

The Regional Municipality of York

Committee of the Whole
Planning and Economic Development
March 7, 2019

Report of the Commissioner of Corporate Services and Chief Planner

Community Improvement Project Area for Affordable Rental Housing Incentives

1. Recommendations

1. Council enact a bylaw to designate areas identified as “Urban” and “Towns and Villages” in the York Region Official Plan as a Community Improvement Project Area in respect of affordable rental housing
2. The Regional Clerk circulate this report to local municipalities, the Ministers of Finance and Municipal Affairs and Housing and BILD-York Chapter

2. Summary

This report recommends Council enact a bylaw to designate a Community Improvement Project Area to develop a Community Improvement Plan (CIP) which will implement the Rental Housing Incentives Guideline (Guideline).

Key Points:

- There is a need for more private purpose built rental housing in York Region
- Council has authorized staff to prepare a CIP to implement tax increment equivalent grants proposed in the Guideline to encourage new private purpose built rental developments in York Region
- A Community Improvement Project Area must be designated prior to adopting a CIP
- A follow-up staff report in Q2/Q3 2019 will ask for Council's consideration of a proposed final Guideline and adoption of the final CIP to implement it

3. Background

The need for more affordable housing options, including rental housing is well established

Complete communities include rental and ownership options that meet the needs of residents of all ages, stages and abilities. York Region has the [lowest rental stock in the Greater Toronto and Hamilton Area](#) which has the potential to lead to negative economic, social and environmental outcomes as articulated in the November 2016 [Housing Initiatives and Incentives](#) staff report. The [York Region Human Services Planning Board](#) has recognized the need for more housing options since it was established in 2010, resulting in ongoing research, advocacy, capacity building, engagement and support through the [Make Rental Happen Collaborative Advocacy Plan](#).

Draft Financial incentives for private purpose built rental developments have been endorsed by Council

As directed by Council in [November 2016](#), the York Region/Local Municipal Housing Working Group (Working Group) has considered the necessity and extent of housing incentives to help address affordability. The Working Group evaluated the entire housing system (ownership and rental) and concluded that financial incentives should focus on increasing private purpose built rental units affordable to mid-range income households.

The Draft Guideline endorsed through the June 2018 [Draft Rental Housing Incentives Guidelines and Community Improvement Plan](#) staff report stipulates to receive incentives, a development must be affordable to mid-range income households calculated using the Provincial definition of overall income based affordability as articulated in the [Provincial Policy Statement](#). This requirement builds on the principles endorsed by Council in the February 2018 [Housing Initiatives and Incentives Update](#) staff report, including:

- Requires the development remain as rental for a minimum of 20 years,
- The proponent must share their pro forma work, and
- Regional incentives be contingent on the local municipality offering similar or better incentives.

In addition to the [existing 36 month development charge deferral for purpose-built high density rental buildings](#), the rental housing incentives endorsed through the Guideline are:

1. A new 48 month deferral for Regional [development application fees](#) (initial submission only)
2. A new Tax Increment Equivalent Grant for the Regional portion of the property tax increase for up to 5 years

The Guideline recommends that a CIP be in place for five years.

A Community Improvement Plan is required to administer grants

The *Municipal Act* prohibition on providing grants or loans to a commercial enterprise does not apply where a CIP, under section 28 of the *Planning Act*, is in effect and the grant or loan is in conformity with the CIP. The York Region Official Plan contains provisions that enable Council to enact a by-law to designate a Community Improvement Project Area. As such, through the June 2018 [Draft Rental Housing Incentives Guidelines and Community Improvement Plan](#) report, Council authorized staff to initiate preparation of a CIP for this purpose. As outlined in the June 2018 report, development of a CIP requires three touch points with Council:

1. Authorization to initiate (received in June 2018)
2. Endorsement of the Community Plan Project Area (this staff report)
3. Adoption of the final CIP and Guideline (anticipated in Q2/Q3, 2019)

4. Analysis

Housing affordability challenges warrant the Community Improvement Project Area being the entire designated area of the Region

Staff recommend the Community Improvement Project Area be the areas designated as “Urban” and “Towns and Villages” in the York Region Official Plan, as amended. A map of the Region’s existing urban structure is included for reference as Attachment 1. The specific boundaries of these areas are set out in the official plans of local municipalities. Affordability challenges and the purpose built rental housing shortage in York Region are so severe and geographically wide-spread, opportunity to promote new developments should not be restricted. However, an evaluation process would prioritize developments in local and regional centres and corridors.

The Community Improvement Plan will allow for local municipal participation

The CIP will require local municipalities to offer similar or better incentives than those provided by the Region. The Guideline does not prescribe which incentives local municipalities should offer, nor that they be evaluated on absolute dollar value. In addition to the regional scale incentives offered, local municipalities will be able to leverage incentives through mechanisms such as development application and building permit fees, parkland dedication, parking reductions and height and density exchanges in accordance with Section 37 of the *Planning Act*. In the case a local municipality is contemplating the provision of grants, staff are structuring the CIP to allow for local municipal participation. To participate in an upper-tier CIP, enabling policies will be required in local municipal Official Plans.

Rental Housing Incentives support the Region's Strategic Policy Framework

The development of the Guideline and associated CIP support all plans identified in the Region's strategic policy framework, including:

- Vision 2051 goal for Appropriate Housing for All Ages and Stages
- Regional Official Plan objective to promote an appropriate mix and range of acceptable housing to meet the needs of residents and workers
- 2019 to 2023 Strategic Plan objective of delivering and promoting affordable housing

5. Financial

As was recommended in the June 2018 [Draft Rental Housing Incentives Guidelines and Community Improvement Plan](#) staff report, a letter has been submitted to the Ministers of Finance and Municipal Affairs and Housing to request assistance to help fund rental housing incentives by allocating funds from the [Non-Resident Speculation Tax](#) collected in York Region. A response from the Province has not been received at this time.

No budget is being requested at this time. Budget for the Rental Housing Incentives CIP will consider any rental housing funds committed from the Province, the final regional incentives once approved and the number of units targeted. This information and an approach to the budget will be proposed to Regional Council with the final Guideline and CIP.

It is staff's intention the final CIP will continue to incorporate evaluation criteria that identify alignment of proposed developments with Regional planning and housing objectives such as alignment with the urban structure and transportation investments, and the depth or duration of affordability incorporated in the development. At the onset of the program, staff intend to use a "first come, first serve" approach. In the event the budget is met in a given year, a competitive process may be initiated in the following year using the evaluation process as a guide.

6. Local Impact

The provision of a full mix and range of housing options, including purpose built rental options is a priority for the Region and its local municipalities. Through the Guideline and associated CIP, local municipalities will be provided the opportunity to participate in the Region's CIP. A development supported by the Region will also require support from the local municipality it is located in. Local municipal participation in the Region's CIP will streamline this process across the Region.

7. Conclusion

For a number of years Council has worked to address the affordability challenges and the severe lack of purpose built rental housing in York Region. Through these ongoing efforts,

Council has endorsed a Draft Guideline and has authorized staff to initiate a CIP to implement the Guideline. This report advances the CIP process by seeking Council to enact a by-law to designate areas in York Region as a Community Improvement Project Area for affordable rental housing incentives.

For more information on this report, please contact Danielle De Fields, Manager, Policy and Environment at 1-877-464-9675 ext. 71525. Accessible formats or communication supports are available upon request.

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Commissioner of Corporate Services

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Chief Administrative Officer

Attachment (1)
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