

Supplementary Budget – Briefing Note

2021 Budget

Affordable Housing Builds

Briefing Note required for:**-items +/- \$50,000 or more****-changes in FTE****-Council Priority requests**

Dept	Division	Business Unit	Item	Base Supp	Amount	FTE Impact
CHS	Housing Services	Affordable Housing	Increase base budget to support affordable and supportive housing projects. Transfer to Municipal Affordable Housing Reserve # 17315	B	\$200,000	
			Total:		\$200,000	

Background:

The recommendation per RTC dated April 14, 2020 regarding Municipal Policies to Encourage Development of Affordable Housing in Chatham-Kent “The following be deferred to 2021 Budget Deliberations: Build Up Municipal Affordable Housing Reserve Fund (Section 2.3): request to increase the minimum base budget (from \$800,000) to \$1 million plus annual increases equivalent to the average Building Construction Price Index of Toronto and Ottawa CMAs as a way of further supporting affordable and supportive housing projects.” was approved by Council June 1, 2020.

Chatham-Kent, like the rest of Southern Ontario, is experiencing a growing waitlist of rent-geared-to-income applicant households with some wait times reaching six years. At December 31, 2019, the waitlist stood at 1,020 households: 261 (25.6%) Seniors (60+ years old); 268 (26.3%) Families; and 491 (48.1%) Non-seniors/no dependents.

With a declining market rental vacancy rate it has become far more difficult for low-income households to find suitable, affordable rental homes. The increase in demand, with the limited rental stock available, results in ever increasing average market rents, compounding the difficulty in finding affordable housing. Moreover, a higher and higher number of applications for rent-geared-to-income assistance are being received.

Faced with the growing unmet demand for more affordable housing, for low-to-moderate income households, it is in the Municipality’s best interest to increase the number and type of affordable housing options available in Chatham-Kent. Adopting policies that encourage Proponents to seek out opportunities to add affordable housing in the municipality is an important step and salient message to potential developers. Housing Supply is in a critical state across the province. Chatham-Kent must be as proactive as it can to encourage the development of affordable housing, maintaining an equilibrium of housing supply across the housing continuum.

This base budget increase to affordable housing also helps to achieve Chatham-Kent’s Service Level Standards (SLS) as identified in the RTC dated November 15, 2019 and was received by Council in the December 9, 2019 meeting.

Comment:

Social Housing stock is static and has been since 1994 in Chatham-Kent when the last social housing project was built. It was not until 13 years later that the provincial and federal government offered funding allocations for affordable housing. Affordable Housing is different from social housing in that it exists outside of the Housing Services Act, and instead is subject of time limited Contribution Agreements. In exchange for the capital funding provided, the Proponent must provide the (capital funded) rental units at affordable rents (i.e. 20% below Average Market Rent) for the term of the Contribution Agreement (for 20 to 25 year terms, including a 5-year phase out period for the affordable rents).

Housing Services will bring forward the annual increases equivalent to the average Building Construction Price Index (CPI) of Toronto and Ottawa CMAs as an inflationary component in the 2022 budget process.

Municipality Of Chatham-Kent

Community Human Services

Housing Services

To: Mayor and Members of Council
From: Shelley Wilkins, Director, Housing Services
Date: April 14, 2020
Subject: Municipal Policies to Encourage Development of Affordable Housing in Chatham-Kent (RFP # R18-280 Report)

Recommendations

It is recommended that:

1. The recommendations contained in Appendix 1: A Summary of the “Municipal Policies to Encourage Development of Affordable Housing in Chatham-Kent, Recommendations Report,” prepared by Vink Consulting (July 2, 2019) be dealt with as follows:
 - a) Refer Planning Recommendations (Section 1): to the Director, Planning Services to include in appropriate subsequent updates and amendments to the Official Plan and the Comprehensive Zoning By-law; and
 - b) Receive and file for information the Financial Recommendations: Deferral and Waiver of Fees (Section 2.1) and Grant-in-Lieu of Property Taxes (Section 2.2).
2. The following be deferred to 2021 Budget Deliberations: Build Up Municipal Affordable Housing Reserve Fund (Section 2.3): request to increase the minimum base budget (from \$800,000) to \$1 million plus annual increases equivalent to the average Building Construction Price Index of Toronto and Ottawa CMAs as a way of further supporting affordable and supportive housing projects.
3. The Chief Financial Officer be directed to prepare an amendment to municipal Disposition of Real Property By-law No. 39-2019, within the next three months, for the purpose of considering how best to achieve the recommendations related to Housing First Policies for Surplus Properties (Section 2.4) contained in this section of the attached Appendix 1.
4. The Chief Financial Officer be directed to ensure the amendments to be proposed to By-law No. 39-2019 include a Housing First Policy that considers how best to achieve the recommendations contained in Section 2.5, Establish a Housing First Policy, of the attached Appendix 1.

Background

The combined (2012) Housing and (2013) Homelessness Plan adopted by Council in January 2014 includes 47 strategies, categorized into three main objectives: (1) Housing Supply; (2) Housing Stability; and (3) Advocacy, Partnerships and Service Coordination. Under the first objective, Housing Supply, there are essentially three strategies tied to the planning approval process for developing affordable housing: first, the Official Plan needed updates to include housing targets and objectives, aligning with the Provincial Policy Statement. This was achieved with Official Plan Amendment (OPA) No. 28, approved by Council, then by the Ministry of Municipal Affairs and Housing on May 28, 2015. The second strategy involved updating the Comprehensive Zoning By-law to implement the policy changes made by OPA No. 28. Council adopted the updated Comprehensive Zoning By-law on February 12, 2018. The third strategy is to establish specific corporate policies designed to encourage both private for profit and/or private non-profit proponents and developers to create new affordable housing within the Municipality. This report addresses this third strategy.

At the October 1, 2018 regular meeting, Council awarded RFP R18-280, Request for Proposals for Consultant to Recommend Municipal Policies to Encourage Development of Affordable Housing in the Municipality of Chatham-Kent to Vink Consulting.

Vink Consulting provided its Recommendations Report (July 12, 2019) and this was shared with Planning Services. Some recommendations in this report were used to develop recommendations for the new Chatham-Kent Community Improvement Plan (CIP) adopted at Council's March 2, 2020 regular meeting. The recommendations in this report are limited to those not already addressed in the CIP adopted by By-law No. 22-2020 passed on March 2, 2020. The newly approved CIP includes several new incentive programs to further support the development of affordable housing, several of which cover off recommendations in the Vink Report. These include the following:

1. Property Tax Increment Equivalent Program
2. Building & Planning Fee Rebate Program
3. Development Charge Partial Exemption Program, and
4. Residential Conversion and Affordable Housing Grant Program

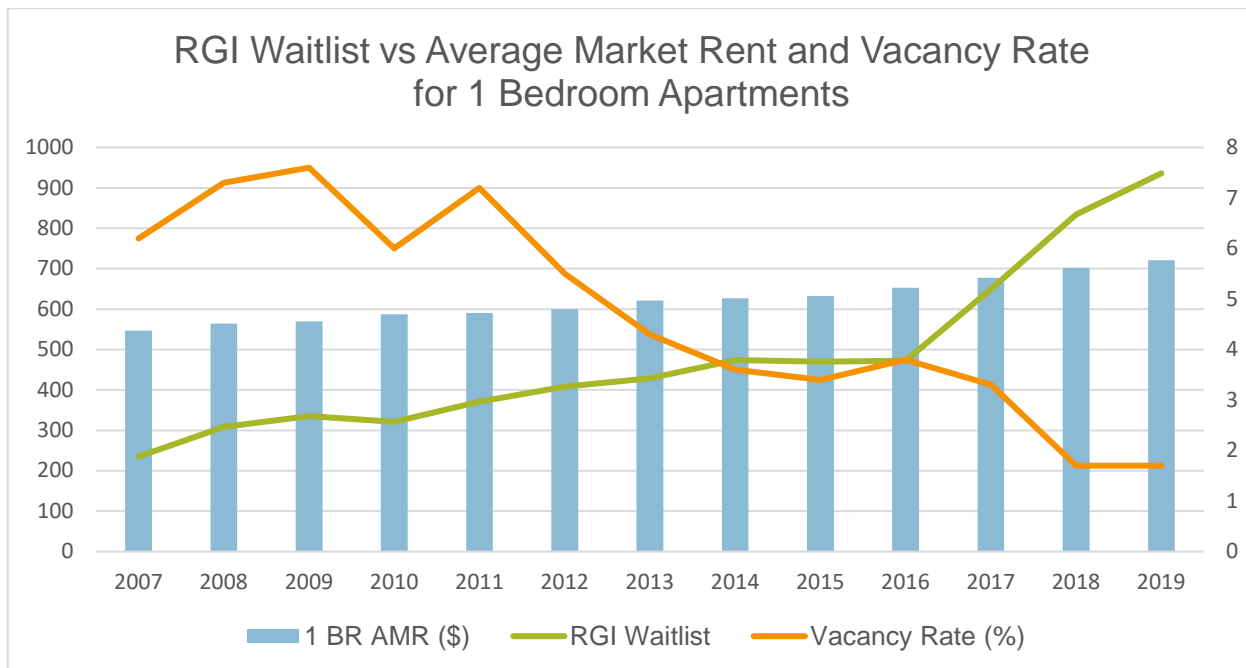
Comments

Chatham-Kent Housing Services has delivered and administered the development of new affordable housing projects since 2006/2007 when the Ministry of Municipal Affairs and Housing first introduced federal-provincial funding programs for it. To date, Contribution Agreements with proponents have been executed for 14 projects (in 14 years) with a total of 168 units: 152 affordable units and 16 market units. Of these 152 units, 101 have been completed and occupied and the remaining 67 units (in five projects) are currently under construction. On average, one project per year of about 12 units (11 affordable and 1 market) is being completed.

	Program/s & Project Address	Affordable Units	Market Units	Total Units	Complete/ Occupied
	AHP – Strong Start				
1	40 Arthur Dr., Chatham	1	0	1	Yes
	AHP (Wave 1)				
2	59 Adelaide St., Chatham	12	2	14	Yes
3	196 Victoria Ave., Chatham	4	1	5	Yes
4	5 Tecumseh Road, Chatham	24	3	27	Yes
	IAH				
5	20 Wedgewood Pl., Chatham	12	1	13	Yes
	SIF - SHIP &				
6	9 Cecil St., Ridgetown	10	3	13	Yes
	SIF – IAH				
7	86 Pine St., Chatham	12	0	12	Yes
8	51 Kirk St., Chatham	8	0	8	Yes
	SIF - IAH & CK				
9	48 Fifth St., Chatham (upper)	20	0	20	No
	SIF - IAH,				
10	45 Michener Rd, Chatham	12	0	12	No
	IAHE				
11	534 St. Clair St., Chatham	8	0	8	Yes
	IAHE & CK				
12	48 Fifth St., Chatham (1 st Flr)	8	0	8	No
	OPHI & CK				
13	45 Margaret St., Blenheim	7	6	13	No
	CK MUN AH				
14	18 Dolsen St., Chatham	14	0	14	No
14	Totals	152	16	168	
9	Totals Completed/Occupied	91	10	101	Yes
5	Totals Under Construction	61	6	67	No
Acronym Glossary for Table above:					
AHP: (Canada-Ontario) Affordable Housing Program					
CK MUN AH: Chatham-Kent Municipal Affordable Housing funding					
IAH: (Canada-Ontario) Investment in Affordable Housing program					
IAHE: (Canada-Ontario) Investment in Affordable Housing Extension program					
OPHI: (Canada-Ontario) Ontario Priorities Housing Initiatives program					
SIF – IAH: (Canada-Ontario) Social Infrastructure Fund – Investment in Affordable Housing program					
SIF – SHIP: (Canada-Ontario) Social Infrastructure Fund – Social Housing					

At the same time, a number of factors have converged, not unlike the rest of southern Ontario, to result in a growing waitlist of rent-geared-to-income applicant households. At December 31, 2019 the waitlist stood at 1,020 households: 261 (25.6%) Seniors (60+ years old); 268 (26.3%) Families; and 491 (48.1%) Non-seniors/no dependents.

With a declining market rental vacancy rate it has become harder and harder for low-income households to find suitable, affordable rental homes. The increase in demand, with the limited rental stock available results in ever increasing average market rents, compounding the difficulty in finding affordable housing. Moreover, a higher and higher number of applications for rent-geared-to-income assistance are being received.



Social Housing stock is static and has been since 1994¹ in Chatham-Kent when the last social housing project was built (save and except for the 2017 social housing regeneration project that Chatham-Kent had built to replace its public housing project in Ridgetown). It was not until 13 years later that the provincial and federal government offered funding allocations for affordable housing. Affordable Housing is quite different from social housing in that it exists outside of the Housing Services Act, and instead is subject of time limited Contribution Agreements (for 20 to 25 year terms, including a 5-year phase out period for the affordable rents). In exchange for the capital funding provided, the Proponent must provide the (capital funded) rental units at affordable rents (i.e., 20% below Average Market Rent) for the term of the Contribution Agreement. There is no on-going funding for operations. In most cases, it has not included rent subsidy for the eligible applicants. Applicants on the social housing waitlist who can afford the affordable rents are referred to the Proponent to be housed as units become vacant.

Faced with the growing unmet demand for more affordable housing, for low-to-moderate income households, it is in the Municipality's best interest to increase the number and type of affordable housing options available in Chatham-Kent. Adopting policies that encourage Proponents to seek out opportunities to add affordable housing in the Municipality is an important step and salient message to potential developers. Housing Supply is in a critical state across the Province. While it may be more acute in the Greater Toronto Hamilton Area because of the sheer numbers, at an individual household level it is very much the same pain and frustration. Chatham-Kent must be as proactive as it can to encourage the development of affordable housing, maintaining an equilibrium of housing supply across the housing continuum.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

¹ Park St. United Church Non-Profit Housing Corporation has the last social housing project built in Chatham-Kent under the federal-provincial funding programs that pre-date the devolution of social housing to Service Managers.

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report supports the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

RFP #R18-280 Evaluation Panel members became the Steering Committee that worked with the consultant to come to consensus on the final recommendations included in the consultant's Recommendations Report. Steering Committee members included the Directors of Housing Services, Planning Services, Building Development Services/Chief Building Official; Tenant Relations Manager, Housing Services, Homelessness Prevention Program Manager, Employment & Social Services, and Project Assistant, Economic Development.

The consultant team was led by Cassandra Vink assisted by Jodi Ball.

The Directors of Housing Services, Planning Services and Building Development Services met with the Chief Financial Officer (CFO) and the Director, Budget Performance and Services, Finance, Budget and Information Technology Services to discuss funding options for the policies to encourage the development of affordable housing. The sale of surplus municipal properties is currently managed by the Finance, Budget and Information Technology Services department. The CFO supports the recommendations in this report.

Financial Implications

The cost of Vink Consulting's report and work with the Steering Committee had a total cost of \$21,865.50 (taxes included) funded from the Municipal Affordable Housing Reserve.

Recommendation one of this report will limit cost to Administration costs to include additional updates to the Official Plan and Comprehensive Zoning By-law, when appropriate.

Recommendation two is for \$200,000 to be added to the base budget for the municipal affordable housing contributions, and for it to be increased annually by an indexed amount. It is recommended that this be considered during 2021 budget deliberations.

Recommendations three and four will result in a follow-up report/s to Council with estimated financial implications to be prepared by the Chief Financial Officer or his designate for the purpose of such report/s.

Prepared by:

Shelley Wilkins, (Hon) BPA
Director, Housing Services
Community Human Services

Reviewed by:

April Rietdyk, RN, BScN, MHS, PHD PUBH
General Manager
Community Human Services

Consulted and confirmed the content of the consultation section of the report by:

Bruce McAllister
Director, Planning Services

Paul Lacina, CBO
Director, Building Development Services

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer/Treasurer

Steven Brown, CPA, CMA
Director,
Budget and Performance Services

Attachments:

Appendix 1: A Summary of the "Municipal Policies to Encourage Development of Affordable Housing in Chatham-Kent, Recommendations Report," prepared by Vink Consulting (July 2, 2019).

Appendix 2: Municipal Policies to Encourage Development of Affordable Housing in Chatham-Kent, Recommendations Report (July 12, 2019), Vink Consulting

C: Kristen Williams, Tenant Relations Manager, Housing Services

Chantal Perry, Homelessness Prevention Program Manager,
Employment & Social Services (currently, Intern Director, Housing Services)

Spencer Pray, Project Assistant, Economic Development

Cassandra Vink, Vink Consulting

