



TO: GENERAL COMMITTEE

SUBJECT: PROPOSED HOUSING COMMUNITY IMPROVEMENT PLAN

WARD: ALL

PREPARED BY AND KEY CONTACT: S. WHITE, RPP, SENIOR PLANNER, EXT. 4517

SUBMITTED BY: J. ROBERTS, MANAGER OF STRATEGIC INITIATIVES, POLICY AND ANALYSIS

EXECUTIVE DIRECTOR APPROVAL: M. BANFIELD, RPP, EXECUTIVE DIRECTOR OF DEVELOPMENT SERVICES

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

RECOMMENDED MOTION

1. That Council repeal By-law No. 2020-006 and enact the new Housing Community Improvement Project Area By-law, being By-law No. 2024-XXX.
2. That Council repeal By-law No. 2020-007 and By-law No. 2021-041 and enact the new Housing CIP By-law, being By-law No. 2024-XXX, to approve the proposed new Housing Community Improvement Plan (CIP) contained in Appendix "C" of Staff Report DEV027-24.
3. That at the time of the writing this report the CIP Reserve Fund had a total of \$4,559,047.00 which shall be reallocated as follows:
 - That \$162,082.50 of the existing CIP Reserve Fund be retained for processing any outstanding approved grants under the existing heritage grant program, with remaining funds set aside for a new Conservation of Built Heritage CIP.
 - That \$4,396,964.50 of the remaining existing CIP Reserve Fund be reallocated to the new Housing CIP Reserve Fund.
4. That any outstanding grant payments under the former City of Barrie Built Boundary CIP, and the affordable housing grant and redevelopment grant programs under the current City-Wide CIP be void upon adoption of the new Housing CIP By-law.
5. That \$5,603,035.50 from the Building Faster Fund received from the Provincial Government in March 2024 be allocated to the Housing CIP Reserve Fund.
6. That the Housing CIP be implemented as follows:
 - That the entirety of the initial Housing CIP Reserve Fund, being \$10,000,000.00, be allocated to the Per Door Grant, as described in Section 3.3 of the Housing CIP.
 - That one intake period be scheduled for the Per Door Grant in 2024.

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- That the Non-Reserve Fund Community Improvement Programs contained in Section 3.4 of the Housing CIP be implemented as soon as the Housing CIP takes effect.
 - That the remaining Housing CIP programs be implemented beginning in 2025, subject to the approval of Council funding through annual budget deliberations and 2024 grant allotments.
7. That the written and oral submissions received relating to the application, have been, on balance, taken into consideration as part of the deliberations and final decision related to the approval of the application as amended, including matters raised in the submissions and identified within Staff Report DEV027-24.
 8. That pursuant to Sections 17(22) and 28(5) of the *Planning Act*, no further public notification is required prior to the passing of the by-law.

PURPOSE & BACKGROUND

Report Overview

9. The purpose of this Staff Report is to bring forward the proposed new Housing Community Improvement Plan (CIP) for Council approval.
10. The report provides background information, policy analysis and a review of the feedback received through the public engagement process.

Background

11. 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.

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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)
 12. In January 2024, Barrie City Council passed Motion 24-G-005 to adopt 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. In January 2024, Barrie City Council passed Motion 24-G-005 to adopt 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.
 13. 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.
 14. 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.
 15. 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 positioned to move forward with the proposed CIP. 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.
 16. A Public Meeting took place on May 8, 2024, to receive feedback on the draft Housing CIP, which was prepared by Development Services in close consultation with the City's Finance Department. A summary of public and Affordability Committee comments received at that meeting are provided below together with staff comments related to the feedback received.

CONSULTATION SUMMARY

Public Comments and Staff Response

17. The Black Creek Group c/o Angela Baldwin requested consideration of the following incentives to facilitate their developments which would add rental units to the housing supply in Barrie: 1) Issuing staged permits; 2) Issuing foundation permit before site plan is approved; 3) Expedite Site Plan Approval and; 4) 50% reduction in Development Charges (DCs).
 - Staff note that that a CIP is not the most effective tool for addressing requests for staged permits, issuing foundation permits before site plan approval, or expedited Site Plan Approval; however as part of our Housing Accelerator Fund (HAF) Action Plan, staff will be

undertaking service enhancements to streamline permitting processes and enhance customer service (Action Plan Initiative #9).

- Revisions were made to the Per Door Grant program, which is a flexible single capital grant through which development charge equivalent grants could be sought, to allow market purpose-built rental projects to be eligible to apply for funding, as detailed in the Summary of Proposed Housing CIP Revisions contained in Appendix "D".

18. Julian Manzo provided comments regarding the proposed Barrie Bonus for Accessory Residential Units (ARUs) program, to express his interest in the program, encourage its implementation, and raise the following comments/questions: 1) requested further clarification about when individuals could apply, and suggested that anyone who has received funding as of January 2024 be eligible; 2) requested clarification on whether more than one ARU could receive funding; and 3) recommended increasing the grant amount from \$15,000 to \$30,000.

- Staff have revised Section 4.2 Funding and Timing of Grant Payments to clarify that eligible Barrie Bonus applicants can apply for the grant once they have secured County of Simcoe Secondary Suites funding up until, but not after, a final occupancy inspection has been completed by Building Services, as detailed in Appendix "D" – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).
- Revisions were made to the Barrie Bonus program to clarify that each ARU receiving funding from the County of Simcoe would be eligible for the City's grant program, as noted in Appendix "D" – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).
- At this time no changes have been proposed to the proposed Barrie Bonus grant amount; however, City staff will re-evaluate the proposed grant amount in consultation with the County of Simcoe prior to implementing the Barrie Bonus program.

19. Kathy Downes of Camphill expressed interest in the CIP programs, and requested the CIP be updated to include accelerated review timelines for affordable housing projects and development/building permit applications by non-profits.

- Staff acknowledge the importance of accelerated reviews for affordable housing projects but note that a CIP is not the most effective tool for doing so. This matter will be considered and addressed through a possible Concierge Program, as recommended in the Affordable Housing Strategy, and as part of our HAF Action Plan (Action Plan Initiative #9).

20. Kory Chrisholm (MHBC) and Greg Jones (SkyDev) expressed their support for the proposed Housing CIP, and made four recommendations, which emphasized bolstering CIP incentives that do not affect the tax base or require capital funding: 1) automatically approve eligible development for non-reserve CIP grants and incentives; 2) increase the Tax Increment Equivalent Grant (TIEG) from five (5) years to ten (10) years; 3) expand the development charges deferral program to also include deferral of cash-in-lieu (CIL) of parkland payment to occupancy, and waive any interest on these deferrals and; 4) improve transparency of available funding and overall decision-making processes.

- Staff have revised the proposed Housing CIP to clarify and simplify the application processes and streamline approvals for eligible non-reserve CIP grants and incentives, as detailed in Appendix "D" – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).

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- Staff reviewed other municipal TIEG programs and identified many examples of municipalities that offer ten (10) year TIEG programs (e.g., City of Guelph, Town of Bracebridge, City of Peterborough, Oxford County, Town of Blue Mountains, City of Toronto, City of Niagara Falls, City of Kingston). Considering these facts, staff have recommended increasing the TIEG from five (5) years to ten (10) years, as detailed Appendix “D” – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).
 - Staff consulted with the Finance Department, and they recommended that interest on development charges be charged in accordance with the City’s Development Charges By-law or be recovered through the CIP capital reserve fund. Due to proposed revisions to the Development Charges deferral program that would guarantee approval for all eligible projects, staff would be unable to accurately budget for DC interest cost recovery, and this could impact implementation of other CIP programs. Considering this, staff are recommending that interest on deferred DCs be charged in accordance with the City’s Development Charges By-law. Staff have not recommended deferral of CIL of parkland payments to ensure the City is able to finance adequate parkland needs to accommodate a growing population.
 - Staff endeavour to provide improved transparency when implementing Housing CIP programs, including available funding and project selection. Changes have been proposed to streamline application and approval of non-reserve CIP grants and to Section 4 implementation of the CIP as detailed in Appendix “D” – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP). When implementing the Per Door Grant, staff will make available details regarding total funding available and evaluation score cards during application intakes periods. Improved transparency regarding staff recommendations to the Grant Review Committee, and their decisions, will also be implemented.
21. Noreen McDonald, a resident of Barrie, expressed her delight about the proposed Housing CIP and encouraged Council to consider favouring non-profit organizations, co-ops, and small scale housing projects for funding allocation.
- Staff note that the recommended eligibility criteria for the Per Door Grant program sets different criteria for non-profit and charitable organization applicants to ensure smaller scale affordable housing projects by these are eligible to apply for CIP funding.
 - Staff continue to recommend that preference points be awarded to applications by non-profits/charitable organizations, or in partnership with them, when scoring applications under the Per Door Grant program and the Development Charge Equivalent Grant for Fourplexes.

Department and Agency Comments and Staff Response

22. Building Services provided comments on the draft Housing CIP and noted discrepancies regarding affordability period requirements for the different programs. These were reviewed and rectified, where necessary, as detailed in in Appendix “D” – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP). They also emphasized that flexibility regarding any required construction timelines noted in Per Door Grant agreements (e.g. when a building permit application needs to be submitted and issued by) is advantageous to account for the many variables at play (e.g., City building permit application volume, missing drawings, etc.) that make it difficult to have fixed construction timeline requirements.

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23. The Nottawasaga Valley Conservation Authority (NVCA) reviewed the draft Housing CIP document dated April 15, 2024 and requested that the following sentence be added to the end of the eighth bullet (Location) of Section 3.3.1 Financial Incentive Programs General Eligibility and Requirements: "Project sites shall not be located on lands subject to flooding hazards, erosion hazards, including wetlands."
- The requested sentence has been incorporated into program eligibility requirements through the Housing CIP, as detailed in Appendix "D" – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).
24. The Provincial Ministry of Transportation (MTO) confirmed they have no concerns with the proposed Housing Community Improvement Plan and noted housing development sites within MTO's permit control area, as per the Public Transportation & Highway Improvement Act, will require MTO review and permit approvals.
25. Bell Canada had no comments or concerns with the draft Housing CIP but requested to be circulated any future materials and or decisions.
26. County of Simcoe staff indicated that they are currently reviewing their Secondary Suites Program and Affordable Homeownership Program and will be making recommended changes to program funding and criteria to County Council on June 4, 2024, to ensure these programs are appropriately funded and structured based on current costs of development and homeownership. They also noted that the County has not needed to allocate new money to their homeownership program in a number of years because the program has been generating more money than is being paid out in loans based on the way the program operates.
- This information was considered when developing the recommendation to the phase in the implementation of the Barrie Bonus for ARUs and Homeownership Forgivable Loan programs, as detailed in paragraphs 66 and 67 of this staff report.

Amendments to the Draft Housing CIP Following Consultation

27. Several modifications to the draft Housing CIP were made based on the above noted consultation feedback, and to improve the overall organization and readability of the CIP. These proposed changes are summarized together with a rationale for why in Appendix "D" – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).

Overview of Final Proposed Housing CIP Programs

28. A summary of the proposed CIP programs, as detailed in the Housing CIP included as Appendix "C" to this staff report, is provided below in Table 1.

Table 1: Proposed Housing CIP Programs

Program	Description	Eligible Projects
3.3.2 Per Door Grant	<p>A flexible per-unit grant to support the creation of new affordable rental and ownership housing units, and new purpose-built rental buildings, by allowing applicants to apply for funding to offset project development costs. The intent of the Per Door Grant is to simplify the incentive process by providing 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.</p>	<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 – market purpose-built rental housing ✓ Market/for-profit housing developers – affordable multi-residential ownership housing
3.3.3 Development Charges Equivalent Grant for Fourplexes	<p>A grant 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 4th unit that is not already receiving a DC reduction under the <i>Development Charges Act</i> is eligible for the DC Equivalent Grant.</p>	<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)
3.4.2 Approval to Defer Development Charges to Occupancy Permit	<p>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) and cash-in-lieu (CIL) of parkland from Building Permit issuance to prior to the issuance of the final Occupancy Permit.</p>	<ul style="list-style-type: none"> ✓ High density residential or mixed-use buildings (tenure can be rental or ownership)

Program	Description	Eligible Projects
3.4.3 Tax Increment Equivalent Grant (TIEG)	<p>The TIEG program incentivizes the development of medium and high density purpose-built rental units by providing a yearly grant for a period of up to ten (10) years. The TIEG uses the future property tax gains generated by a development to help finance the actual development through the provision of grants. The value of the grant provided is equal to the incremental increase in property assessment and municipal property tax resulting from the improvements.</p>	<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
3.4.4 Exemption from Planning Application Fees	<p>This program allows for the upfront waiving of Development Services Fees, such as planning application fees and other associated administrative fees, for qualifying affordable housing projects.</p>	<ul style="list-style-type: none"> ✓ Non-profit and charitable organizations – affordable rental or affordable ownership housing
3.5.2 Barrie Bonus for Additional Residential Units (ARUs)	<p>The Barrie Bonus for ARUs provides an additional 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.</p>	<ul style="list-style-type: none"> ✓ Non-profit or charitable organization – new additional residential unit ✓ City of Barrie homeowner – new additional residential unit
3.5.3 Homeownership Forgivable Loan	<p>The Homeownership Forgivable Loan provides 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 want to purchase must meet eligibility criteria.</p>	<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
3.6 Surplus Municipal Lands for Affordable Housing Program	<p>Program to support the development of surplus municipal land for the purposes of accelerating the construction of affordable housing, and more housing supply, through partnerships with private sector entities. This is not an application-based program, but rather one Council could utilize and fund at their discretion.</p>	<ul style="list-style-type: none"> ✓ To be established through a future request for proposals.

ANALYSIS

Ontario Planning Act, R.S.O. 1990

29. Section 28 (2) and (4) of the *Planning Act* provides municipalities with the authority to designate a community improvement project area and approve a community improvement plan, in accordance with subsections (5) and (5.1).
30. Section 28(1) of the *Planning Act* defines a “community improvement project area” as “an area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.” The proposed Community Improvement Project Area for the Housing CIP includes all lands within the City of Barrie municipal boundary, as illustrated on Schedule “A” of the Draft By-law in Appendix “A”.
31. The *Planning Act* also broadly defines “community improvement” in Section 28 (1) 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.
32. 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 [Section 28 (6)] as well as the offering of grants and loans [Section 28 (7)]. 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 in accordance with Sections 28 (7.1) and (7.3).
33. In accordance with the *Planning Act*, notice of the proposed Housing CIP was circulated to members of the public, local stakeholders, public bodies and agencies, and the Province. A public meeting was also held on May 8, 2024. Furthermore, Staff Report DEV027-24 has been brought forward for General Committee’s consideration of the proposed Housing CIP. If approved, a by-law would be brought forward to Council to adopt the proposed Housing CIP. Should Council pass a by-law to implement the Housing CIP, it will be subject to a 20-day appeal period, beginning on the day after the date notice of the passing of the by-law is given, in accordance with Section 16(24) of the *Planning Act*.
34. Based on the above, staff are of the opinion that the proposed Housing CIP generally conforms with the *Planning Act*.

Municipal Act, R.S.O. 2001

35. Section 106(3) of the *Municipal Act* gives municipalities the authority to provide financial assistance and other incentives through a CIP, without contravening the provisions in Sections 106(1) and 106(2) that otherwise prohibit 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.
36. Based on the above, staff are of the opinion that the proposed Housing CIP generally conforms with the *Municipal Act*.

City of Barrie Official Plan 2051

37. The City of Barrie Official Plan 2051 currently contains provisions in Sections 7.3.3 and 9.6 regarding CIPs.
38. Section 7.3.3 envisions that CIPs will be used to address housing need, whether it be affordable housing, supportive housing, emergency housing, or attainable housing.
39. Section 9.6 designates the entirety of the City for community improvement, and states that CIPs will be implemented through the passage of a by-law designating a community improvement project area and through the preparation of a community improvement plan pursuant to the *Planning Act*.
40. In accordance with Policy 9.6(e), the City has solicited input from the business community, affected residents, ratepayers and property owners, tenants, public bodies and agencies, the Province, and other interested parties in the preparation of the Housing CIP.
41. Considering the above, Staff are of the opinion that the proposed Housing CIP generally conforms with the Official Plan.

City of Barrie Affordable Housing Strategy and Housing Needs Assessment (2023)

42. The City of Barrie Affordable Housing Strategy (AHS) was adopted by Council in January 2024, and includes updating the City's existing incentive program and increasing the annual budget within the Recommended Action Items.
43. The AHS recommends making the following changes to the City's CIP:
 - Increase the annual CIP budget to a minimum of \$3,000,000.00 or more;
 - Update the affordable housing definitions to align with the AHS and Provincial definitions;
 - Remove the requirement to receive a permit within 18 months;
 - Consider eliminating the minimum project size criteria, particularly for non-profit organizations;
 - Adjust the incentives and structure of the CIP to account for new as-of-right exemptions and discounts for affordable housing and purpose-built rental through Federal and Provincial policies or legislation (e.g., development charges reductions and exemptions, harmonized sales tax waivers, parkland exemptions, and community benefits charges exemptions);
 - Simplify the CIP document to make it easier for interested applicants to read.
44. The proposed Housing CIP included as Appendix "C" to this staff report was developed under the guidance of the AHS recommendations, and more specifically:
 - The proposed initial Housing CIP budget, as discussed in the Financials section of this report, exceeds the minimum suggestion of the AHS;
 - The affordable housing definition was revised to align with the AHS and the new Provincial definitions, as indicated in the updated Development Services Housing Bulletin, included as Appendix "E";

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- The requirements to receive a building permit within 18 months has been removed. Instead, the CIP program eligibility criteria gives preference to development that is shovel ready. The City also retains the ability to establish required construction timelines on a case by case basis within any CIP grant agreement;
 - The minimum project size criteria was reduced to one (1) new housing unit, or an increase in housing capacity for shared living arrangements, for non-profit and charitable organizations applying for the Per Door Grant;
 - The CIP incentives and structure was adjusted, and as recommended by the AHS, individual grant programs were replaced with one single capital grant program, the Per Door Grant. This program has been modelled after successful programs run in Peel Region and Durham Region, which have resulted in accelerated construction of new affordable and rental housing as a direct result of the investment of municipal funds; and
 - The proposed Housing CIP has been further revised following public consultation to make it easier to read, as detailed in Appendix “D” – Summary of Proposed Changes to the Draft Housing Community Improvement Plan (CIP).
45. The AHS also includes using public land to deliver new affordable housing within the Recommended Action Items. To ensure the necessary policy is in effect to enable Council to do this in the future, the draft CIP was revised to include the Surplus Municipal Lands for Affordable Housing program in Section 3.6 of the Housing CIP.
46. The revised Housing CIP programs also take into account the City’s Housing Needs Assessment (HNA), which noted that purpose-built rental housing development has been stagnant in recent decades, which is driving up demand in the secondary rental market (i.e., the rental of homes by investors and property management companies that would otherwise be occupied by owners). It also notes that the lack of affordability in the ownership market is pushing would-be purchasers to the rental market, increasing demand within an already constrained rental market. The HNA recommended encouraging a greater supply of ownership housing and investigating strategies to improve the supply of new purpose-built rental housing and smaller scale rental, such as additional residential units (ARUs) and ‘plex’ buildings. To achieve this the proposed Housing CIP:
- Includes the flexible Per Door Grant program that incentivizes all types of affordable housing, as well as purpose-built rental housing;
 - Includes a Homeownership Forgivable Loan program to enable residents to purchase a home, and free up a potential rental unit in the process;
 - Further incentives purpose-built rental development by increasing the TIEG from 5 to 10 years; and
 - Includes the Development Charges (DC) Equivalent Grant for Fourplexes, and the Barrie Bonus for ARUs, which both incentivize the construction of smaller scale rental housing, which can be more rapidly constructed and occupied.
47. Considering all the above, staff are of the opinion that the proposed Housing CIP is generally consistent with the City’s AHS and HNA.

IMPLEMENTATION

Housing Community Improvement Plan (CIP) By-law

48. Staff recommend that the current City of Barrie CIP By-law (By-law No. 2020-007) and Amendment 1 to the same (By-law No. 2021-041) are repealed and a new Housing CIP and a separate Conservation of Built Heritage CIP are enacted by two new by-laws under Section 28(2) of the *Planning Act*.
49. Once the existing CIP By-law is repealed, the current heritage grant program will no longer have an enabling CIP or by-law. A new Conservation of Built Heritage CIP is currently being drafted for public consultation in June 2024; in the interim, staff are recommending that the funds currently allocated to the heritage grant program in the existing CIP Reserve Fund be maintained so that approved heritage grants can be paid out, as discussed in paragraph 58.

Application Review and Housing CIP Score Cards

50. The proposed Housing CIP contains both reserve-funded (i.e., programs that would require funding through the Housing CIP Reserve Fund) and non-reserved funded programs (i.e., programs that are funded through other means and do not require specific budget allocation).
51. As detailed in the proposed Housing CIP, staff are recommending that applications for CIP programs be implemented as follows:
 - **Applications to the Financial Incentive Programs in Section 3.3 (i.e., Per Door Grant and Development Charges Equivalent Grant for Fourplexes) are to be accepted through scheduled intake periods and awarded to a successful applicant through a competitive process.** The amount of funding available will be disclosed at the time of each intake and is to be awarded through a request for proposals approach as outlined in Section 3.3.4 of the Housing CIP. Through this process staff could answer applicant questions, seek additional clarification on submitted projects, or negotiate requested funding amounts with applicants based on funding availability. Applications will be scored by Development Services staff using score cards (included in Appendix "F") developed for each program based on the respective eligibility criteria and the overall goals and objectives of the Housing CIP. Score cards have been designed to give preference to projects that are shovel ready, to ensure the return on the investment of public funds is realized more quickly and reduce financial risks associated with funding development in earlier approval stages. Project scores will be considered comprehensively (based on Housing CIP criteria, goals and objectives) with provided project details and funding requested, to make recommendations to the Grants Review Committee. Funding is not guaranteed to all applicants and will be awarded on basis of merit.
 - **Applications for the Non-Reserve Fund CIP Programs in Section 3.4 (i.e., Approval to Defer Development Charges to Occupancy, Tax Increment Equivalent Grant (TIEG) and Exemption from Planning Application Fees) will be awarded to all eligible applicants.** Applications to defer DCs to occupancy and for the TIEG will be submitted at time of building permit application and reviewed by Finance Department staff for compliance with all eligibility criteria as noted in Section 3.4.1, 3.4.2, and 3.4.3. Applicants who meet criteria will enter into an agreement with the City that outlines set out the terms, duration, and default provisions of the incentive(s) to be provided. The waiving of fees through the Exemption from Planning Application Fees program will be done by Development Services staff at time of acceptance of a complete application for all projects that meet the eligibility criteria in Section 3.4.1 and 3.4.4.

- **The Homeowner Incentive Programs in Section 3.5 (i.e., Barrie Bonus for Additional Residential Units and Homeownership Forgivable Loan) will be awarded on a first come first served basis to eligible applicants, based on annual funding limitations.** Staff have noted that a waitlist may need to be developed for the Homeownership Forgivable Loan program depending on interest and budget. Staff will consult with the County of Simcoe to ensure implementation of these programs is well coordinated with the corresponding County programs.

Legal Agreements

52. The proposed Housing CIP enables the City of Barrie to enter into legal agreements with all successful applicants to outline the terms, duration, and default provisions of the incentive(s) to be provided, including any requirements to provide/maintain affordable housing units, and to register these on title, as necessary. Legal agreements could also include mandatory construction timelines to ensure projects awarded funding are committed to rapidly building new housing units.

Monitoring and Reporting for Required Affordable Housing

53. If a successful applicant is required to provide and maintain affordable housing units, this will be included in the terms of their legal agreement with the City. The owner/applicant will be required to demonstrate that affordable housing units meet the affordability requirements noted in the most current Development Services Housing Bulletin (see Appendix "E") at the time of initial unit occupancy and each time there is a change in unit occupancy (i.e., a change in tenancy or sale of the unit). The owner/applicant will also be required to demonstrate that the occupants of affordable units meet corresponding income thresholds (i.e., they do not make more than the 60th household income percentile) at the time they move into the unit.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

54. There are no environmental and/or climate change impact matters related to the recommendation.

ALTERNATIVES

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

Alternative #1

General Committee could maintain the existing CIP and not support the adoption of a new Housing CIP (i.e. maintain Status Quo).

This alternative is not recommended as the new Housing CIP was created in response to the recommendations of the new Affordable Housing Strategy, current community housing needs and the need to get more homes, built faster for the continued Federal and Provincial funding programs.

Alternative #2

General Committee could direct staff to revise the Housing CIP, to reduce the number of CIP programs, instead of temporarily pausing the implementation/funding of some programs.

Although this alternative is available, staff recommend maintaining all proposed programs in the Housing CIP to make it easier to implement them in the future, should changes to budget sources or community priorities arise. This would reduce the need to make future amendments to the Housing CIP, which would require a formal public meeting and

by-law amendments per the *Planning Act* and streamline future implementation of these programs

Alternative #3

General Committee could direct staff to fund additional Housing CIP programs in 2024, instead of implementing programs in a phased approach as recommended in paragraph 66.

Although this alternative is available, staff recommend the phased approach to implementing the Housing CIP as it will target funding to new construction/housing starts and best make use of existing staff and resource capacity, given the relatively large number of programs included in the Housing CIP and aligns with the anticipated updates to other housing programs operated by the County of Simcoe that are also under review.

Alternative #4

General Committee could direct staff to use up to an additional \$5,000,000.00 in funding from the 2024 Housing Accelerator Fund (HAF) should there be significant interest in the 2024 CIP programs, to fund qualifying shovel ready projects that achieve the HAF Action Plan items.

Although this alternative is available, staff believe that \$10,000,000.00 for the single 2024 intake is sufficient funding based on the historical trends of the CIP program, and that HAF funding should not be allocated to the CIP Reserve Fund until a HAF workplan has been approved, to ensure adequate funds remain available to achieve all HAF Action Plan items.

FINANCIAL

56. The costs associated with the annual commitment of funds to the new Housing CIP Reserve would be an annual budget consideration by Council.
57. To fund the initial new Housing CIP, the City has available existing CIP Reserve Fund money, and could also consider allocating a portion of the federal Housing Accelerator Fund (HAF) and provincial Building Faster Fund (BFF) funding. The HAF and BFF funding could provide 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 these funding sources change, the CIP will need to be funded through an alternative source or put on hold.
58. As two of the current CIP programs have been on hold since March 2023 there is currently \$4,559,047 in the existing CIP Reserve Fund, of which \$162,082.50 is allocated to the active heritage grant and the remainder to the on-hold affordable housing grant and redevelopment grant programs.
 - Staff recommend that the funds currently allocated to the heritage grant (\$162,082.50) be retained in the existing CIP Reserve Fund to finance already approved heritage grants, and that any surplus funds be made available to fund a new Conservation of Built Heritage CIP which is currently being developed.
 - Staff recommend that the balance of the existing CIP Reserve Fund (\$4,396,964.50) be reallocated to the new Housing CIP Reserve Fund following the repeal and replacement of the existing CIP By-law.
 - As of the writing of this report, all approved redevelopment and affordable housing grants under the current City-wide CIP have either been dispersed or have lapsed/been rescinded due to a failure to meet required construction timelines. Any previous CIP grant recipients, or applicants,

that continue to meet eligibility criteria for the new Housing CIP programs can reapply for funding through the updated CIP. For the sake of clarity and to simplify implementation of the new Housing CIP, staff have included a recommendation that any outstanding grant payments under the former City of Barrie Built Boundary CIP, and the affordable housing grant and redevelopment grant programs under the current City-Wide CIP be void upon adoption of the new Housing CIP By-law.

59. While all the BFF funding could be allocated to the new Housing CIP Reserve Fund, this is not the case for the HAF funding. Under the HAF contribution agreement, the City has committed to financing nine initiatives under our Action Plan.
- Staff are recommending that \$5,603,035.50 of the BFF funding provided by the Provincial government on March 15, 2024 be allocated to the new Housing CIP Reserve Fund. This would result in a total initial Housing CIP Reserve Fund of \$10,000,000.00 available for 2024.
60. The following programs would need to be funded through the new Housing CIP Reserve Fund:
- Per Door Grant;
 - Development Charges (DC) Equivalent Grant for Fourplexes;
 - Barrie Bonus for Additional Residential Units (ARUs); and
 - Homeownership Forgivable Loan.
61. The Tax Increment Equivalent Grant (TIEG) program is a non-reserve CIP program considered to be revenue neutral, as it is funded through new money coming into the City that we have not billed on yet, and so it does not need to be funded through tax revenue or other revenue sources. Instead, this program is absorbed through losses in new assessment growth directly resulting from the development project receiving the TIEG.
- Staff have recommended increasing the TIEG program from 5 to 10 years. Potential loss in new assessment growth for a 10-year TIEG would be approximately double that of a 5-year TIEG, however no assessment growth would be realized if a development project does not proceed at all.
 - To mitigate any risk to the City's finances that could result from a lower new assessment growth figure, which helps offset tax rate increases, careful tracking, and monitoring of approved TIEGs is required. The Revenue team within the Finance Department would be responsible for review and approval of TIEG applications submitted concurrently with the building permit application, so that they are able to track TIEGs, ensure they are paid out on time, and adjust our growth forecasting for budget purposes.
62. The Approval to Defer Development Charges (DC) program is a non-reserve CIP program that is revenue neutral, as proposed. The *Development Charges Act* requires municipalities to fund any non-legislated reductions in DCs to keep the DC reserve "whole". It also gives municipalities permission to charge interest on any deferred DCs but does not mandate it, and the City's Development Charges By-law requires interest to be charged on deferrals.
- After consulting with the Finance Department, staff are not recommending waiving interest on DCs deferred through the Housing CIP. Waived interest charges would need to either be absorbed as lost revenue, or funded through the Housing CIP Reserve, and both options would

be difficult to budget for given any development that meets the criteria as defined in Section 3.4.2 of the Housing CIP is enter into a DC deferral agreement.

- DC exemptions and reductions per the City's Development Charges By-law and the *Development Charges Act* will continue to be available to support affordable and rental housing construction.
63. The Exemptions from Planning Application Fees program is a non-reserve CIP program that is absorbed as lost revenue by the Development Services Department.
64. The Financing of Surplus Municipal Lands for Affordable Housing program was included in the Housing CIP to provide the required implementing policy language to enable Council to consider disposal of surplus municipal lands for affordable housing in the future, as recommended by the City's Affordable Housing Strategy; there are no budget implications of this program at this time.
65. The proposed Housing CIP does not specify budget allocation for each program, so that the CIP can remain adaptable to changing needs. Finance and Development Services staff will make budget allocation recommendations to Council regarding reserve-funded CIP programs as part of annual budget deliberations.
66. Staff are recommending that for the remainder of 2024, the new Housing CIP Capital Reserve fund temporarily prioritize funding those programs that target new housing starts/construction, due to the requirements of source funding. Considering this, staff are recommending that Council give direction to implement the following programs immediately after the new Housing CIP takes effect, and then introduce the remaining CIP programs beginning in 2025:
- Per Door Grant;
 - Approval to Defer Development Charges program;
 - Tax Increment Equivalent Grant; and
 - Exemptions from Planning Application Fees program.
67. Additional staff resources will be required to implement the relatively large number of CIP programs, should Council recommend adoption of the Housing CIP as proposed. Many of these programs are new to the City and will require appropriate resourcing to administer (e.g. developing new processes, evaluating applications, entering into legal agreements, monitoring programs, and administering funds).
- Given the long-range nature of these programs, upwards of 25 years, and the new services provided, an investment in additional full-time staffing resources will be required to implement them.
 - City staff will also need to coordinate with the County of Simcoe respecting the implementation of the Barrie Bonus for ARUs and the Homeownership Forgivable Loan.
 - A phased implementation of CIP programs, as noted above in paragraph 66, would provide time to coordinate with the County and to establish additional staff and resources required, while funding priority projects immediately.

LINKAGE TO 2022-2026 STRATEGIC PLAN

68. The recommendation(s) included in this Staff Report support the following goals identified in the 2022-2026 Strategic Plan:

- Affordable Place to Live
- Responsible Governance

69. In accordance with the Council's goals, the proposed Housing CIP would provide opportunities for investment in housing, to provide increased supply and more affordable and attainable housing options. The new Housing CIP strives to improve accountability and transparency regarding the investment of public funds into housing development to meet community needs.

Attachments: Appendix "A" – Draft Community Improvement Project Area By-law
Appendix "B" – Draft Housing Community Improvement Plan By-law
Appendix "C" – Proposed Housing Community Improvement Plan (May 2024)
Appendix "D" – Summary of Proposed Changes to the Draft Housing CIP
Appendix "E" – Draft Development Services Housing Bulletin
Appendix "F" – Draft Housing CIP Score Cards