



Report
Staff Report
 The Corporation of the City of Brampton
 6/17/2024

Date: 2024-06-03

Subject: **Information Report: City-Wide Community Improvement Plan for Affordable Housing**

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Report number: Planning, Bld & Growth Mgt-2024-420

RECOMMENDATIONS:

1. That the report from Melinda Yogendran, Principal Planner/Supervisor, Integrated City Planning to the Planning and Development Committee Meeting of June 17, 2024, re: **City-Wide Community Improvement Plan for Affordable Housing**, be received.

OVERVIEW:

- An increasing number of Brampton residents are facing housing affordability challenges. The City's first housing strategy – *Housing Brampton* – proposes a range of solutions and approaches to address housing affordability, including the implementation of a City-Wide Community Improvement Plan (CIP) for Affordable Housing.
- In compliance with the requirements of the *Planning Act*, the City is holding this statutory public meeting to present the City-Wide CIP for Affordable Housing (Attachment 3). The proposed draft CIP recommends incentives for non-profit and private sector affordable housing developers in order to attract and incentivize affordable rental and ownership housing.
- The City-Wide CIP for Affordable Housing will establish a structured program and process for providing incentives for affordable housing units, will standardize affordability requirements that the units must adhere to, and will standardize contribution agreements between the City and the proponents.

- **The proposed City-Wide CIP includes three components: (1) New Affordable Housing Incentive; (2) Rebate Program for Garden Suites; and (3) Update to the City’s Concierge Program.**
- **Intake for the programs will run until the end of 2026, at which point staff will complete a review and report back to the next term of Council with recommendations to either cancel, amend, or continue with the Affordable Housing CIP incentive programs.**
- **Integrated City Planning staff will report back to Planning and Development Committee with the feedback from the Public Meeting and staff’s recommendations.**

BACKGROUND:

Housing Brampton

An increasing number of Brampton residents are facing housing affordability challenges. Rising real estate prices in Brampton are a barrier for young adults, seniors, low and middle-income families, and vulnerable populations, who struggle to secure ownership or rental housing that is affordable relative to their income. According to the Region of Peel’s *Housing Needs Assessment 2021 Update*, 32% of all owner households and 66% of all renter households in Brampton are in core housing need, defined as living in unsuitable, inadequate, or unaffordable housing. Housing affordability, lack of housing choice, and a deteriorating housing stock are major issues in Brampton. In addition, there is a significant gap between housing supply and housing need, which is more significant for low and middle-income households.

The City’s first housing strategy – *Housing Brampton* – was endorsed in May 2021. The strategy proposes a range of solutions and approaches to address housing affordability, including the implementation of a City-Wide Community Improvement Plan (CIP) for Affordable Housing. The purpose of this report and statutory public meeting is to present the draft CIP for Affordable Housing. The proposed draft CIP recommends incentives for non-profit and private sector affordable housing developers to attract and incentivize affordable rental and ownership housing.

Current Funding Processes for Housing in Brampton

The CIP for Affordable Housing will replace three current funding processes/programs that have been supporting housing projects to-date:

1. **The Housing Catalyst Capital Project** - The Catalyst Project was established in 2022 and a total of \$4M was approved to provide seed funding to non-profit housing providers in the delivery of innovative housing ideas. The funding assists non-profits with upfront costs such as technical studies and designs. Through a

call for applications, 4 projects were chosen to receive funding from the \$4M funding pool.

Next Steps: The Catalyst Project is no longer accepting applications. The 4 selected projects will receive their allocated funding amounts, after which the Catalyst Project will close. The CIP for Affordable Housing will distribute any future funding to non-profits for housing projects.

2. **Interim Protocol for Financial Requests for Affordable Housing** - When the City receives requests from non-profit housing providers for financial support, the request is evaluated by staff on a case-by-case basis using the Council-approved [Protocol for Evaluation of Incentives to Non-Profit Affordable Housing and Long-Term Care Projects](#). On August 10, 2022, Council approved this protocol to be used as an interim measure to review requests for support until the creation of the City-Wide CIP for Affordable Housing.

Next Steps: Once the CIP for Affordable Housing is established, the interim protocol will no longer be necessary. All requests for funding support for housing projects must be submitted as an application to the CIP for Affordable Housing.

3. **Development Charges Incentive Program (DCIP)** - The DCIP is a program under the Central Area Community Improvement Plan which provides DC waivers to developments in the downtown area. [On November 1, 2023, Council approved the discontinuation of the Program](#) considering the limited funding remaining and the upcoming CIP for Affordable Housing.

Next Steps: The DCIP is no longer accepting applications. Three projects have been approved for partial DC waivers, after which there will be no funds remaining in the DCIP and the Program will end.

The City-Wide CIP for Affordable Housing will establish a more structured program and process for providing incentives for affordable housing units. The following are some of the benefits of establishing a City-Wide CIP for Affordable Housing:

- Can apply to both non-profit and private development projects;
- Can be utilized for both ownership and rental units;
- Can be stacked with incentive programs from other levels of government;
- Will include a clear application process for project proponents;
- Will standardize affordability requirements and establish a 25-year affordability period that the units must adhere to;
- Will use a more rigorous and quantitative matrixed evaluation protocol to determine project eligibility and funding allocations for each project;
- Will standardize contribution agreements between the City and the proponents; and

- Will establish a monitoring program to ensure all units receiving funding through the program meet the program requirements for the 25-year affordability period.

CURRENT SITUATION:

Background and Municipal Benchmarking Study

The City of Brampton retained the services of a consultant (SHS Inc.) through an invitational procurement process to develop the CIP for Affordable Housing, which includes the following components:

- 1) Background and Municipal Benchmarking Study
- 2) Drafting of the Community Improvement Program
- 3) Implementation and Governance Plan
- 4) Monitoring Program and Marketing Strategy

To date, SHS Inc. has completed the first two components of the project. The Background and Municipal Benchmarking Study – included in this report as Attachment 1 – contains an overview of the existing policy framework, an environmental scan of various CIPs and financial and non-financial incentives available across Canada, and a financial assessment to determine the amount of funding necessary to subsidize affordable rental and ownership units given current construction and building costs.

More specifically, a residual land value (RLV) analysis provided insight into how affordable rental and ownership housing impacted project viability and what the value of each incentive would need to be to offset the RLV loss due to the reduced rents and price of affordable units. The analysis for Brampton, and a common finding across most housing markets in Canada, is that current construction costs in comparison to potential project revenue is very challenging. The amount of incentives to offset the RLV reductions caused by providing affordable rental housing ranges from \$254,200 to \$324,700 per unit when the affordable units are rented at 100% of AMR and between \$302,700 to \$370,400 per unit if the units are affordable ownership.

Focus Group Engagement and Consultation

The development of the draft CIP is supported by an inter-divisional advisory committee at the city. In addition, city staff and SHS Inc. held a focus group meeting attended by various non-profit and private affordable housing developers to gain insights into the challenges and opportunities in building affordable housing and explore incentives and best practices that can most effectively support the development of affordable housing in Brampton.

A summary of the feedback received during the focus group session is included in this report as Attachment 2. Overall, participants highlighted the importance of up-front

grants for affordable housing projects, as well as the need for greater support and guidance from city staff for affordable housing projects moving through the development application and approvals process.

In addition, Integrated City Planning staff will be sending the draft CIP materials to the Ministry of Municipal Affairs and Housing for review and comment.

Draft City-Wide CIP for Affordable Housing

The proposed City-Wide CIP (Attachment 3) being presented at the statutory public meeting includes three components:

1. *New Affordable Housing Incentive*: Large, long-term investments through up-front capital grants and/or reimbursements for affordable rental and ownership units;
2. *Rebate Program for Garden Suites*: Small, short-term investments to rebate municipal fees for new garden suites; and
3. *Concierge Program*: Enhanced system supports to facilitate new affordable housing projects.

1. New Affordable Housing Incentive

Projects will be given consideration under the CIP subject to an application being submitted and satisfying the following affordability requirements.

For eligibility under the program, the units must meet the established affordability threshold in the annual [Affordable Residential Units Bulletin](#) published by the Province of Ontario. The affordable rental threshold is based on the lesser of Average Market Rent (AMR) as defined by the Canada Mortgage and Housing Corporation (CMHC) and what is affordable to the 60th percentile household. As of June 2024, the affordable rents for use in Brampton as are follows:

	Bachelor	1-bedroom	2-bedroom	3-bedroom
Maximum Rent	\$1,348	\$1,622	\$1,866	\$2,002

For affordable ownership housing, the affordable threshold is the lesser of what is considered affordable for the 60th percentile household in Brampton and 90% of the average purchase price. The maximum affordable purchase price for 2024 in Brampton is **\$463,500**.

Affordable units must remain affordable for a minimum of 25 years. An agreement between the City and the owner (registered or assessed owners of lands/buildings) will be required, which will set out the terms, duration and default provisions of the incentive to be provided. The City may discontinue any financial incentive program and pursue

finances as set out in the agreement where there is not compliance with an executed agreement.

Applications are to be submitted between Site Plan Control submission, if applicable, or Building Permit submission and prior to the issuance of an Occupancy Permit.

Applications will be reviewed and evaluated by Integrated City Planning staff on a first come first served basis, to confirm project eligibility. For applications wherein the total grant value is less than \$2 million, approval authority is delegated to the Commissioner of Planning, Building and Growth Management. For applications wherein the total grant value is more than \$2 million, Council approval is required.

Each application will be scored using the evaluation matrix included in Attachment 3 of this report, which takes into account:

- Project Funding Sources
- Affordability Delivered
- Organizational Capacity and Experience
- Project Maturity
- Funding Phasing
- Community Amenities
- Community Benefits Beyond Affordable Housing

The evaluation score will be used to calculate the amount of funding to be allocated for each project.

2. Rebate Program for Garden Suites

The City of Brampton has a well-established policy for the creation of new additional residential units (ARUs). This program will provide rebates of the municipal fees for garden suites to support homeowners in the creation of new units and encourage gentle densification in low-density areas.

Once Planning staff receive confirmation that the unit is registered with the Building Division, the City will reimburse the homeowner for all municipal fees paid during the construction of the unit. Currently, municipal fees for garden suites are estimated to be a total of \$7,161.06 (\$200 registration fee, \$1,889.06 building permit fee, \$500 custom home review fee and \$4,572 for Educational Development Charges).

3. Concierge Program

The City's *Concierge Program for Affordable Housing* was launched in 2020 as an early deliverable of Housing Brampton. The goal of the Concierge Program was to assist non-profit and private-sector developers of affordable rental and ownership housing to

navigate through site selection, funding, incentives, partnership, and approvals processes.

Following an evaluation of the Concierge Program and feedback from the focus group session, staff determined that a review and re-launch of the services was necessary. The draft CIP for Affordable Housing proposes an updated Concierge Program, which would include a dedicated staff member to act as the key contact and guide the applicants and applications through the various components of the approvals process.

The updated concierge program would include:

- Assistance to developers on site feasibility aspects and identification of requisite studies prior to developers applying for regional or federal funding;
- Facilitation of inclusionary housing opportunities by connecting market developers with non-profit groups providing affordable housing;
- Education on financial assistance programs (e.g., Region of Peel, FCM and CMHC), package of City incentives (e.g., fee waivers, grants, etc.);
- Enable and facilitate efficient processing of affordable housing developments through inter-divisional pre-application co-ordination, timely inter-divisional application review, and thorough knowledge of staff contacts and resources needed to facilitate approvals.

CIP Implementation and Monitoring

Intake for the programs will run until the end of 2026, at which point staff will complete a review and report back to the next term of Council with recommendations to either cancel, amend, or continue with the Affordable Housing CIP incentive programs.

The Affordable Housing CIP will be monitored on an ongoing basis to track progress relative to the goal and objectives, and is structured around the following indicators:

- Number of applications received;
- Number of new affordable residential units and unit types created; and
- Estimate and actual amount of municipal assistance/grants provided.

Information on the above-listed indicators will be collected at the individual project level and aggregated. The aggregated information will be used as the basis for annual reporting to Council. To the extent possible, annual reports will also address the environmental and social effectiveness of the Affordable Housing CIP. The annual reports are intended to be used to inform decisions related to adjustments to this CIP, as well as any budget decisions related to the incentive program.

CORPORATE IMPLICATIONS:

Financial Implications

There is no direct financial impact resulting from the adoption of the recommendations in this report.

The CIP has funding of \$6 million approved through the 2024 budget cycle from the City's Housing Accelerator Funds. The program has been created with the assumption that additional funding will be requested through future budget allocations, pending program review and reporting to Council.

Legal Implications

There are no legal implications to adopting the recommendations in this report. The legislative authority to prepare a City-Wide CIP for Affordable Housing is established under Section 28 of the Planning Act and would be implemented through the policies of the new Official Plan, pending program review and Council approval. As stated in this report, in compliance with the Planning Act, a public meeting is to be held for the purpose of giving the public an opportunity to make any representations in respect of the City-Wide CIP for Affordable Housing.

Communications Implications

Establishing a new CIP for Affordable Housing will require support from Strategic Communications to develop public awareness and marketing materials that will be available through the Brampton webpage and social channels.

STRATEGIC FOCUS AREA:

This report directly aligns with the strategic focus area "Growing Urban Centres & Neighbourhoods" as the CIP presented in this report will support the delivery of affordable housing supply, creating complete communities and improving livability and prosperity in Brampton. This report also directly aligns with the strategic focus area "Government & Leadership" by proposing effective management of municipal resources.

CONCLUSION:

The City is committed to supporting the development of affordable housing units to meet the needs of Brampton residents. This report and its attachments provide an overview of the proposed CIP for Affordable Housing, including current protocols, background research, a financial assessment, and the recommended incentives to effectively encourage affordable housing in Brampton.

In compliance with the requirements of the *Planning Act*, the City is holding this statutory public meeting to present the City-Wide CIP for public review and comments. Staff will review all public comments, including any comments received from the Ministry of Municipal Affairs and Housing and address them in the upcoming recommendation report.

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Attachments:

- Attachment 1 – Background and Benchmarking Study
- Attachment 2 – CIP Engagement Summary
- Attachment 3 – Draft CIP for Affordable Housing