

Addendum to Report PDR-PCD-24-15

To: Chair and Members of the Planning and Community Development Committee

From: Randy Scherzer, Director of Planning
Kevin Wepler, Director of Finance
Anne Marie Shaw, Director of Housing

Meeting Date: December 10, 2015

Subject: **Update to the Development Charges Grant In-Lieu Criteria and Development Charges Deferral Program**

Status: Recommendation adopted by Committee as presented per Resolution PCD16-16; Endorsed by County Council January 5, 2016 per Resolution CC12-16;

Recommendation(s)

WHEREAS Council approved a \$50,000 Development Charges Grant-in-lieu fund as part of the 2015 budget to support affordable housing development in Grey County which was carried over as part of the 2016 approved budget;

AND WHEREAS staff presented criteria to implement a Development Charges Grant-in-lieu and Deferral Program as identified in Report PDR-PCD-24-15 which was supported by Council;

AND WHEREAS based on a legal opinion received, it is recommended that the Development Charges By-laws be updated prior to the policy and procedure being finalized;

AND WHEREAS the Development Charges Background Study and By-laws will be updated in 2016;

AND WHEREAS applications will be received in early 2016 for the Investment in Affordable Housing program which will provide funding to eligible organizations and developers proposing to construct new affordable rental housing in Grey County;

NOW THEREFORE BE IT RESOLVED THAT the Addendum to Report PDR-PCD-24-15 be received;

AND THAT the development charges grant-in-lieu funds in the 2016 budget be used to provide a grant-in-lieu of development charges for the projects that receive funding under the Investment in Affordable Housing program;

AND THAT should there be funds remaining following the initial intake of the Investment in Affordable Housing Program that the remaining funds be offered to other organizations/developers proposing to construct affordable housing projects following the completion of a policy and procedure which will be finalized once the Development Charges By-laws have been updated in 2016.

Background

As part of the 2015 budget, Council approved a \$50,000 Development Charges Grant-in-Lieu fund to support and encourage affordable housing development throughout Grey County. These funds were carried over in the 2016 approved budget. The impetus for the development charges grant-in-lieu fund came about following a deputation from Habitat for Humanity Grey Bruce which identified some of the affordable housing projects they had completed and discussed some of the challenges in keeping their costs low, including payment of development charges. Based on the concerns raised, staff were directed to prepare a report to consider providing a grant-in-lieu for affordable housing projects.

In addition to the grant-in-lieu program, Council approved a development charges deferral agreement for a proposed affordable housing development in the City of Owen Sound based on a request received from a developer. As part of the approval of the development charges deferral request, Council directed staff to prepare a development charges deferral program for Council's consideration which would outline when the deferral of development charges would be considered for certain types of development on a go forward basis (see link below to a report on this matter in the Attachments section).

Staff felt that both the development charges grant-in-lieu program and the deferral program can be linked together to provide a comprehensive development charges program that would support and encourage affordable housing development. Therefore, earlier this year, staff presented Report PDR-PCD-24-15 which outlined recommended criteria for a development charges grant-in-lieu and deferral program. The criteria was supported by Committee and later approved by Council.

After consulting with legal, the County Solicitor indicated that in order to offer the development charges grant-in-lieu program, the County's Development Charges By-laws would need to be revised. In order to revise the Development Charges By-laws, an updated development charges background study would need to be completed in accordance with the Development Charges Act. The development charges background study and by-laws are scheduled to be reviewed in 2016.

The Housing Department will be receiving applications in early 2016 for the Investment in Affordable Housing (IAH) program. The Investment in Affordable Housing program provides financial assistance to organizations/developers proposing to construct new affordable rental housing in Grey County. There are certain requirements that an organization/developer must meet and agree to in order to receive grant funding. The criteria supported by Council for the Development Charges Grant-in-lieu and Deferral program indicated that grant-in-lieu funds should be provided and linked to the IAH program. Staff anticipates that the amount of applications that will be received for the IAH program for the construction of affordable rental units will exhaust the development charges grant-in-lieu funds in the 2016 budget. Therefore it is recommended that the development charges grant-in-lieu funds be utilized for the IAH development projects in 2016. If a development receives IAH funding, it is recommended that a deferral agreement would not be required if the development commences after the Development Charges By-laws have been revised.

Should there be grant-in-lieu funds remaining after the IAH program, the funds could then be offered to other organizations and developers proposing to construct affordable housing projects following the completion of the development charges background study and the updates to the Development Charges By-laws. Once the Development Charges By-laws have been updated, staff will finalize a policy and procedure based on the criteria previously approved by Council. Should an organization/developer wish to proceed with construction in 2016 prior to the Development Charges By-laws being revised, it is recommended that the organization/developer enter into a development charges deferral agreement.

Financial / Staffing / Legal / Information Technology

Considerations

The 2016 budget includes funding for a development charges grant-in-lieu program. Based on the legal opinion received, it is recommended that the funds budgeted in the 2016 budgeted be utilized for the projects to be funded under the Investment in Affordable Housing program in 2016. Should there be funds remaining, these could be offered to other organizations and developers proposing to construct affordable housing

projects once the Development Charges By-laws have been updated. Staff will then finalize a policy and procedure for a development charges grant-in-lieu and deferral program that would be used on a go forward basis.

Link to Strategic Goals / Priorities

Action Item 2.4 of the County Strategic Plan indicates that the County should support the creation of more affordable housing in all areas of the County through implementation of the Housing Strategy. Implementing a development charges grant-in-lieu program and a development charges deferral program will help support and encourage affordable and special needs housing in Grey County.

Attachments

[PDR-PCD-21-14 Development Charges Grant-in-Lieu - Affordable Housing Projects](#)

[PDR-PCD-10-15 Development Charges Deferral Request](#)

[PDR-PCD-24-15 Development Charges Grant-In-Lieu Criteria and Deferral Program](#)

Respectfully submitted by,

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