



City of
Peterborough

TO: Members of the Planning Committee

FROM: Ken Hetherington, Manager, Planning Division

MEETING DATE: August 29, 2011

**SUBJECT: Report PLPD11-062
Adoption of the Affordable Housing Community Improvement
Plan and the Central Area Community Improvement Plan**

PURPOSE

A report to evaluate the planning merits of designating Community Improvement Project Areas and adopting the Central Area Community Improvement Plan and the Affordable Housing Community Improvement Plan.

RECOMMENDATIONS

That Council approve the recommendations outlined in Report PLPD11-062, dated August 29, 2011, of the Manager, Planning Division as follows:

- a) That the By-laws designating the Affordable Housing Community Improvement Project Area and the Central Area Target Area Community Improvement Project Area, attached as Exhibit "A" and Exhibit "B" to Report PLPD11-062, be approved.
- b) That the Affordable Housing Community Improvement Plan, attached to Report PLPD11-062 as Exhibit "C", be approved.
- c) That the Central Area Community Improvement Plan attached to Report PLPD11-062 as Exhibit "D" be approved.

BUDGET AND FINANCIAL IMPLICATIONS

Several financial incentive programs are proposed for the two Community Improvement Plans. While some of the programs will require Capital Budget funding, others will not as some propose waiving application fees and others offer grants which are based upon the incremental increase in the municipal taxes resulting from a reassessment. Through tax reassessment based programs, the city will forego the increased taxes in the short term, however a redeveloped property will produce much needed housing and will eventually contribute a higher level of taxation. Implementation and continuation of the programs requiring Capital Budget funding is conditional on funding being available and this is raised in both Plans. A summary of the financial implications of each proposed program is as follows:

CENTRAL AREA COMMUNITY IMPROVEMENT PLAN

Façade Improvement Program

2011 Capital Budget - \$100,000.00 approved

2012 Capital Budget - \$100,000.00 requested

Central Area Revitalization (Tax Increment Based) Grant

No Capital funding required.

Brownfields Tax Assistance Program

No Capital funding required.

Municipal Incentive Program

Planning application fees, including cash-in-lieu of parkland can simply be waived.

Residential Conversion and Intensification Grant

This program would require Capital funding and will not be implemented until funding is approved. No Capital funding for 2012 was requested.

AFFORDABLE HOUSING COMMUNITY IMPROVEMENT PLAN

Municipal Incentive Programs

Planning application fees including cash-in-lieu of parkland fees can be waived and therefore no funding is required.

Development Charges Grant Program

Development Charges cannot be waived for certain classes of development unless the exempt status is provided for in the Development Charges By-law. Affordable housing projects developed under the Federal-Provincial Affordable Housing Program were deemed by bylaw as a “municipal capital facility” and as such Development Charges were not applicable. The Affordable Housing Partnership Reserve Fund was established in 2002 and the City has paid \$100,000.00 per year for five years into this

fund to pay development charges for affordable housing developments where the municipal capital facility designation did not apply. There is a balance of approximately \$400,000 in this fund which would pay the development charges for seventy (70) apartment dwelling units.

Exhibits E and F of Report PLPD11-062 provide examples of the potential financial savings that the programs would have for property owners looking to redevelop and rehabilitate their properties.

BACKGROUND

Section 28 of the *Planning Act* provides the regulations associated with preparing and approving community improvement plans and while the adoption of a community improvement plan is not an actual official plan amendment, it follows the same process as an official plan amendment application. Therefore, both attached community improvement plans have been reviewed by standard commenting agencies and are the subject of a formal public meeting under the *Planning Act*. The August 29, 2011, Planning Committee meeting has been advertised as the required public meeting.

The *Municipal Act 2001* specifically prohibits a municipality from extending financial assistance to a person, group or body, except under specific circumstances. The *Planning Act*, however, provides municipalities with the opportunity to adopt community improvement plans in order to achieve a range of defined objectives that the municipality establishes, thereby overriding the bonusing prohibition contained within the *Municipal Act 2001*. Adopting a Community Improvement Plan to promote the creation of new affordable housing and support rehabilitation efforts in the Central Area gives the City the authority to issue favourable loans and grants, as well as provide tax incentives for such activities.

In January, 2002, City Council endorsed the strategy: “Taking Charge: An Investment in Affordability”, (Report PL02-001) which outlined a municipal capital strategy to promote the development of new affordable housing. In March, 2003 Council received a follow-up report – “Taking Charge: An Investment in Affordability Part 2” and directed staff to proceed with one of the actions included in the strategy - the adoption of a Community Improvement Plan under the *Planning Act* to provide specific municipal authority to issue loans, grants and tax rebates and other bonuses for new affordable housing projects which qualify under a comprehensive municipal program.

In February of 2005 Council received a draft Community Improvement Plan prepared under the authority of the *Planning Act* (PLPD05-017). The primary objective of the Community Improvement Plan (CIP) was to provide a suite of financial incentives for the creation of new affordable housing in a broad Community Improvement Area as depicted on Schedule “H” of the Official Plan (generally the City limits pre 1950). The secondary objective was to extend a range of financial incentives to promote private

investment throughout the Central Area as depicted on Schedule “J” of the Official Plan. The CIP initiative was largely overtaken by two Provincial actions. Firstly, participation in the Federal-Provincial Affordable Housing Program required the City to extend financial incentives through the mechanism of a Municipal Capital Facility, rather than a CIP. Secondly, the Province released the first draft of the *Places to Grow* Plan with the clear direction that the Places to Grow initiative would define new Growth Plan boundaries for Downtown Peterborough. It was therefore considered premature to develop incentive based programs for a geographic area of the City that was being redefined by the Province.

While the initial focus of the Community Improvement Project Area programs related to affordable housing initiatives, it became increasingly evident that C.I.P.s were also being used by municipalities to aid in the redevelopment and rehabilitation of downtown areas. The resulting Central Area Target Area programs were designed to offer a greater range of initiatives to stimulate the creation of all new forms of housing not only “affordable” because this reinforces the planning objective to create a healthy and vibrant Central Area. This Target Area will also address other potential programs the City may elect to institute now and in the future to support existing policies of the Official Plan, specifically:

- * Grant or loan programs for main street facade, building rehabilitation and signage improvements;
- * Tax incentives to encourage the redevelopment of Waterfront Commercial properties;
- * Brownfields redevelopment.

The Downtown Economic Analysis completed in 2008 by urbanMetrics reinforced the notion of the downtown area being the Regional Centre of Peterborough and specifically recommended that the City establish a CIP for the downtown area to facilitate private sector investment through incentive programs. The Downtown Economic Analysis recommended that the following programs be considered in a Downtown CIP:

- Redevelopment Tax Rebate Program – a program to provide grants that would offset increases in municipal property taxes that are as a result of an increase in assessment due to redevelopment;
- Planning and Development Fees Rebate Program – a program that provides rebates of various municipal application fees;
- Study Grant Program – a program that provides grants to offset the cost of required studies such as traffic impact studies, servicing studies, archaeological surveys, site contamination and remediation (Brownfield) studies etc.;

- Façade Improvement Grant Program – a program to provide grants for the sensitive redesign of existing building facades to enhance the image of the area;
- Residential Loan/Grant Program – a program to improve existing residential properties and/or convert other buildings to residential uses;
- Upper Storey Renovation Program – a program to encourage the re-development of upper stories for residential use; and
- Commercial Loan/Grant Program – a program to improve existing commercial properties.

The Central Area Master Plan furthered the re-consideration of the Downtown Economic Analysis and also recommended that the City proceed with the adoption of a Community Improvement Plan for the Central Area (CAMP Strategy No. 21).

Official Plan Amendment No. 140 adopting the strategic policy direction of the Central Area Master Plan, once again reinforced the adoption of a CIP for the Central Area as a strategy to promote economic development (OP Policy 10.6.4.6 f).

Details associated with the application process for the CIP programs are still being developed but it is anticipated that applications will be reviewed by a staff committee and recommended to Council for approval. The staff committee for the Affordable Housing Committee for the Affordable Housing CIP Programs would consist of the Manager, Planning Division, Manager, Housing Division, Financial Officer, Housing Division, Planner, Urban Design and Manager, Financial Services. The Staff Committee for the Central Area CIP Programs would be comprised of the Manager, Planning Division, Manager, Financial Services, Planner, Urban Design and the Heritage Resource Coordinator.

The Community Improvement Plan is a comprehensive plan that does not have to be implemented all at once. The affordable housing programs identified in the Plan can be made available immediately, as money has been put aside anticipating approval of the Community Improvement Plan, and the tax based incentive programs do not require new municipal money. The Central Area Target Area Programs may be phased in over

a period of several years as Council may choose to implement one or more of the programs contained within the Plan, as budget permits.

Submitted by,

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Attachments:

Exhibit A – Affordable Housing CIP Project Area By-law
Exhibit B – Central Area Target Area Project Area By-law
Exhibit C – Affordable Housing CIP
Exhibit D – Central Area Target Area CIP
Exhibit E – Analysis of Affordable Housing CIP Incentives
Exhibit F – Analysis of Central Area Target Area CIP Incentives