

COMMON COUNCIL REPORT

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| M&C No. | 2023-002 |
| Report Date | January 05, 2023 |
| Meeting Date | January 09, 2023 |
| Service Area | Growth and Community Services |

Her Worship Mayor Donna Noade Reardon and Members of Common Council

SUBJECT: Affordable Housing Grant Program

AUTHORIZATION

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|---------------------------|-----------------------------------|------------------------------|--|
| Primary Author | Commissioner | Chief Administrative Officer | Chair of Growth Committee |
| <i>Andrew Reid</i> | <i>Jacqueline Hamilton</i> | <i>Brent McGovern</i> | <i>Councillor Joanna Killen</i> |

RECOMMENDATION

Growth Committee recommends that Common Council adopt the Affordable Housing Grant Policy, with the goal of increasing the amount of new affordable residential units constructed in the City of Saint John.

EXECUTIVE SUMMARY

Federal and Provincial programs recognizing the need for more affordable housing can be characterized as a generational investment. The 10-year National Housing Strategy (2017), led by Canada Mortgage Housing Corporation (CMHC) and in collaboration with provincial governments delivers several components aimed to increase supply of affordable units, fund community housing projects, and provide benefits to help stabilize those struggling to afford rent.

Locally, there is a documented need for more affordable housing units in Saint John (City of Saint John Housing Action Plan, 2022). In July, three options were presented to Growth Committee regarding the use of an \$800,000 investment into affordable housing. Of key importance in the development of the finalized Program was ensuring the following:

- Timely delivery of the Program to address housing shortfalls
- Alignment with the City's Affordable Housing Action Plan and Municipal Plan
- Incorporation of City's Housing Needs Assessment into the Program

Saint John's Affordable Housing Grant Program (AHGP) seeks to take advantage of existing Federal/Provincial programs to provide flexible and targeted top-up grants that will aim to help create additional affordable units in our community.

Staff have developed a formal application in accordance with the policy, created a grant agreement template for successful applicants, and will roll out the program for applicants in January of 2023. Staff are recommending the first funding cycle to be 30 days to align with a municipal-lead application approach to CMHC's Rapid Housing Initiative (RHI).

Based on the parameters of the AHGP, staff anticipate that this program could assist with the immediate development of 30 to 60 new affordable residential units in the City of Saint John.

PREVIOUS RESOLUTION

On October 3, 2022, Common Council adopted the Affordable Housing Action Plan. Action Number 13 states:

The City immediately establish a Saint John Affordable Housing Fund to fund the development of new affordable housing units and that the Fund is:

- a) Targeted to non-market housing on a priority basis
- b) Initially seeded through a \$800,000 contribution and augmented via future provincial and federal funding programs (e.g. CMHC Housing Accelerator Fund)

On July 26th, 2022, Growth Committee received and filed a report and presentation with regards to three possible options for the creation of a \$800,000 Affordable Housing Grant Program for 2023.

On May 30th, 2022, Common Council approved a motion to allocate funding from the Regional Development Corporation and the Federal Government for Affordable Housing, with \$1,100,000 budgeted toward Affordable Housing & Neighbourhoods. Of the \$1,100,000, \$800,000 was earmarked towards a Grant Program for 2023 and the remaining \$300,000 towards implementation of the 5-year Affordable Housing Action Plan.

REPORT

Housing is an urgent and pressing matter in Saint John. On October 3, 2022, Common Council adopted the City of Saint John Affordable Housing Action Plan. The Plan is a blueprint for a more coordinated approach to guide local action in the community over the short, medium and longer term. Development of an Affordable Housing Grant Program was identified as an immediate action in the Plan. Timeliness is key to coordinating with Federal/Provincial funding programs (e.g. CMHC's Rapid Housing Initiative).

Through the creation of Saint John's AHGP, staff worked with Dillon Consulting to develop different grant options for consideration. Dillon Consulting has assessed these three options to determine the most functional approach that will work for Saint John and settled upon the attached Program, which is summarized below.

- The AHGP will have two tiers aimed at non-profit and private developers, with non-profit developers having access to \$10,000 per affordable unit up to \$200,000 and private developers \$8,000 per affordable unit up to \$160,000.
- Grants are evaluated on a 30-day cycle by a staff Grant Committee in accordance with an evaluation criteria.
- Projects are prioritized according to project readiness and the evaluation criteria. Criteria ensures that projects are prioritized according to the City's established plans and policies, including the Affordable Housing Action Plan and Municipal Plan.
- Bonus funds are available towards projects that address market gaps in the form of an additional grant up to \$50,000 (e.g. 3 bedroom units, vacant building retrofit, exceedance of accessibility or energy efficiency standards).
- Once a building permit for the project has been submitted, all developers are required to enter into a Grant Agreement with the City of Saint John which will define the terms and conditions in accordance with the Program.
- Disbursement of funds will occur after an occupancy permit is issued, unless otherwise approved by Common Council.

At the same time as developing the Affordable Housing Grant Program, staff have also been working to support a municipal-lead application approach to CMHC's Rapid Housing Initiative (RHI). Given the timelines of this Federal Program, a small change is recommended with respect to the AHGP first grant cycle to provide greater alignment with the RHI Program. **The First Grant Cycle is now proposed to be 30 days in duration** as opposed to 90 days to enable potential RHI projects to take advantage of the grant program for the purposes of cost-sharing.

STRATEGIC ALIGNMENT

Common Council has established five priorities for their 2021-2026 term. Affordable Housing aligns with the following Council Priorities.

Grow:

- Population Growth

- Grow our population at a rate of 2% annually by the end of Council's term.

Belong:

- Livable Neighbourhoods
 - Facilitate a mix of affordable housing in all of our neighbourhoods.

SERVICE AND FINANCIAL OUTCOMES

The Affordable Housing Grant program will utilize a one-time investment of \$800,000 in operating funds as established in the 2022 budget adjustment. The \$800,000 fund is a portion of funding that was allocated to the City from the Regional Development Corporation in the Spring of 2022. This funding was provided by a combination of federal and provincial dollars with part of the objective to support housing shortfalls. The AHGP will help facilitate the development of new affordable housing units throughout the City, increasing the quality of life of the future residents of these units. Augmentation of the fund may be sought through future provincial and federal funding programs (e.g. CMHC Housing Accelerator Fund).

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

The Policy was developed with the input of local housing provider stakeholders and reviewed by Growth and Community Services, Finance, and the General Counsel Office.

ATTACHMENTS

1. Affordable Housing Grant Program Presentation
2. Affordable Housing Grant Program Policy
3. Affordable Housing Grant Program - Grant Application Form
4. Affordable Housing Grant Program - Grant Agreement Template