

**To: Warden and Members of County Council**

**From: Director of Community Planning**

## **County Community Improvement Plan Update – Affordable Housing Incentive Program**

### **RECOMMENDATIONS**

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- 1. That County Council approve By-law No. 6520-2023, being a by-law to amend the County Community Improvement Plan dated September 12, 2018, to include an Affordable Housing Incentive Program that exempts such housing from applicable County planning application fees;**
- 2. And further, that Council approve By-law No. 6521-2023, being a by-law to designate the whole of the County a ‘Community Improvement Project Area’, for the purpose of administering the Affordable Housing Incentive Program contained in the County Community Improvement Plan;**
- 3. And further, that Report No. CP 2023-87 be circulated to Area Municipalities for information and consideration of similar local affordable housing incentives.**

### **REPORT HIGHLIGHTS**

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- On December 14, 2022, County Council considered Report No. HS 2022-10, respecting the adoption of a Master Housing Strategy. In support of the Strategy, Council passed a resolution directing staff to review the County Community Improvement Plan (CCIP) with the intent of formally exempting affordable housing projects from County planning application fees, and encouraging Area Municipalities to consider similar incentives.
- The purpose of this report is to seek Council’s support to amend the CCIP, to include an Affordable Housing Incentive Program that supports the proposed County planning application waiver.
- A new CIP area, covering the entirety of the County, is proposed to support the Affordable Housing Incentive Program.

## Implementation Points

The proposed new CCIP program will be implemented as new affordable housing projects are initiated. Staff will also continue to offer assistance to Area Municipalities considering similar incentives.

## Financial Impact

The proposed CCIP amendment is expected to have limited financial impact on County revenues. As the new program will only apply to affordable housing projects that are subject to appropriate agreements, a limited number of planning applications will be impacted.

To provide an estimated figure for Council's consideration, staff anticipate approximately two Official Plan Amendments, as well as a Consent, resulting in a potential annual revenue implication of approximately \$8,200.

It should be noted that the proposed waiver will not include any deposits required to recover costs for peer reviews, or applicable Public Works development review fees.

The following table provides a summary of the applicable 2023 County planning application fees, as provided in the current County Fees and Charges By-law.







County Planning Application	Community Planning Fee
Consent (one lot)	\$2,235.00
Official Plan Amendment (regular)	\$2,960.00
Subdivision & Vacant Land Condominium	\$3,390.00
Standard Condominium	\$1,795.00

## Communications

Public Notice of the proposed amendment to the CCIP was posted in local newspapers on March 2, 2023. The proposal was also circulated to Area Municipalities, the Ministry of Municipal Affairs and Housing (MMAH) and other agencies considered to have an interest in the proposal.

Should Council be supportive of the proposal, staff will circulate this report to Area Municipalities for the purpose of encouraging the implementation of local affordable housing incentives, as detailed in this report.

**Strategic Plan (2020-2022)**

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
1.i. 1.ii.		3.iii.			

**DISCUSSION**

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**Background**

In accordance with the *Planning Act*, municipalities may adopt Community Improvement Plans (CIPs) for the purpose of providing financial incentives and programs to encourage revitalization, redevelopment and new development (i.e. affordable housing) in specific project areas. CIPs may include an array of funding programs, including, but not limited to, application waivers, tax and fee exemptions and façade improvement grants.

In September 2013, County Council adopted a County-wide CIP to complement Local Municipal CIPs, in an effort to encourage further redevelopment and revitalization within and around central areas of the County’s settlements. The current CCIP offers a tax grant back incentive program, which provides an annual grant back to owners who have undertaken improvements or redevelopment to buildings/lands that have resulted in an increased property assessment. In general, if annual taxes increase due to improvements, owners may be eligible for an annual grant (for a set period of time) based on the property’s increased tax assessment.

The original CCIP, as adopted by Council in 2013, included the City of Woodstock and the Town of Tillsonburg, reflecting the local CIPs that had been adopted by those communities at the time the CCIP was approved. Subsequently, Council adopted an amendment to the CCIP in June 2016 for the purpose of extending the existing area covered by the Plan to include the downtown areas of the Village of Norwich and Village of Otterville, and again in 2018, to include the Town of Ingersoll.

On December 14, 2022, County Council considered Report No. HS 2022-10, respecting the adoption of a Master Housing Strategy. In support of this Strategy, Council passed a resolution directing staff to review the County’s (CIP) with the intent of formally exempting affordable housing projects from County planning application fees and encouraging Area Municipalities to consider similar incentives with respect to affordable housing. In support of this resolution, staff completed a review of neighbouring municipal CIPs, as well as other programs that may potentially be considered by Area Municipalities.

It should be noted that as a result of Bill 23, many of the more significant incentive programs, including development charge exemptions and reductions, will no longer be practical to encourage affordable and purpose-built rental developments. That said, with respect to affordable housing, CIPs can be used as an effective tool to provide a variety of other fee reductions, as detailed later in this report.

**Comments**

The County Master Housing Strategy (MHS) identifies a number of challenges with respect to the current housing market, including a low supply of rental units for both low and moderate income households. Due to the high cost associated with home ownership, rental housing is particularly important to a growing number of mid-range income residents. In light of this, the MHS offers a number of recommendations to encourage residential rental development, including the implementation of CIP incentives for affordable housing.

In support of this initiative, staff also completed a review of neighbouring Municipal CIPs to determine other incentives that may be available for implementation by both the County and Area Municipalities in relation to affordable housing. A summary of these incentives are provided in Table 1 below. It is important to note that some of the incentives are only applicable to Area Municipalities with prescribed services.

**Table 1: Summary of Potential Affordable Housing Incentives**

<b>Potential Residential Incentives</b>	<b>Financial Considerations</b>	<b>Local Considerations</b>	<b>Already Implemented?</b>	<b>Applicability</b>
<u>Study and Fees Grant</u> – affordable housing projects can receive a grant related to Environmental Assessments (EA), surveys, parcel registers, title searches, site servicing studies and traffic impact studies.	50% of eligible study costs, to a maximum of \$10,000.	The CMHC Seed Program currently provides contributions toward such eligible costs.  In an effort to make housing sites shovel-ready, many of these studies are completed by the County in support of housing projects that are offered through the RFP process.	Provided through CMHC and partially through County initiatives, including shovel-ready focus (Master Housing Strategy) and capital contributions.	County / Area Municipality

<p><u>Application Fee Exemption</u> – affordable housing and multi-residential development is exempt from building and planning application fees.</p>	<p>100% of eligible fee, or a proportion of the affordable housing units in a project.</p>	<p>The County collects Planning application fees for Official Plan Amendments, plans of subdivision, condominium, and consent.</p> <p>The fees for remaining planning and building permit applications are collected by Area Municipalities.</p>	<p>Eligible new program.</p>	<p>County / Area Municipality</p>
<p><u>Development Charge Exemption</u> – for any residential rental units.</p>	<p>100% of eligible fee.</p>	<p>In light of Bill 23, purpose-build rentals will now receive a reduction in DCs.</p> <p>The County and Area Municipal DC By-laws already exempt affordable rental units from eligible DCs.</p>	<p>No longer necessary in light of Bill 23.</p>	<p>County / Area Municipality</p>
<p><u>Tax Increment Grant</u> - Grant to property owners who rehabilitate their properties, resulting in tax reassessment.</p>	<p>100% of the increase in Municipal taxes in years one to five, with decreasing amounts in years six to nine, and the owner paying the full amount in year ten.</p>	<p>This program is already provided in the CCIP for some downtown areas that are subject to a Local CIP.</p> <p>In addition, new multi-residential rental properties are subject to the base tax rate, same as the residential class.</p>	<p>The current CCIP provides a Tax Grant Back program.</p> <p>A tax rate equivalent to the residential class is provincially prescribed for new multi-residential housing projects.</p>	<p>County / Area Municipality</p>

<p><u>Conversion to Affordable Housing</u> - rehabilitation of a previous residential unit, or the conversion of a commercial/residential/mixed-use building into affordable residential units.</p>	<p>50% of eligible expenses.</p>	<p>The My Second Unit program currently provides a financial incentive to create an additional residential unit on a residential property.</p>	<p>The My Second Unit program is available for residential conversions.</p> <p>There is some flexibility to expand the existing program to support the conversion of existing commercial/mixed-use spaces.</p>	<p>County / Area Municipality</p>
<p><u>Surplus Land Grant</u> - identify lands that are surplus, to determine the highest and best use, with first priority given to affordable housing developments.</p>	<p>Value of land.</p>	<p>This is already achieved though the County's Housing First Policy, as well as the Master Housing Strategy.</p>	<p>Housing First Policy and Master Housing Strategy.</p>	<p>County / Area Municipality</p>
<p><u>Homeownership Grant</u> – grant equivalent to DCs for below market ownership units.</p>	<p>Value of DCs.</p>	<p>In light of Bill 23, affordable home ownership units may be exempt from eligible DCs. Staff are waiting on regulations in this respect.</p>	<p>Likely not necessary in light of Bill 23.</p>	<p>N/A</p>
<p><u>Development Loan</u> – financial loan assistance to off-set up-front costs associated with affordable housing development.</p>	<p>Repayable loan over a time period.</p>	<p>The County, along with the Federal/Provincial governments provide significant capital contributions to offset the creation of affordable units.</p> <p>In addition, financing is available through CMHC Co-Investment, which works in tandem with County funding contributions.</p>	<p>Financing is available through CMHC Co-Investment.</p>	<p>County</p>

<u>ARU Loan</u> - financial assistance to off-set up-front costs associated with creating ARUs and to improve home ownership.	Repayable loan over a time period.	The My Second Unit program provides a financial incentive to create an additional residential unit.	My Second Unit program.	County
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Based on the above summary, it would appear that an exemption from County planning application fees is the most appropriate at this time. While other exemptions (i.e. zone change and building permits applications) would be beneficial, these services are provided by Area Municipalities and would have to be incorporated into applicable Local CIPs, where appropriate.

Furthermore, while the affordable housing conversion program is also identified as an incentive that is currently not being implemented, staff note that the My Second Unit is currently being reviewed with the intent to expand eligibility and assistance.

In light of the foregoing, staff are proposing to amend the County CIP to include a general Affordable Housing Incentive Program, which can be amended as new initiatives develop or become more relevant. At this time, the program is proposed to be limited to affordable housing projects that are subject to a Municipal Housing Facilities Agreement, or appropriate funding agreement with the County, to ensure incentives are provided for housing projects that meet the County's definition of affordable housing. At this time, the program will specifically include a planning application fee waiver.

[County Planning Application Fee](#)

The Planning Application Fee Exemption is intended to waive the initial County planning application fee upon submission of required documents. The proposed waiver only applies to applicable County planning applications, including Condominium, Official Plan Amendment and Consent. As previously noted, the proposed waiver will not include any deposits required to recover applicable peer review costs or Public Works development review fees.

In this respect, it should be noted that Community Planning has generally used some discretion with respect to waiving County planning application fees for affordable housing projects in consultation with the Human Services Department. While this is the case, in an effort to formally recognize this initiative, and encourage a similar approach at Area Municipalities, staff are proposing the noted amendment.

[Eligibility Criteria](#)

The CCIP is proposed to be amended to ensure the Affordable Housing Incentive Program applies to any eligible affordable housing project within Oxford County. In terms of specific eligibility, the program is proposed to apply to the following projects:

- Affordable Rental Housing – projects that are subject to a Municipal Housing Facilities Agreement with the County, including appropriate securities, to ensure the project is developed and maintained, either primarily or partially, as affordable rental housing for a specified term.

- Affordable Ownership Housing - projects that are constructed by Habitat for Humanity, or a similar non-profit organization, and subject to a Municipal Housing Facilities Agreement, or a similar funding agreement, with the County, including appropriate securities to ensure the property is developed and offered, either primarily or partially, as affordable ownership housing for a specified term.

The proposed criteria seeks to include all affordable rental projects that are subject to an appropriate agreement with the County to ensure projects remain affordable for a minimum term. In terms of affordable ownership housing, staff are also proposing to include projects that are developed by Habitat for Humanity, or a similar not-for-profit organization, as such organizations have an appropriate process in place to ensure the home is sold at an affordable rate. While this is not a concern at the time the home is first sold, it is difficult to enforce in subsequent transfers or sales. Should other opportunities for affordable home ownership arise, staff will review the CCIP accordingly.

### Local Municipal Support

Partnerships and support from Local Municipalities are key in addressing the County's housing needs. The momentum and partnerships that have been developed continue to be effective and encouraging in the creation of housing across the continuum. To support this proposal and to ensure continued collaboration, the implementation of similar fee waivers or reductions by Local Municipalities would be even more effective in promoting the creation of such housing throughout the County.

### **Conclusions**

The proposed CCIP amendment is in keeping with Council's direction to support the creation of affordable housing, as identified as a goal in the Oxford County Strategic Plan, County Official Plan, Future Oxford Community Sustainability Plan, 10-Year Shelter Plan and Master Housing Strategy.

While the noted application fees are minimal in comparison to the overall costs of a housing project, this initiative demonstrates the County's continued dedication to addressing housing affordability and supply. This proposal is intended to support a coordinated approach in line with the directives of the County's 10-year Shelter Plan and supporting Master Housing Strategy.



## **SIGNATURES**

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### **Report Author:**

Original Signed By \_\_\_\_\_

Rebecca Smith, MCIP, RPP  
Manager of Housing Development

### **Departmental Approval:**

Original Signed By \_\_\_\_\_

Gordon K. Hough, RPP  
Director of Community Planning

### **Approved for submission:**

Original Signed By \_\_\_\_\_

Benjamin R. Addley  
Chief Administrative Officer

## **ATTACHMENTS**

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Attachment 1 - Draft By-law to amend the existing CCIP, March 22, 2023

Attachment 2 - Draft By-law to designate the entirety of the County as a Community Improvement Project Area for the purpose of the Affordable Housing Incentive Program, March 22, 2023