

	POLICY	<u>Policy No:</u> FIN-GRA-2038
<u>Policy Title:</u> Not-For-Profit Affordable Rental & Co-op Housing Incentive <u>Policy Type:</u> COUNCIL <u>Category:</u> Finance <u>Sub-Category:</u> Grants, Rebates & Incentives <u>Author:</u> Tanya Roberts, Project Manager (Planning) <u>Dept/Div:</u> Planning & Housing Policy	<u>Approval Date:</u> April 29, 2024	
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	<u>Reviewed Date:</u> Click here to enter text.	
	<u>Last Amended:</u> March 12, 2024	
	<u>Replaces:</u> Click here to enter text.	
<u>Repealed:</u> Click here to enter a date.		
<u>Replaced by:</u> Click here to enter text.		
<u>Related Policies, Procedures and/or Guidelines:</u> None.		

1. POLICY PURPOSE:

To establish a policy that outlines the parameters for a pilot incentive program that encourages the development of new not-for-profit affordable rental and co-operative housing units in the form of a grant that covers non-capital upfront costs associated with removing barriers to advancing a project from idea to shovel-ready.

2. DEFINITIONS:

Affordable Dwelling Units for the purpose of this Policy, means:

- a) a unit for which the rent or housing co-op monthly charges (similar to rent) does not exceed 30 percent of the gross annual household income for low and moderate income households; or,
- b) a unit for which the rent or housing co-op monthly charges (similar to rent) is at or below the average market rent of a unit in the Regional market area.

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Non-Profit Housing Developer for the purpose of this Policy, means:

- a) a corporation to which the *Not-for-Profit Corporations Act, 2010* applies, that is in good standing under that Act and whose primary objective is to provide housing;
- b) a corporation without share capital to which the Canada *Not-for-Profit Corporations Act* applies, that is in good standing under that Act and whose primary objective is to provide housing;
- c) a non-profit housing co-operative that is in good standing under the *Co-operative Corporations Act*; or,
- d) an organization that is a registered charity within the meaning of the Income Tax Act (Canada) or a non-profit organization exempt from tax under paragraph 149 (1) (l) of that Act, and whose land is owned by the organization, all or part of which is to be used as affordable housing.

Supportive Housing for the purpose of this Policy, refers to “alternative housing” that focuses on rehabilitation and community integration. They are generally operated by non-profit agencies and staff are composed of individuals trained in social work or psychiatric rehabilitation.

3. **SCOPE:**

POLICY APPLIES TO THE FOLLOWING:	
☒ All Employees	
☐ All Full-Time Employees	☐ All Union
☐ Management	☐ C.U.P.E. 68 Civic
☐ Non Union	☐ C.U.P.E. 68 Mechanics
☐ Temporary	☐ C.U.P.E. 791
☐ Student	☐ I.B.E.W. 636
☐ Part-Time Employees	☐ K.P.F.F.A.
☐ Specified Positions only:	☐ Other:
☒ Council	☐ Local Boards & Advisory Committees

This Policy applies to all staff that coordinate the incentives program, process development applications and building permits.

4. **POLICY CONTENT:**

4.1 **Eligibility Criteria**

In order to be eligible for this Policy, the following criteria must be met:

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- a) The applicant must meet the definition of a *Non-Profit Housing Developer*.
- b) Incentives only apply to the creation of new *Affordable Dwelling Units*.
- c) Primary use of the qualifying dwelling units must be residential.
- d) Eligible projects are those that are in the early stages of ideation or concept development through building permit review. Projects with a building permit issued for the proposed new units are not eligible for the program.
- e) Eligible projects may include a for-profit development where a portion of units are *Affordable Dwelling Units* that are managed and operated by a *Non-Profit Housing Developer*. Funding would only be available for the affordable dwelling units.
- f) Eligible units must maintain affordability for a duration of 25 years.
- g) Proof of ownership or legal right to develop on lands.
- h) The subject property shall not be in a position of tax arrears.

4.2 Grant Framework

- a) The amount of the grant will be equal to and no greater than \$10,000/unit up to a maximum of 50 *affordable dwelling units* per project (maximum grant of \$500,000).
- b) Grant funding must be used for non-capital up-front costs related to development and approvals.
- c) Funding will be distributed at key milestones of the project, including but not limited to Pre-submission Consultation, Site Plan Application Submission, Conditional Site Plan Approval, Site Plan Approval, and Building Permit Issuance, as developed by City staff.

4.3 Policy Application

- a) *Non-Profit Housing Developer* to submit a complete application to the Director of Planning & Housing Policy. The City will not charge a fee to process the application.

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- b) The application will be reviewed by City staff to confirm criteria within this Policy are met, and *Non-Profit Housing Developer* advised of the result. Should there be any issues or conflicts between the complete application and the criteria within this policy, final determination will be made by the Director of Planning & Housing Policy in consultation with the City Solicitor and any other affected business units.
- c) If approved, the *Non-Profit Housing Developer* must enter an agreement prior to the release of funding. The agreement will include:
 - I. The amount of grant awarded
 - II. Grant payment milestones and milestone criteria
 - III. Terms of the grant funding
 - IV. Other clauses as deemed necessary by the City Solicitor.
- d) Upon approval by Council, this Policy shall apply to *affordable dwelling units* from initial idea to those working towards building permit issuance. Priority may be given to projects that include deeply affordable rental units, and/or *supportive housing* units
- e) The agreement will be executed once it has been signed by the *Non-Profit Housing Developer*.
- f) If any part of a development to which this policy applies is changed so that the development does not proceed or no longer consists of *affordable dwelling units* within the 25 years of initial occupancy, this may trigger full or partial repayment of the grant, at the discretion of the City.
- g) For developments that contain for-profit and *affordable dwelling units*, the grant will only apply to the *affordable dwelling units* where the *Non-Profit Housing Developer* is a partner in the project. The *Non-Profit Housing Developer* would need to have a signed agreement with the for-profit developer that clearly outlines the terms of the agreement and that those units will be operated by the *Non-Profit Housing Developer* for a duration of 25 years.
- h) The decision to award a grant is at the sole discretion of the City of Kitchener and subject to funding availability.

4.4 Program Expectations

- a) Projects must make timely progress to receive a building permit by September 1, 2026.

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- b) Grant funding may be adjusted as unit counts are finalized through detailed design, at the discretion of the City.

4.5 Effective Date

- a) This Policy comes into effect on May 1, 2024.
- b) This Policy will be reviewed no later than 5 years after the effective date.

5. **HISTORY OF POLICY CHANGES**

Administrative Updates

No administrative history to date.

Formal Amendments

No amendments history to date.