
10. Over the past couple of years, there has been an increased interest from the development community in the current CIP programs. However, with the limited reserve fund available, the impact of the use of the reserve has been minimal. Mostly the funds have been used to support renovations with a maximum grant of \$25,000 each and only a handful of small affordable housing projects have been given grants to off-set the fees related to planning applications, building permits and/or development charges. Additional funding would provide certainty to the industry that opportunities for substantial assistance are available if proposed development meets clearly articulated City objectives.

11. In March 2019, Planning and Building Services staff had already stopped the acceptance of applications for the current year due to the lack of availability of funding after one major redevelopment project was awarded funds to assist with the restoration of a social housing project, essentially depleting the reserve fund for the rest of the year.
12. By reallocating the DC exemption funding to a redesigned CIP, this will provide for a more meaningful reserve fund to support the objectives and thus have a greater overall impact.

Importance of Certainty

13. The Development community is looking for a commitment of incentives that each project will receive in order to confirm their business pro forma.
14. It is important that clear eligibility and evaluation criteria are established from the outset, to make the evaluation process as predictable as possible.
15. The new CIP will clearly outline when the money for awarded grants will be paid out as this affects business cash flow. The intent is that the grant would be paid out when DCs would typically be due (i.e. when the building permit is issued).

ANALYSIS

CIP Objectives

16. Three key development priorities have been identified to incentivize through the CIP process:
 - Affordable Housing in order to support the provision of a variety of affordable/attainable housing options
 - Development in the Urban Growth Centre and other intensification nodes and corridors for higher density residential development and mix of uses
 - Employment uses and redevelopment or intensification of employment uses on Employment Area lands
17. The CIP would lay out the criteria to be met for projects to be eligible for funding, as well as the means of evaluating the submissions. This would provide investors with this information up front. Grants would be awarded based on meeting City priorities, criteria and availability of funding.
18. The review of CIP applications through this program also ensures a non-political vetting process is in place so that applications that achieve the objectives and measurable criteria are awarded funding. This ensures that grants that are awarded are completely in line with the priorities of Council.
19. In contrast to the DC By-law, the Community Improvement Plan is agile and City Staff do not have to wait five years to adjust the priorities if there are shifts in market conditions or Council strategic goals.

Eligibility Requirements

20. It is proposed that applications be vetted similar to the current Redevelopment Grant Program under the current Built Boundary CIP. In that regard, applications would be examined on an application by application basis by an evaluation committee comprised of City Staff. Criteria would

be established to screen for eligibility and further criteria would be established for the evaluation of each application.

21. It is proposed that the eligibility criteria include:

- Projects proposing to provide greater than three affordable housing units;
- Projects that are providing emergency housing, transitional housing, social housing or affordable not-for-profit charitable home ownership models;
- Projects proposing purpose-built rental residential units;
- Site Location (i.e. in accordance with the City's Official Plan land uses, the proposal is within the Urban Growth Centre or along an intensification corridor or within intensification nodes for residential or mixed use developments, or within Employment Areas for industrial-type developments);
- Brownfield redevelopment;
- For Employment Area projects, the proposal must be for the provision of new employment land employment (ELE) type jobs (in accordance with Provincial definition as follows: "jobs accommodated primarily in industrial-type buildings. The vast majority are located within business parks and industrial areas. In older urban centres, some share of this type of employment also occurs in more disbursed locations);
- Eligible ELE type jobs would be limited to the following 9 uses (as defined in the City's Comprehensive Zoning By-law):
 - Bakery (Manufacturing)
 - Conference Centre
 - Data Processing Centre
 - Foundry
 - Manufacturing and Processing in Wholly Enclosed Buildings
 - Manufacturing, Refining or Rendering of Noxious Products
 - Medical Marihuana Production Facility/Cannabis Production Facility
 - Office
 - Research/Development Facility
- Condominium developments will not be eligible.

Proposed Incentives:

- 100% of all Planning Act application fees;
- 100% of all Building Permit fees;
- For affordable housing, tax increment based funding for the incremental tax increase paid back over a five year period, except where the properties are exempt from taxes;
- 50% of development charges on affordable housing, and residential or mixed use development in the downtown (scaled based on scoring against criteria)
- 40% of development charges on Employment Land Employment development. (scaled based on scoring against criteria)

22. Each application for funding would be evaluated against the objectives of the program in accordance with specified criteria. The more evaluation criteria that the proposal meets, the more certain the funding, provided there are available funds in the reserve to cover the grant commitment. The proposed evaluation criteria would include, but not be limited to the following:

- The provision of affordable housing units in accordance with the Provincial definition of "affordable"
- The provision of affordable housing units at the low and low-mid market pricing to address the current gap in the housing spectrum in Barrie
- The provision of purpose-built rental residential units

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- Meeting or exceeding City Official Plan density requirements of people and jobs per ha
 - Housing and Jobs Proximity (i.e. mixed uses within the proposed development, or demonstrated nearby)
 - Demonstrated to contribute to Mixed-Income and Diverse Communities
 - Easy and direct access to Transit Facilities
 - Inclusion of Green Design Elements for energy efficiency and long-term savings
 - Architectural/Building Design Excellence using materials that will require minimal maintenance
23. These criteria and the weighting of scores will be further refined through the public consultation process.

Program Delivery and Process

24. The CIP program will be administered according to the following provisions:
- Applications would be accepted throughout the entire year (rolling intake), contingent upon funding availability
 - All applicants will be required to complete an application form outlining the location of the property, the type and nature of the improvements or development to be undertaken, the anticipated completion date, the estimated value of the project and the financial incentives applied for.
 - A grant application shall be submitted at the time of initial planning application so that incentive calculation will be known to all parties at the time of approval.
 - Grant commitment will occur at approval and be subject to an 18 month sunset clause by which time building permit shall be issued or the allocated grant is returned to the CIP Reserve.
 - Grants would be allocated/paid out when a building permit is issued.
25. The current Built Boundary CIP will need to be re-purposed and amended to focus on this new approach to attract and incentivize development in strategic growth areas of the City with the objectives of providing affordable housing and attracting new employment on employment area lands.
26. Planning Staff wish to proceed with a Public Meeting in September to amend the current Community Improvement Plan to align with the vision and objectives outlined in this staff report to ensure that the CIP is most effective in incentivizing what the City wants and needs. The provision of affordable housing units, especially where there are other services and amenities that assist residents with their daily and weekly needs, such as in the downtown and Urban Growth Centre, as well as along intensification corridors and nodes, can be achieved through financial assistance in the form of CIP grants that target what the City wants.

ENVIRONMENTAL MATTERS

27. There are no environmental matters related to the recommendation.

ALTERNATIVES

28. The following alternatives are available for consideration by General Committee:

Alternative #1 General Committee could maintain the existing CIP and not support pursuing any amendments. (i.e. maintain Status Quo)

This alternative is not recommended as it is through the CIP that the City's objectives to incentivize specific types of development (i.e. affordable housing and employment land employment jobs on employment area lands) will be realized.

FINANCIAL

29. The required annual funding source for this grant program would be determined through the City's annual Business Plan and Budget process. Council recently approved the creation of a Community Improvement Reserve and allocated \$2,500,000 to this reserve. The success of this program will be dependent on long term sustainable funding sources
30. Through the 2020 Business Plan and Budget process, potential funding will be recommended. Possible funding sources for this reserve could include:
- a) Barrie Hydro Holdings Dividend - \$1, 800, 000
 - b) Existing operating budget contribution to CIP reserve - \$200,000
 - c) Establishment of an a additional contribution from the operating budget or an allocation form an existing reserve - \$500,000

LINKAGE TO 2018-2022 STRATEGIC PLAN

31. The recommendation(s) included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:

☒ Growing Our Economy

The provision of jobs through incentives that help businesses grow and thrive.

☒ Fostering a Safe & Healthy City

Incentivize opportunities to get more affordable housing built.

☒ Building Strong Neighbourhoods

Encouraging mixed use type development promotes community connections.

APPENDIX "A"

Benefits of Community Improvement Plans

