	THE CORPORATION OF THE TOWN OF COBOURG	
	COMMITTEE OF THE WHOLE STAFF REPORT	
TO:	Members of Council	
FROM:	Glenn McGlashon, MCIP, RPP Director – Planning & Development Division	
DATE OF MEETING:	November 16, 2020	
REPORT TITLE/SUBJECT:	Town of Cobourg Affordable & Rental Housing Community Improvement Plan (CIP)	
DATE OF REPORT:	November 5, 2020	

1.0 **CORPORATE STRATEGIC PLAN OBJECTIVE**

Pillar: People – the Town supports and cares for the social and physical well-being of its citizens

2.0 **RECOMMENDATION**

THAT Council receive the Staff Report for information purposes; and,

THAT the Affordable & Rental Housing Community Improvement Plan (CIP), prepared by MacNaughton Hermsen Britton Clarkson (MHBC) Planning Limited in association with SHS Consulting, dated October 2020 and attached to the Staff Report as Appendix “I”, which provides incentive options for encouraging the creation of new affordable and rental housing and the implementation of sustainable/urban design, universal design and brownfield re-development measures for all types of new private sector development and re-development proposals in the municipality be adopted by Council; and further,

THAT the By-laws attached to the Staff Report as Appendix “III” and Appendix “IV” which designate a Community Improvement Project Area for the entire municipality and adopt the Affordable & Rental Housing Community Improvement Plan (CIP), October 2020, be endorsed and presented to Council for final approval.

3.0 **PUBLIC ENGAGEMENT**

The Affordable & Rental Housing Community Improvement Plan (CIP) process included the preparation and implementation of a formal Communications and Public Engagement Plan in consultation with the Planning and Communications Departments to actively engage stakeholders and the general public throughout the project timeline between October 2019 and October 2020. Specifically, public engagement included:

- ✓ the preparation of a dedicated and interactive webpage on Engage Cobourg;
- ✓ a Public Launch Event in December of 2019;
- ✓ multiple stakeholder consultations throughout the process;
- ✓ a Public Open House/Workshop in January of 2020;
- ✓ regular meetings and updates to Cobourg Municipal Council and the Planning & Development Advisory Committee (PDAC – the Steering Committee for the CIP project);
- ✓ an online communication and public engagement forum on Engage Cobourg in September of 2020; and,
- ✓ a Public Meeting of Council in September of 2020;

4.0 **ORIGIN**

In accordance with Council's Strategic Plan, one of the strategic actions under the "People" pillar is to create a housing strategy that is in alignment with the County of Northumberland's Housing Strategy.

In September of 2019, Council passed a Motion which authorized the preparation of a Town-wide Affordable & Rental Housing CIP at a cost of \$65,000.00. The CIP is intended to provide a legal mechanism and various incentive tools in accordance with Section 28 of the *Planning Act* to help stimulate the provision of affordable and rental housing in the community, and to encourage the implementation of sustainable/urban design, universal design and brownfield re-development measures for all types of new private sector development and re-development proposals in the community.

5.0 **BACKGROUND**

Pursuant to Council's direction, MHBC in association with SHS Consulting began the preparation of an Affordable and Rental Housing CIP for the entire municipality in October of 2019. The goal of the project was to develop a comprehensive, yet flexible, pro-active plan to assist in the development and enhancement of affordable and rental housing in the community, thereby improving the quality of life and social well-being of its residents. At the same time, the CIP project provided an opportunity to help advance the Town's objectives for community improvement by considering incentive options which encourage sustainable, accessible and economic development throughout the municipality.

Specifically, the scope of work included the following key elements:

1. The preparation of a detailed framework and/or implementation plan to provide a wide range of incentive options, or tools, for the Municipality to offer to private sector organizations in exchange for the provision of affordable and rental housing that meets the needs of all residents in the community; and,
2. The preparation of a detailed framework and/or implementation plan to provide incentive options which encourage the private sector to champion and incorporate exemplary urban design, universal design and sustainable design measures into new

development and re-development proposals, and to stimulate brownfield re-development, in the municipality.

The project builds upon the goals of the Official Plan by establishing a co-ordinated and strategic mechanism for stimulating affordable housing and innovative and/or enhanced development utilizing the most effective tools available through existing legislation. The CIP project is also consistent with the County of Northumberland & Town of Cobourg Affordable Housing Strategies (AHS) developed by the County and endorsed by Cobourg Municipal Council in January of 2020.

The AHS is the primary, over-arching document that provides the necessary background information and strategic direction to help create affordable housing in the municipality and county as a whole. One of the Foundational Actions of the AHS is for municipalities to prepare and implement a CIP to act as a vehicle to encourage the development of new affordable and rental housing in the community.

This Report provides a brief overview of the CIP preparation process and the recommended incentive options, and provides a recommendation for approving the Affordable and Rental Housing CIP.

6.0 **ANALYSIS**

The development and approval of a CIP are undertaken in accordance with the legislative and policy framework of the Province, County and local municipality. The Provincial Policy Statement (PPS, 2020) supports a vision of community improvement and economic development based on effective growth management, efficient use of resources, and the enhancement of quality of life for all residents of a community.

CIP's are commonly used to stimulate the physical improvement and revitalization of a specific area(s) of a community by offering a range of financial incentives to the private sector to implement action and change. Under the *Municipal Act*, municipalities are prohibited from financially assisting private commercial enterprises (otherwise known as "bonusing") unless undertaken in accordance with a CIP approved under Section 28 of the *Planning Act*. CIP's help encourage private sector investment and improve the physical and/or socio-economic environment in a community, but are not land use plans or housing support programs.

The CIP process included extensive background research and analysis, including a review of the local demographic and housing context and needs, research into best practices in Ontario, a financial assessment and public/stakeholder engagement. The results of this stage were compiled into a Background Report, where a number of *key focus areas* and *considerations* were identified as having the most influence with respect to the development of the CIP:

1. Increasing the supply of purpose-built rental housing;
2. Increasing the supply of smaller unit sizes;
3. Promoting the development of second units;

4. Promoting the development of mixed-ratio (market and affordable) developments; and,
5. Supporting emergency and transitional housing services.

The following *considerations* for the structure of the CIP were also identified:

- Incentives should be applied Town-wide and not targeted to a specific area(s);
- Options for waiving application fees, development charges and property taxes;
- Application of a tiered approach to incentives based on need and operating costs;
- Provision of incentives for proposals that include sustainable and/or accessible design elements; and,
- Opportunities to leverage partnerships with community organizations to implement the CIP and/or provide on-site or off-site supports in conjunction with housing.

During the CIP preparation stage and based on the feedback received during the public and stakeholder engagement sessions, two (2) key focus areas were prioritized: *i) Purpose-built rental housing*; and, *ii) Second units*. While the CIP targets these two areas as its primary focus, the remaining focus areas, along with sustainable and accessible/universal design, are important secondary areas that will continue to be offered in the CIP program.

The Affordable & Rental Housing CIP was prepared on this basis and is attached as Appendix "I". The CIP is structured to include:

- a toolbox of financial incentive programs;
- an implementation plan;
- a financial management plan;
- a monitoring and reporting program; and,
- a marketing and communications plan.

Section 3.5 of the CIP provides a high level summary of the various financial incentive programs, each of which are detailed further in Section 3.7. Below is a summary table of the various incentive programs:

Table 1: Summary of CIP Programs

Program	Description	Area of Consideration	Focus (Primary or Secondary)
Rental Housing Planning and Building Fee Waiver Program	Grant equal to up to 100% of the fees paid on specified planning and development applications for an affordable rental (primary market) or purpose built (primary market) rental housing project	Purpose-built Rental	Primary
Rental Housing Cash-in-Lieu of Parking Reduction Program	Grant equal to up to 50% of the calculated Cash-in-Lieu of Parking fee for purpose built rental and purpose built affordable rental housing projects where a municipal Cash-in-Lieu of Parking program exists	Purpose-built Rental	Primary
Rental Housing Development Charge Grant Program	Grant equal to a percentage of the Town development charge normally payable on an eligible project proposing affordable rental (primary market) or purpose built (primary market) rental housing project. Program based on a sliding scale, where demonstrating achievement of certain criteria would result in a higher proportion of a development charge grant (i.e. a 'tiered' approach)	Purpose-built Rental	Primary
Rental Housing Property Tax Increment Grant Program	Grant equal to the incremental increase in municipal property tax assessment and revenue resulting from improvements to existing developments or the development of new buildings containing affordable rental (primary market) or purpose built (primary market) rental housing project for a period of five years	Purpose-built Rental	Primary
Second Unit Planning and Building Fee Reduction Program	Grant equal to up to 100% of the fees paid on specified planning and development applications for second unit or coach houses	Second Unit/ Coach House	Primary
Second Unit Renovation and Construction Grant/ Loan Program	Grant equal to 50% of eligible costs to homeowners who retrofit their dwelling to include a second unit or construct a new coach house as an accessory dwelling or to a homeowner who as an existing unregistered second unit that is legalized and brought up to Code to a maximum of \$10,000 AND/OR A loan equal to 70% of eligible costs to homeowners who retrofit their dwelling to include a second unit or construct a new coach house as an accessory dwelling or to a homeowner who as an existing unregistered second unit that is legalized and brought up to Code to a maximum of \$50,000. Minimum \$5,000	Second Unit/ Coach House	Primary
Emergency and Transitional Housing Planning and Building Fee Waiver Program	Grant equal to up to 100% of the fees paid on specified planning and development applications for new emergency or transitional housing developments or renovations/ upgrades to existing emergency or transitional housing uses	Emergency and Transitional Housing	Secondary
Emergency and Transitional Housing Development Charge Grant Program	Grant equal to a percentage of the Town development charge normally payable on an eligible project proposing an emergency or transitional housing project	Emergency and Transitional Housing	Secondary
Affordable Housing and Home Ownership Planning and Building Fee Reduction Program	Grant equal to up to 50% of the fees paid on specified planning and development applications for new affordable housing or home ownership developments or renovations/ upgrades to existing affordable housing or home ownership uses	Affordable Homeownership	Secondary
Affordable Housing and Home Ownership Development Charge Grant Program	Grant equal to a percentage of the Town development charge normally payable on an eligible project proposing an affordable housing or home ownership project.	Affordable Homeownership	Secondary
Brownfield Redevelopment Grant Program*	Grant for the costs associated with the preparation of: Environmental Site Assessment(s), Risk Assessment, Remediation and monitoring plan Grant for 50% of the costs associated with rehabilitation of a property to permit a Record of Site Condition to be filed with the Ministry of Environment, Conservation and Parks (to a maximum of \$100,000 per property) Grant for 50% of the costs associated with complying with a certificate of property use issued under Section 168.6 of the Environmental Protection Act (to a maximum of \$100,000 per property)	Brownfield	Secondary
Universal Design Grant/ Loan Program*	Grant equal to 50% of the cost of eligible building improvements to residential, commercial, institutional and mixed use buildings that incorporate universal design features to a maximum grant per property/ project of \$10,000 Grant equal to 50% of the costs of eligible works to new residential, commercial, institutional and mixed use buildings that incorporate universal design features to a maximum grant per property/ project of \$10,000 Loan equal to 70% of the cost of eligible works to a maximum loan per property/ project of \$50,000. Minimum loan of \$ 5,000	Accessibility	Secondary
Sustainable Design Grant/ Loan Program*	Grant equal to 50% of the cost of eligible building improvements to residential, commercial, institutional and mixed use buildings that incorporate sustainable construction, design and servicing features to a maximum grant per property/ project of \$10,000 Grant equal to 50% of the costs of eligible works to new residential, commercial, institutional and mixed use buildings that incorporate sustainable construction, design and servicing features to a maximum grant per property/ project of \$10,000 AND/OR Loan equal to 70% of the cost of eligible works to a maximum loan per property/ project of \$50,000. Minimum loan of \$ 5,000	Sustainability	Secondary

*Brownfield redevelopment, universal design or sustainable design projects that are not associated with affordable or rental housing projects would not be funded through the Affordable Housing Assistance Reserve Fund and will need to be funded separately by Council.

Following the completion of the draft CIP in the Summer of 2020, a communications and public engagement process was conducted in September of 2020 and culminated with the convening of the Statutory Public Meeting of Council on September 28, 2020. Media interviews were conducted and the Engage Cobourg website was utilized to provide the community with additional information regarding the CIP, including a narrated virtual “open house” style powerpoint presentation, feedback panels, and the draft CIP itself. A total of 871 visits to the webpage were recorded over the project period with almost 400 page views and 200 visitors in September alone which represent what is known as ‘informed’ participants. While there were no additional public submissions or input derived from the webpage, a large number of people took the time to visit the CIP project page, read information, and look at documents.

A number of submissions were received by Council at the Public Meeting and are summarized in an October 12, 2020 memorandum from MHBC in Appendix “II”. In addition, Council received a letter of endorsement from the Northumberland Affordable Housing Committee, which represents a number of local social service agencies and organizations. In general, the submissions were favourable towards the implementation of a CIP for the creation of affordable & rental housing while others were not directly related to the CIP but are important for Council to consider in future deliberations.

At its meeting dated November 3, 2020, the PDAC reviewed the aforementioned MHBC memorandum and final CIP and, after discussion, passed the following Motion:

“THAT the final Affordable and Rental Housing CIP (October, 2020) and Response to Public Comments Memo dated October 12, 2020 and prepared by MHBC be received for information purposes; and further,

THAT Council be advised that the Planning & Development Advisory Committee (PDAC) has duly considered the final Affordable and Rental Housing CIP (October, 2020) and Response to Public Comments Memo dated October 12, 2020 and prepared by MHBC, and hereby recommends that Council approve the Affordable and Rental Housing CIP (October, 2020).”

Following the adoption of the CIP (if approved by Council), the process outlined in the *Planning Act* includes a Notice of Adoption and appeal period, similar to an amendment to the Official Plan. This timeline will run into December and, thus, it is recommended that the CIP be rolled out in 2021 and that the funds allocated in the Affordable Housing Assistance Reserve Fund in 2020 be carried forward to supplement any additional funding derived from the 2021 budget deliberations. A formal Implementation Plan, including a process for administering the CIP and communications/marketing, will be prepared for Council’s consideration following the approval of the 2021 budget.

7.0 FINANCIAL & STAFFING IMPLICATIONS/BUDGET IMPACT

Section 3.10 of the CIP outlines the financial management framework for the CIP. The implementation of the CIP will require the dedication of sufficient financial and staff

resources to fund and administer the programs on an annual basis and make the CIP successful in achieving more affordable and rental housing in the community. The Affordable Housing Assistance Reserve Fund would be utilized for projects involving rental and affordable housing, and a separate fund would be utilized for sustainable and accessible design incentive programs that are not associated with affordable and rental housing. The funding of these Reserves would be provided through the tax levy and/or other non-tax funding sources and determined as part of Council's annual budget deliberations.

Specifically, financial incentives for rental and affordable housing projects in the form of fee waivers and reductions will result in lost departmental revenue which will need to be offset by the Affordable Housing Assistance Reserve Fund. Similarly, direct grants (ie. development charges, second unit grants, brownfields, accessible/universal design) will need to be funded from the Housing Reserve or an alternative funding source (for projects not associated with rental and affordable housing). Loans and tax increment grants will be recoverable over time via repayment (loans) and/or property taxes due to increased assessment values that may not have been realized without the incentives.

It is unknown what the full impact of the CIP on staff resources will be until the program is activated and monitored over time however, using past experience associated with the administration of the Downtown Vitalization CIP, the implementation of the CIP will require the dedication of Planning and Finance staff, including the preparation, receipt and processing of applications and Intakes; the evaluation of applications; the preparation of recommendation reports; the administration of legal agreements and financing; monitoring, data collection and annual reporting; and program compliance and enforcement on an ongoing basis. Opportunities to partner with local housing providers and social service organizations should be explored to assist in administering the CIP program, provide on-site and off-site housing supports and relieve some of the burden on staff resources.

8.0 **CONCLUSION**

The Affordable & Rental Housing CIP is a legal mechanism enacted pursuant to the *Planning Act* and *Municipal Act* which empowers the municipality to offer financial incentives to stimulate private sector investment in the creation of affordable and rental housing units, and to encourage development which is sustainable and accessible. The CIP is not considered a land use plan or housing support program, but rather is one tool in the "toolbox" of policy recommendations and actions identified in the Northumberland and Cobourg Affordable Housing Strategies aimed at responding to and addressing the critical need for affordable and rental housing and creating environmentally and socially responsible development, all of which will benefit the community as a whole.

9.0 **POLICIES AFFECTING THIS PROPOSAL**

A number of municipal policy documents affect this proposal, including the Northumberland County and Town of Cobourg Affordable Housing Strategy (AHS), the Cobourg Official Plan and Cobourg Municipal Council's Strategic Plan 2019-2022.

10.0 **COMMUNICATION RESULTS**

This Report is intended to advise Council of the results of the CIP process for the Affordable & Rental Housing CIP project, and to recommend that Council approve the CIP and associated By-laws.

11.0 **ATTACHMENTS**

Appendix "I" – Affordable & Rental Housing Community Improvement Plan (CIP) – October 2020;

Appendix "II" – Response to Public Comments Memorandum, MHBC, October 12, 2020

Appendix "III" – Affordable & Rental Housing Community Improvement Project Area Draft By-law

Appendix "IV" – Affordable & Rental Housing Community Improvement Plan Draft By-law

12.0 **SIGNATURES/REVIEW/APPROVAL**

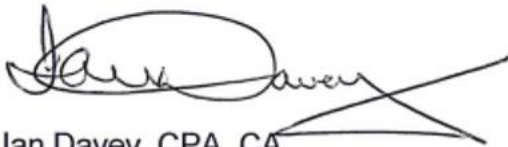
Report prepared by:



Glenn J. McGlashon, MCIP, RPP
Director of Planning & Development



Report reviewed by:



Ian Davey, CPA, CA
Director of Corporate Services/Treasurer



Tracey Vaughan
Chief Administrative Officer