

Development Charges Rebate Program

Purpose

The purpose of this report is to endorse the Expression of Interest (EOI) submitted to the Ministry of Housing in accordance with the Development Charges Rebate Program guidelines and receive authorization to enter into a Transfer Payment Agreement with the Ministry of Housing (MHO) on the City of Greater Sudbury's behalf should the application be successful.

Background

In April of 2017, the Provincial government announced its Fair Housing Plan with the intention of improving affordability, addressing demand, protecting renters and buyers and improving the sharing of information. One of the measures included within the Plan is the Development Charges Rebate Program (the Program), which provides rebates for development charges (DC) related to purpose-built market rental housing development.

There are two types of rental housing in Ontario: purpose-built housing (which includes market rentals as well as social/affordable housing) and the secondary rental market (which includes individually rented condominiums, singles/semis and secondary suites). The Program is targeted at the purpose-built market, which is more stable and less impacted by factors such as prevailing economic and real estate conditions.

Funding for the Program will total \$125 million over five years for eligible municipalities.

Eligible municipalities identified by the Province are those with:

- Vacancy rates of 3% or less
- High tenancy populations (i.e. 20% or more of all households) or
- Opportunities for rental development within 500-800 meters of a major transit station area

In total, 83 municipalities were invited, including the City of Greater Sudbury. At the time of writing this report, the MHO has yet to determine criteria upon which to allocate the funding to the eligible municipalities.

The full program guidelines have been included as an Appendix to this report as a reference, as well as the Expression of Interest. Features of the Program include:

- The Program can be administered by either the local municipality or the Housing Service Manager (the Manager of Housing Services is the Service Manager for Greater Sudbury)

- A Transfer Payment Agreement between the municipality and the Province will outline the terms and conditions
- Up to 5% of the allocations can be used to support administrative costs
- There is no requirement for municipal funding for the Program
- The Program cannot be used to replace existing incentives, including Development Charge (DC) deferrals
- Based on local need, municipalities or Service Managers will have flexibility to determine how the rebate funding is distributed with consideration for:
 - The built for, of rental housing development eligible to receive a DC rebate (i.e., high-rise, mid-rise, townhouse) as well as unit sizes
 - The amount rebate available to properties (full or partial rebate)
 - The timing of the rebate (i.e., at what point after DC collection would rebate be made, within MHO parameters).
- Developments and units receiving funding must remain rental units for a minimum of 20 years, with starting rents no greater than 175% of the Average Market Rents (AMR) as published by the Canada Mortgage and Housing Corporation.

In order to ensure accountability, the municipality will be required to enter formal contribution agreements with any developers receiving DC rebates. There will also be on-going reporting from the municipality to the MHO including bi-annual take-up plans. Additional staff resources will be required to administer the program. The Health and Housing Working Group could be involved in the intake, evaluation, agreements and dispersal of rebate funding under this Program.

The Development Charges Rebate Program Expression of Interest was released on December 20, 2017. A teleconference was held between the Ministry and eligible municipalities on January 18, 2018. Municipalities intending to submit an EOI were required to begin to draft their submission through the Grants Ontario system by February 16, 2018, with the submission to be completed by March 2, 2018. Given the deadlines associated with the application process, staff have submitted an Expression of Interest to maintain the City's eligibility for participation in the program, subject to a further discussion with Council. This report seeks Council's endorsement of this action.

Council is not making a decision on level of service or parameters of service provision at this time. After a cost-benefit analysis of the City's participation in the program is complete, staff will present a second report for Council's consideration. It is anticipated that staff will provide additional detail regarding potential program administration in early spring, which will align with the Ministry of Housing's intended submission review

and announcement of participating municipalities, which occurs prior to commitment through the signing of an Agreement.

Conclusion:

The Ontario Ministry of Housing has established a Development Charges Rebate Program. A resolution is required and must be submitted as part of the EOI to the Ontario Ministry of Housing. The funding program provides the potential for an opportunity to introduce a new tool to incent the development of market rental units to the housing supply in the City of Greater Sudbury.