



Memorandum

Corporate Services

Prepared for: Council-in-Committee

Meeting Date: Monday, February 12, 2024

Title: 2023 Development Charges (DC) Background Study – January 29, 2024 response

During the Council meeting on January 29, 2024, Council requested additional information in relation to Report CS-13-01-2023 on affordable housing incentive options from Hemson Consulting.

Attached as Appendix 1 is the memorandum by Hemson to address this request. The memo discusses a) how recent changes to the DC Act will incent affordable housing and, b) considerations for the Town of Fort Erie 2024 DC By-law.

Staff support the conclusion that recommends implementing an Affordable Housing Grant Program (similar to Industrial DC Grant) to support affordable housing and to not include affordable housing exemptions in the 2024 DC By-law in advance of legislative changes.

This recommendation is supported by the following recent strategic budget initiatives:

A) 2022 Levy Budget - \$250,000 for an Affordable Housing Fund

The 2022 Levy Budget approved Supplementary Request 3.1 for \$250,000 in annual base funding for an Affordable Housing Fund. The program was described as follows:

Through the 2018-2022 Strategic Plan, Council identified supporting social housing and affordable housing objectives. The development of an Affordable Housing Community Improvement Plan (CIP) was one of ten key priorities that were identified in the Town's Housing Action Strategy and one of several policy recommendations in the Town's Housing Needs Study.

The Affordable Housing CIP is a tool to incentivize development of affordable housing in Fort Erie. In accordance with Planning Act Section 28, the Affordable Housing CIP encourages investment by providing financial incentives that may be applied to eligible properties for purposes that conform to the goals, objectives and policies of the CIP.

Through 2021, Community Planning staff have been preparing Affordable Housing policy (OPA) and an Affordable Housing CIP, for Council consideration. To date, staff have conducted a public open house and a public meeting, relative to the proposed OPA and ZBA. Staff are currently finalizing the CIP program, that will offer incentives for

the development of Affordable Housing. Staff expect to report to Council in the spring of 2022.

This annual allocation will be used to fund Affordable Housing incentive programs, such as Development Charge relief, an Affordable Housing Planning Fee Grant (that will reimburse municipal application, permit fees and a portion of development charges for developments that meet the definition of Affordable Housing) and an Affordable Housing Tax Increment Grant (that will provide full or partial grants to cover an increase in municipal property taxes related to the development or redevelopment of a property for affordable housing).

It should be noted that this funding was directly intended in paragraph four above to address “Development Charge relief”.

Opting for an Affordable Housing Grant (AHG) instead of the 2022 CIP approach may offer benefits by minimizing Planning rules, especially those tied to the CIP Secondary Plan. As demonstrated by the Industrial DC Grant discussed in Report CS-13-01-2023, positioning the AHG outside the scope of the DC By-law enables Council to adapt to future economic dynamics related to affordable housing in the Town. Notably, the new DC By-law carries a statutory lifespan of up to 10 years that locks in rules, exemptions, discounts, and policies until its expiration or repeal, whichever comes first.

The funding above also included the establishment of a dedicated reserve that is projected to have a December 31, 2024 balance \$715,000.

B) 2024 Levy Budget - \$75,000 for an Affordable Housing CIP Consultant

The 2024 Levy Budget approved Supplementary Request 4.1 for up to \$75,000 in one-time funding for a consultant to create an Affordable Housing Grant Program to establish incentives for the construction of affordable and attainable housing in the Town, using related reserve funding. There may be overall project cost savings where the program is able to be implemented outside the CIP process. The program is expected to align with Council’s strategic direction to support affordable housing initiatives.

All of which is respectfully submitted.

Prepared by:
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Attach: **Appendix 1** – Development Charges and Affordable Housing Initiatives
(Hemson)