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**TO:** GENERAL COMMITTEE

**SUBJECT:** PROVINCIAL DEVELOPMENT CHARGES REBATE GRANT FOR PURPOSE BUILT RENTAL HOUSING

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** K. BRISLIN, SENIOR PLANNER EXTENSION #4440

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

**NOTED:** C. MILLAR, DIRECTOR OF FINANCE

**GENERAL MANAGER APPROVAL:** D. FRIARY, ACTING GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

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

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**RECOMMENDED MOTION**

1. That the Director of Finance and the Director of Planning and Building Services are authorized to prepare, approve and submit Take-Up plans as required for the proposed Transfer Payment Agreement for the duration of the Development Charges Rebate program up to and including 2022-2023.
2. That the Director of Finance and the Director of Planning and Building Services are delegated authority to prepare Adjusted Take-Up Plans as appropriate and be authorized to submit annual reporting to the Province to implement the program in accordance with the program guidelines attached as Appendix "A" to Staff Report PLN017-18.
3. That staff in the Planning and Building Services Department be authorized to put in place application processes, procedures, agreements and reporting requirements to administer the program in accordance with the Development Charges Rebate Program Guidelines and the proposed Ontario Transfer Payment Agreement.
4. That the Mayor and the City Clerk be authorized to execute the Transfer Payment Agreement for the Provincial Development Charges Rebate Program with the Province of Ontario.

**PURPOSE & BACKGROUND**

**Background**

5. In response to City staff's submission of an expression of interest to the Province of Ontario (Province), on April 27, 2018, the Honourable Peter Milczyn, the Minister of Housing announced that the City of Barrie had been approved to receive a total notional funding of \$1,512,772 over five years. The annual funding for each of the five years is indicated as follows:

Total 5-year Funding	Year 1 (2018-19)	Year 2 (2019-20)	Year 3 (2020-21)	Year 4 (2021-22)	Year 5 (2022-23)
\$1,512,772	\$308,105	\$289,603	\$304,405	\$308,105	\$302,554

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Report Overview

6. The purpose of this Staff Report is to recommend staff be delegated approval authority to prepare the documents necessary for the City to enter into a Transfer Payment Agreement and implement the Provincial Development Charges Rebate program.
7. Participation in the Provincial Development Charges Rebate program is subject to the City of Barrie and the Province entering into a Transfer Payment Agreement. The Transfer Payment Agreement sets out accountability requirements between the Province (MOH) and the City and outlines the roles and responsibilities of both parties. A confidential draft of the Transfer Payment Agreement was forwarded by the Province and will be reviewed by Legal Services, prior to execution by the City.
8. Under the Transfer Payment Agreement, the City is required to administer the program based on Council approved, or staff delegated, Take-Up Plans and Adjusted Take-Up Plans which are to be attached as Schedules to the TPA agreement.
9. The Take-Up Plan is required to be submitted to the Province no later than September 1, 2018, to provide the Province sufficient time to commit the notional funding allocated in the current program year, 2018-2019.

**ANALYSIS**

10. Staff have started preparing a Take-Up Plan. The intention is to complete the Take-Up Plan, to the level of detail required by the Province, over the course of the summer of 2018 to meet the September 1, 2018 deadline. Appendix "A" attached provides an outline of potentially eligible projects identified in the expression of interest submission by staff for the Provincial Development Charges Rebate Program.
11. The Provincial eligibility criteria and requirements identified in the Development Charges Rebate Program Guidelines are summarized as follows:
  - a) The Program applies to non-luxury rental units, where starting rents do not exceed 175% of Average Market Rents (AMR) for the area as published by the Canada Mortgage and Housing Corporation (CMHC).
  - b) Development must be consistent with the Provincial Policy Statement and the Growth Plan and must align with all other provincial priorities and lead to net new additions public good (rental housing, family sized units, senior friendly, close to transit and transit hubs).
  - c) Developments and units receiving rebates shall remain as rental units for a minimum of 20 years.
12. The Provincial Development Charges Rebate Program Guidelines identify the following types of developments and units that will not be eligible:
  - a) Single and semi-detached homes, duplexes, triplexes and retirement homes.
  - b) Luxury market rental where starting rents exceed 175% of the AMR as published by the CMHC.
  - c) Market rental developments receiving a deferral or exemption from the payment of development charges.

13. Purpose built mid to high rise rental development is encouraged, and staff propose the following additional criteria for the City of Barrie Development Charges Rebate Program for Purpose Built Rental Housing:
- a) Developments shall comply with the Official Plan, Zoning By-law, urban design guidelines and all other standard regulations of the City, and must be based on a City approved development.
  - b) Ground related built forms shall not be eligible.
  - c) Additions, alterations or re-configuration of existing rental units in buildings shall not be eligible.
  - d) While the program guidelines allow for the City to set a lower threshold for non-luxury units, staff propose to use the threshold of no more than 175% of the AMR. The table below compares the AMR (as set out in the 2016-2017 Affordable Housing Report) with 175% of Average Market Rents.

Apartments	Bachelor	1 bedroom	2 bedroom	3 bedroom
Average Market Rent 2016	\$766.00	\$1035.00	\$1205.00	\$1415.00
175% Average Market Rents	\$1340.50	\$1811.25	\$2108.75	\$ 2476.25

14. At this time there are no eligibility parameters for unit size or number of bedrooms. The market will ultimately determine the appropriate mix of unit sizes based on demand. Through the administration of the program staff will monitor unit sizes benefiting from the rebate program and will recommend revised criteria if necessary, to obtain a good mix of unit sizes.
15. In order to obtain the information needed for reporting and securing an agreement from applicants to maintain the units as non-luxury rental units, the City may require an application process with a formal agreement, and annual reporting.
16. Application guidelines and process for allocation will be available prior to the call for the Development Charges Grant Rebate Program applications (anticipated in September 2018).
17. The Provincial Development Charge Rebate guidelines allow for 5% of the transfer payment to be used for municipal administration costs. At this time staff do not propose to use any of the funds for administration, therefore 100% of the funds available for Development Charge Rebates is allocated to eligible rental units. Only municipal development charges will be refunded. Education development charges will not be refunded.
18. Depending on the unit size, it is estimated that approximately 11 to 13 units per year will be funded at 100% rebate of municipal development charges per unit. Appendix "A" attached shows potentially eligible units that were submitted with Expression of Interest for the Development Charges Rebate Program. This is for information purposes only. Other eligible developments not included in this list may come to light when the call for applications is sent out for the program.

#### **ENVIRONMENTAL MATTERS**

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

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## **ALTERNATIVES**

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

**Alternative #1**

General Committee could opt for Council to approve the Take-Up Plans and adjusted Take-Up Plans, rather than delegating approval authority to staff.

This alternative is not recommended as it would be necessary for General Committee and Council to meet in August in order to consider and approve a Take-Up Plan before the September 1, 2018 deadline.

**Alternative #2**

General Committee could recommend that elements of the Take-Up Plan or eligibility criteria be changed, such as only two-bedroom rental apartments be eligible, or that a 50% rebate apply to increase the number of benefitting units.

Although this option is available, it is not recommended as staff are mindful of balancing straight forward implementation and monitoring and allowing for market demand and supply to determine the appropriate mix of unit sizes. In addition, the intent is to apply the maximum of available funds to support the creation of rental units.

## **FINANCIAL**

21. The costs associated with implementing will be absorbed by current Planning and Building Services budgets and will be administered through the site plan and building permit processes. This will be reassessed after the first year of implementation. Staff will seek Council direction should there be a need for change after the first year of implementation.

## **LINKAGE TO 2014-2018 STRATEGIC PLAN**

22. The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2014-2018 Strategic Plan. However, implementation of the Provincial Development Charge Rebate Program will support objectives of the Affordable Housing Strategy; Provincial and City growth management and intensification goals and objectives, and will be good for the City's economic development.
23. The City currently needs more purpose built rental housing. Implementing the Provincial Development Charge Rebate program is anticipated to result in increased rental development, which in the current market, might otherwise not be built. This need will also grow with anticipated population growth.
24. Given the high cost of housing, and low rental vacancy rate in Barrie, adding to the rental housing stock through this program, rental vacancy rates may improve with a potential corresponding reduction in average market rental rates.
25. This program is anticipated to improve housing choices and provide more options suitable for all population age groups, household formations and size. This in turn will enable the City to remain competitive for employment.

APPENDIX "A"

DEVELOPMENT CHARGE (DC) REBATE 5 YEAR TAKE-UP POTENTIAL

Potential Rental Housing Developments that may be Eligible for the Provincial DC Rebate Grant

Proposed Development	Timing of Building Permit Issuance	Total No. of Units	No. of Units by Type		Estimated Development Charges	Average DC rate	DC Rebate Funding	Timing of Rebate Funding	Estimated # of Units Funded
			2 BR +	Studio & 1 BR					
400-430 Ferndale South	Q2 2018	64	38	26	\$ 1,565,721.60	\$ 24,464.40	\$ 308,105.00	Q4 2018	13
30 Hanmer	Q3 2018	116	70	46	\$ 2,837,870.40	\$ 24,464.40	\$ 289,603.00	Q1 2019	12
70 Dean Street	Q2 2019	199	119	80	\$ 5,014,468.07	\$ 25,198.33	\$ 304,405.00	Q1 2020	12
Grove Street former YMCA site Phase 2	Q1 2021	270	162	108	\$ 7,217,885.81	\$ 26,732.91	\$ 308,105.00	Q1 2021	12
Grove Street former YMCA site Phase 4	Q1 2022	92	55	37	\$ 2,533,210.59	\$ 27,534.90	\$ 302,554.00	Q1 2022	11
<b>Total</b>		<b>741</b>	<b>445</b>	<b>296</b>	<b>\$ 19,169,156.47</b>	<b>\$ 128,394.94</b>	<b>\$ 1,512,772.00</b>		<b>59</b>
<b>Other Potential Eligible Developments:</b>									
27-31 Blake	Q1 2019	34	20	14	\$ 856,743.29	\$ 25,198.33			
368-367 Essa Road	Q1 2020	57	34	23	\$ 1,479,394.07	\$ 25,954.28			
Grove Street former YMCA site Phase 1	Q2 2020	270	162	108	\$ 7,007,656.13	\$ 25,954.28			
Grove Street former YMCA site Phase 3	Q4 2021	270	162	108	\$ 7,217,885.81	\$ 26,732.91			