

Staff Memorandum



To	Mayor A. Nuttall and Members of Council
Subject	Redwood Park Communities CIP Funding Request
Date	February 19, 2025
Ward	All
From	M. Banfield, RPP, Executive Director of Development Services
Executive Member Approval	M. Banfield, RPP, Executive Director of Development Services
CAO Approval	M. Prowse, Chief Administrative Officer

The purpose of this Memorandum is to advise members of Council that a request for additional Community Improvement Plan (CIP) funding was received from Redwood Park Communities in support of their family transitional housing project at 151 Lillian Crescent.

In their letter to City Council dated February 4, 2025, Redwood has indicated they have a funding shortfall and are seeking of \$510,480 in “equivalency grant funding” through the City’s CIP. They frame this request as a release of CIP funds previously applied by the City to cover the building permit fees and development charges (DCs) for the project due to legislative changes to the Provincial *Development Charges Act, 1997* introduced by *Bill 134, Affordable Homes and Good Jobs Act, 2023*.

CIP Funding Awarded to Date

For context, a DC equivalent grant program was offered through the previous City CIP. **Redwood received funding through the former CIP program to cover the cost of their DCs for the 151 Lillian Crescent project; they never paid DCs out of pocket.** At time of building permit issuance, a grant was applied to reduce the amount owed by Redwood, by way of transferring funds from the CIP Reserve Fund to the Development Charges Reserve Fund.

Through the former CIP, Redwood was also awarded an Affordable Housing Development Grant to cover 100% of the *Planning Act* fees and building permit application fees and a \$65,000 per door grant. Eligible planning application fees were waived up front and absorbed as lost revenue. Building permit fees were paid at building permit issuance by the City by transferring funds from the CIP Reserve Fund to the Building Permit Fees Account. Legislative requirements under Section 7 of the *Building Code Act* require Building Services to be revenue neutral, so permit fees cannot be absorbed as lost revenue. A cheque for the \$65,000 per door grant was issued following occupancy, funded from the CIP Reserve Fund.

The former City CIP, and the programs it offered, was repealed on June 4, 2024, when Council adopted the new Housing CIP (motion 24-G-143) and is no longer in effect. The DC equivalent grant program was not carried over into the new Housing CIP because the DC Act was amended by *Bill 143* to waive DCs for non-profit and affordable housing projects. This made the equivalent grant program unnecessary. Instead, the City introduced a new, more flexible Per Door Grant program, that could be used towards any eligible project costs in accordance with Section 28 of the *Planning Act*.

Under the current DC legislation, Redwood's project would be DC exempt because it is an affordable housing development by a non-profit housing provider. Notwithstanding, the *DC Act* requires DCs to be calculated at the rate in effect the day before the building permit is issued, which was in 2020, before the *Bill 134* changes. **The *DC Act* does not allow the City to refund the DCs Redwood paid, or in this case, the CIP grants the City paid into the DC Reserve Fund to cover the DCs owed,** as there are transition rules to the new legislation, and they don't apply to this scenario.

Redwood's project is not eligible for CIP funding under the current Housing CIP. The Housing CIP Per Door Grant program eligibility requirements include applying during an intake window, before a project receives occupancy, among other things. That funding is also to be awarded on a competitive basis by the Grant Review Committee. Redwood did not apply for the Per Door Grant program during the intake window of the current Housing CIP, which ran from July 22, 2024, until August 31, 2024 (prior to 151 Lillian Crescent receiving occupancy).

Additional City Grants and Financial Support Provided

In addition to CIP funding that covered DCs and application fees, Council has also financially supported Redwood's 151 Lillian Crescent project by waiving \$67,164.00 in Cash-In-Lieu of Parkland fees (motion 19-G-143) and by providing an interest-free unsecured loan of \$3 million to Redwood, for the purpose of construction financing for supportive housing projects in the City of Barrie (motion 21-G-188). This project is also funded by the Canada Mortgage and Housing Corporation (CMHC), the Salvation Army, and community donations.

Current Funding Options Available

Redwood's 151 Lillian Crescent project is not eligible for additional CIP funding through the Housing CIP. Should Council wish to provide additional financial assistance to the project, the following options are available:

- Council could consider forgiving a portion of the \$3 million interest-free construction loan.
- Council could consider awarding Housing Accelerator Fund (HAF) funding, as an "Investment in Affordable Housing – Construction" is permitted in accordance with 5.1 of the HAF Agreement.

Appendix:

Not Applicable

Memo Author:

Shelby White, RPP, Supervisor of Growth Management (Housing)

File #:

CIP-009-2020

Pending #:

Not Applicable