

City of Mississauga
Corporate Report



<p>Date: December 1, 2020</p> <p>To: Mayor and Members of Special Council</p>	<p>Originator's files: CD.06-NON</p>
<p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building</p>	<p>Meeting date: December 2, 2020</p>

Subject

St. Luke's Dixie Seniors Residence Corporation – Request for Planning Application Fee Exemption

Recommendation

1. That the Request for Planning Application Fee Exemption from St. Luke's Dixie Seniors Residence Corporation be addressed through a Deferral of Fees (Option 2) as recommended in the staff report dated December 1, 2020 from the Commissioner of Planning and Building in accordance with the following:
 - a. That staff prepare a by-law to amend the Fees and Charges By-law 0156 2019, allowing a one-time deferral of the fees associated with the planning applications required to implement St. Luke's Dixie Seniors Residence Corporation's proposed affordable seniors housing infill development at 4150 Westminster Place.
 - b. That Council delegate authority to the Commissioner of Planning and Building and the City Clerk to enter into a deferral agreement with St. Luke's Dixie Seniors Residence Corporation for the planning application fees associated with the proposed affordable seniors housing infill development at 4150 Westminster Place.
2. That Council direct staff to investigate and report on the potential of introducing a new category to Schedule C1 of the Fees and Charges By-law to impose a different rate for planning application fees for non-profit affordable housing development projects including consideration of exempting such projects from planning application fees.

Report Highlights

- St. Luke's Dixie Seniors Residence Corporation ("St. Luke's") has requested Council to consider offering a grant-in-lieu of the planning application fees associated with a proposed affordable housing infill development at 4150 Westminster Place.

- St. Luke's has stated they do not currently have the funds to cover the fees associated with the processing of their planning applications, and will not be eligible for federal funding until a successful rezoning is in place.
- This funding gap issue is likely to occur with other non-profit affordable housing providers.
- Council may wish to offer immediate assistance to St. Luke's through a fee deferral or a grant-in-lieu; however, in addition to one of these options, a new category in the Fees and Charges By-law for non-profit affordable housing could be examined to provide a transparent and predictable approach to managing requests of this nature on an ongoing basis.

Background

In a letter dated November 17, 2020, David Estabrooks, Chair of St. Luke's, requested that Mayor Crombie and Members of Council consider offering a grant-in-lieu of the official plan amendment and rezoning application fees ("planning application fees") required for a proposed infill development at their existing Westminster Court Affordable Seniors Housing residence at 4150 Westminster Place. This report responds to Council Resolution 0361-2020 (Appendix 1), and provides information that will assist Council in its consideration of the grant-in-lieu request.

St. Luke's Proposal to Expand Westminster Court Seniors Housing

St. Luke's is a charitable, non-profit organization with an existing seniors' home consisting of 190 units located at 4150 Westminster Court. St. Luke's is proposing to expand their existing building by adding up to 120 seniors units. The unit yield is subject to change pending finalized submission documents and the outcome of the rezoning process.

The applicant is proposing to secure funding from the Canada Mortgage Housing Corporation ("CMHC") National Housing Co-investment Fund ("Co-investment Fund") to develop the project. To be considered for CMHC funding, the proposal must guarantee:

- Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years;
- Energy efficiency performance measures that score beyond national standards; and,
- Accessibility standards that ensure 20% of units within the project must meet or exceed accessibility standards and its common areas must be barrier-free OR have full universal design applied.

Staff understand from pro forma information and preliminary meetings with St. Luke's that the proposal will offer more affordable housing units and at a deeper rate of affordability than the requirements set out by the CMHC program. The pro forma suggests that half (50 percent) of the units proposed in this project will provide housing for low income seniors, and the remaining half (50 percent) of the proposed units are planned to be rented at or slightly below market rent.

CMHC also seeks to ensure that the municipality is supportive of the project in terms of the project addressing local affordable housing needs. This form of support could be financial or in-kind (e.g. Letter of Support or commitment to processing an application in a timely manner). Staff are satisfied that the overall project as currently proposed addresses affordability for low and moderate income seniors' households.

Nature of the Funding Gap

St. Luke's has informed staff that their proposal cannot advance to application stage because they cannot immediately pay for the planning application fees. Previously secured CMHC SEED funding for pre-development costs has been used to address background studies in support of the planning applications, and was not adequate to cover the costs of the planning application fees. Co-investment funding cannot be accessed until the site has been rezoned to permit the development. St. Luke's has indicated that without further assistance to address this gap they will not be able to advance the rezoning application. The cash flow issue experienced by St. Luke's is similar to that of other non-profit housing providers wishing to develop affordable housing in the Mississauga (e.g. Habitat for Humanity).

Comments

Staff are seeking Council's direction on the response to St. Luke's request, and potential similar requests from other non-profit affordable housing developers.

Mechanisms for Granting Relief or Assistance

Mississauga's Housing's Strategy, *Making Room for the Middle (2017)*, identifies the need to remove, where possible, municipal barriers to affordable housing development in the city, through methods such as reducing parking requirements, offering incentives, assisting non-profits in securing surplus land, and supporting the delivery of federal funding to affordable housing projects in Mississauga. As noted above, the funding gap experienced by non-profit affordable housing developers may prevent them from proceeding even when they have access to land.

There are currently three (3) mechanisms available to Council to offer relief or assistance related to the payment of planning fees:

- Option 1: Grant in-lieu;
- Option 2: Fee deferral; and,
- Option 3: New Category in the Fees and Charges By-law.

Staff recommend a fee deferral (Option 2) in the short term be considered for this request while a more comprehensive solution (Option 3) is also pursued.

Option 1 – Grant-in-Lieu

Under S.107 of the *Municipal Act*, Council is granted the authority to offer assistance to organizations, provided they are not commercial enterprises. Assistance includes the power to offer a grant-in-lieu of a fee. Despite offering assistance to an organization, Council's role in determining the planning merits of a proposal through the planning application process will remain unfettered.

A grant-in-lieu can immediately address the challenge St. Luke's is experiencing by relieving the need to absorb the cost of the planning application fee prior to securing CMHC funding. A grant-in-lieu in this case is estimated to be up to approximately \$125,000, which would be a loss of revenues in the budget year this grant-in-lieu becomes effective.

Option 2 – Fee Deferral (*preferred short-term solution*)

Council also has the authority through S.69 of the *Planning Act* to offer deferrals of payments. A deferral would assist St. Luke's in advancing their planning application because the fees would not be incurred until CMHC funding is received. St. Luke's has communicated that neither the grant-in-lieu nor the deferral would have a notable impact on the project pro forma or affordability for tenants, as the amount of the planning application fees is low relative to overall project costs. The deferral option is preferred by staff since it will resolve the funding gap issue, and the City can still recover the fees at a later time.

Staff are currently exploring mechanisms for how such a deferral arrangement would be implemented and repayment effected, which would require a by-law to be passed to amend the Fees and Charges by-law to allow a one-time deferral of the planning application fees for St. Luke's, as well as the City entering into a deferral agreement with St. Luke's.

Council can consider forgiving the St. Luke's planning application fees at a later date in the event that St. Luke's is unable to secure project funding.

Option 3 – New Category in Fees and Charges By-law (*preferred long-term solution*)

Neither the grant-in-lieu nor the deferral option address the funding gap issue on a comprehensive basis. Proceeding with Option 1 or 2 on an ad hoc basis could set a precedent, wherein Council may receive more requests from other non-profit affordable housing providers seeking similar relief. Based on previous experience and recent inquiries, staff anticipate Council could receive approximately 1 to 2 similar requests on an annual basis.

A longer term solution to address this funding issue for non-profit affordable housing providers is for Council to establish a new category under Schedule C1 of the Fees and Charges By-law 0156 2019. This approach, currently in place in cities like Hamilton, would enable Council to charge a different rate or altogether waive application fees for non-profit affordable housing providers.

A new category would allow Council to establish criteria to guide when it is appropriate to offer a fee reduction / exemption, including project feasibility and affordability criteria. This option also offers transparency and consistency to affordable housing providers who experience funding challenges, and supports the City's efforts in fulfilling the Housing Strategy.

The work would feed into the next Fees and Charges By-law review, which is planned for Q4 of 2021, prior to preparation of the 2022 budget. In addition to making a determination on St. Luke's immediate request, it is suggested that Council also direct staff to prepare an analysis of a new non-profit affordable housing category in the Fees and Charges By-law as part of the 2021 Fees and Charges By-law review.

It is possible for Council to forgive the St. Luke's planning application fees altogether at a later date if non-profit affordable housing providers are exempt from planning application fees under the new category established in the Fees and Charges By-law.

Strategic Plan

Housing Strategy falls under Strategic Plan "Belong" Pillar. Action Items within Housing Strategy speak to the need to remove barriers to the delivery of affordable housing, including review development related fees and consideration of incentives.

Financial Impact

If a grant-in-lieu of planning application fees is provided, the City would not receive up to approximately \$125,000 in planning application fee revenues.

If fees are deferred until St. Luke's secures CMHC funding, the impact to the City is a cash flow impact only, as the City would still receive the planning application fees of up to approximately \$125,000 at a later date. The applicant will need to enter into a deferral agreement with the City that will confirm the amount and when the fees would be payable. In the event St. Luke's does not secure CMHC funding, and Council chooses to forgive the repayment, the City would need to write off the receivable \$125,000 at that time, and the City would not receive \$125,000 in planning application fees revenues.

If Council were to approve that all non-profit / affordable housing developments were to pay zero planning application fees through a new category established in the Fees and Charges By-law, this would result in lost revenue for each eligible application. However, it is likely that without offering some assistance, some non-profit affordable housing proposals will not proceed to the application stage.

Conclusion

This report provides information to assist Council with responding to St. Luke's specific and immediate request for assistance with planning fees to address a funding gap. The relief is sought to be able to proceed with development plans for additional affordable housing at 4150 Westminster Court. The report concludes that a deferral of planning application fees would address the temporary funding gap. Although staff do not anticipate an abundance of similar requests on an annual basis, it would be appropriate to address the funding gap through a more transparent and equitable process, such as the addition of a new fee category at the time of the next review of the Fees and Charges By-law. This approach would ensure that any proposed relief would be targeted to non-profit affordable housing developers addressing the city's needs, and could encourage the delivery of federal funding to Mississauga's affordable housing projects.

Attachments

Appendix 1: Council Resolution 0361-2020



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