



Committee Report

Report PDR-PCD-21-14

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

From: Randy Scherzer, Director of Planning
Kevin Wepler, Director of Finance

Meeting Date: June 17, 2014

Subject: **Consideration of Providing a Development Charges Grant-in-lieu for Affordable Housing Projects**

Status: Recommendation lost at Committee per Resolution PCD72-14; See Resolutions PCD73-14 and PCD74-14 for direction from Committee; County Council endorsed the recommendation as originally presented per Resolution CC89-14 July 8, 2014;

Recommendation(s)

WHEREAS a delegation from the Habitat for Humanity appeared before Council on May 6, 2014;

AND WHEREAS Council requested staff prepare a report to consider providing a grant-in-lieu of Development Charges for affordable housing projects;

AND WHEREAS Council has considered this matter previously and determined that a grant-in-lieu for affordable housing projects not be provided;

NOW THEREFORE BE IT RESOLVED THAT Report PDR-PCD-21-14 be received;

AND THAT consideration be given as part of the preparation of the 2015 budget that a \$50,000 grant-in-lieu fund be established to provide a development charges grant-in-lieu program whereby twice a year applications or expressions of interest would be received from affordable housing developers;

AND FURTHER THAT staff be directed to explore opportunities for providing a relief/rebate for County planning application fees as part of the comprehensive review of planning application fees scheduled to commence later this year if

proposed affordable housing units meet the definition of affordability as outlined in the Housing Study, or any subsequent updates to the Housing Study definition.

Background

On May 6, 2014, the Habitat for Humanity appeared as a delegation before Council to provide an update on the various projects that they have successfully completed. As part of the discussion with the delegation, Council requested that staff prepare a report to consider options for providing a grant-in-lieu of Development Charges (DC's) for affordable housing projects, specifically projects that are proposed by the Habitat for Humanity.

On October 27, 2011, a joint Social Services and Planning and Community Development Committee received a report regarding recommendations for the implementation of the County's Housing Study completed in November 2010. Below is a link to the Implementation Report presented:

[HDR-SS-54-11 Housing Study Implementation Report](#)

One of the implementation recommendations identified in the above noted report was to consider providing a grant-in-lieu of DC's for affordable housing projects to be identified in the DC's By-law on an application/expression of interest basis. The recommendation was to budget an annual sum of money with the money being divided in half to allow for two annual intakes of DC's grant applications. Applications in each of the two intakes would have been scored on a number of criteria, with the aim of providing DC's grants to projects which best exemplify the diversity of housing needs in the areas of highest need. Beyond meeting the definition of affordability identified in the Housing Study (or any subsequent update to the definition), additional criteria could include:

- Is the project within a settlement area?
- Are rental units being provided?
- Are a range of affordable housing types being provided?
- Is the project in a municipality in high need of affordable housing?
- Are the density and/or intensification targets of Official Plan Amendment 80 being met?

The above option was recommended as it gives the County the most control over which projects receive grants, and also provides certainty to affordable housing developers. For discussion purposes a budgeted figure of \$50,000 per annum was recommended initially.

The Joint Committee on October 27, 2011 passed the following motion:

SSC 76-11 Moved by: Councillor McKay Seconded by: Councillor Haswell

THAT the Development Charges Steering Committee prepare a recommendation to Council to establish a policy to provide relief grants of up to \$50,000 for the 2012 budget, to be made available for non profit groups for housing.

Carried

The Development Charges Steering Committee considered the recommendation put forward by the Joint Social Services and Planning and Community Development Committee and recommended that a grant in lieu for affordable housing projects not be provided. This motion was approved by County Council on November 22, 2011.

As a result, the DC's grant-in-lieu reserve for affordable housing projects was not created and therefore a grant-in-lieu of DC's for affordable housing units has not been provided to date.

On June 26, 2012, the Corporate Services Committee was presented with a staff report regarding a request received by the Habitat for Humanity requesting that the County of Grey consider approving an exemption or to provide a grant to offset any development fees that are assessed by the County of Grey. Below is a link to the staff report:

[FR-CS-23-12 Request for Consideration on Development Fees - Habitat for Humanity](#)

Staff recommended that the a grant to offset development charges be denied and that staff be directed to send a letter to Habitat for Humanity indicating that documentation will need to be provided after the units have been constructed to determine whether the units meet the definition of affordability in order to determine whether relief/rebate should be provided for the planning application fees associated with this development. The Corporate Services Committee received and approved the recommendation and Council endorsed the resolution on August 7, 2012 as follows:

CS-85012 Moved by: Councillor Richardson Seconded by: Councillor Pringle

WHEREAS the non-profit organization Habitat for Humanity Grey Bruce in its letter dated May 17, 2012 requested consideration to allow an exemption or to provide a grant to offset development fees;

AND WHEREAS County Council on November 22, 2011, approved the Development Charges Steering Committee motion that a grant-in-lieu for affordable housing project not be provided;

NOW THEREFORE BE IT RESOLVED THAT Report FR-CS-23-12 regarding the request by the non-profit organization Habitat for

Humanity Grey Bruce for consideration to allow an exemption or to provide a grant to offset development fees be received;

AND THAT the request from Habitat for Humanity Grey Bruce to provide a grant to offset development charges be denied;

AND THAT staff be directed to send a letter to Habitat for Humanity Grey Bruce indicating that documentation will need to be provided after the units have been constructed to determine whether the units meet the definition of affordability in order to determine whether relief/rebate should be provided for the planning application fees associated with this development.

Carried

The County has not received documentation from the Habitat for Humanity to determine whether the units meet the definition of affordability in order to determine whether relief/rebate should be provided for the planning application fees associated with this development. The County processed the Condominium Application associated with the proposed development as a Condominium Exemption application and therefore the planning applications fees for the subject development were minimal. Developments charges would have been collected for the 8 units (2012 & 2013) based on the size of the units. The total development charges paid for this project was \$30,029.88.

Development Charges – Grant-in-Lieu Options

There are a number of options that could be considered should Council wish to provide a grant-in-lieu of DC's for affordable housing projects. One of the concerns about providing DC's relief has been that the County cannot simply waive or rebate DC's for housing projects, or else the DC's fund will need to be supplemented with funds from the reserve, or from the general tax levy (i.e. if not all the DC's are collected then the remainder of the money will have to come from another source). As such, if the County were to look at waiving or reducing DC's it would likely need to be done as a grant program wherein affordable housing projects would be eligible to apply. In utilizing a DC's grant program the overall DC's fund would be kept whole, and not be fragmented by individual requests.

The following are some options that can be considered regarding a grant-in-lieu of DC's:

1. Provide no explicit grant-in-lieu of DC's and continue to entertain on a case-by-case basis exemption requests from developers of affordable housing projects. This option is not recommended as it provides no certainty for DC's relief for

affordable housing projects, and may discourage projects from coming forward within Grey County.

2. Consider grant-in-lieu options as part of the next review of the Development Charges By-law which is scheduled to commence in 2016. It is good practice to review various exemptions provided as part of a development charges review and this can occur at the time of the 2016 Development Charges Review Update. This option however does not provide certainty for affordable housing developers between now and the time of the DC's Review and therefore this option is not recommended.
3. Provide DC's grant-in-lieu on a 'first come first serve' basis. Under this system an annual sum of money would be budgeted and any housing projects which meet the criteria for a grant-in-lieu would be able to draw from this sum of money until the annual sum has been depleted. This option is not recommended as it may not target affordable housing projects in the areas of highest need, and it may result in supplementing projects that would have been built without the DC's grant. Should this option be considered, staff recommend that a grant-in-lieu reserve be considered as part of the 2015 budget discussions with an initial amount of \$50,000 being considered.
4. Provide a DC's grant-in-lieu on an application/expression of interest basis. Under this system an annual sum of money would be budgeted, and the proposal would be to divide the budgeted amount in half to allow for two annual intakes of DC's grant applications. Applications in each of the two intakes would be scored on a number of criteria, with the aim of providing DC's grants to projects which best exemplify the diversity of housing needs in the areas of highest need. Beyond meeting the definition of affordability, additional criteria could include:
 - Is the project within a settlement area?
 - Are rental units being provided?
 - Are a range of affordable housing types being provided?
 - Is the project in a municipality in high need of affordable housing?
 - Are the density and/or intensification targets of Official Plan Amendment 80 being met?

Should the above option be considered, it is recommended that a grant-in-lieu reserve be considered as part of the 2015 budget discussions with an initial amount of \$50,000 being considered. If this option is supported, staff could prepare a draft application with further detailed criteria to be presented to Committee/Council for consideration.

Under Options 2, 3 and 4 as noted above, the County could consider whether the grant is given pre or post construction. The County could also consider giving not for profits the grant prior to construction, while private developers could receive the grant post construction. The County could also consider providing the grants to only not-for-profit organizations.

Planning Application Fee Relief/Rebate

On October 7, 2011, the Joint Committee recommended that relief or reduction in County planning application fees be considered for affordable housing projects at the time of the next review of the County's Fees and Services By-law (Option 7(d) was approved as outlined in Report HDR-SS-54-11 – see link to report on Page 2 of this Report). A comprehensive review of the planning application fees is identified in the Planning Department Work Plan which is scheduled to be completed later this year. Until the comprehensive review of the planning applications fees has been completed, with any revisions incorporated into the County's Fees and Services By-law, requests to reduce or provide relief in planning application fees would need to be dealt with on an individual basis and Council would need to provide an exemption to the current Fees and Services By-law.

The criteria for reducing/relieving planning application fees that were recommended by the Joint Committee include the following:

1. Provide full relief for non-profit groups, or affordable housing projects which the Housing department is already administering senior governmental funding to.
2. Provide partial relief on a criteria basis, for projects which meet the definition of affordability and meet one or all of the below criteria:
 - 50 % fee rebate for those projects with 50 %, or greater, affordable housing units. For those projects with less than 50 % affordable units the percentage reduction would be calculated based on the percentage affordable units.
 - An additional 10 % rebate could be garnered by providing at least 10 % rental units.
 - An additional 10 % rebate could be garnered by meeting the density or intensification targets of the subject settlement area.

Financial / Staffing / Legal / Information Technology

Considerations

If Council wishes to provide a grant-in-lieu where the development charge is to be waived, funding will be required in order to provide funds to the development charges reserves. Funding required would be based on the number and size of the residential units. Should a grant-in-lieu option be considered, it is recommended that a grant-in-lieu reserve be considered as part of the 2015 budget discussions with an initial amount of \$50,000 being considered. Should it be decided that a grant-in-lieu program be established in 2014, this would need to be funded from reserves and/or any surpluses identified within the 2014 budget.

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.

Attachments

None

Respectfully submitted by,

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Director of Planning

Kevin Weppler
Director of Finance