
MANAGEMENT REPORT

Date: May 8, 2023
To: Mayor Ritsma and City Council
From: Joani Gerber, CEO, SEEDCo./investStratford
Report #: COU23-064
Attachments: Stratford Attainable Housing Project – Project Summary Report

Title: Stratford Attainable Market Housing Project Final Report

Objective: To present Council with an overview of the continuum of housing, the housing options provided by the City of Stratford (Social Services), the Stratford Attainable Market Housing Project final report and project recommendations.

Background: In 2020-2021, SEEDCo./investStratford was successful in securing Rural Economic Development Program (RED) funding to assist with the research and completion of the report entitled '*Stratford Housing Project: A Road Map for Attainable Market Housing Development.*' Council adopted the report in June 2021 and directed staff to begin sourcing funding for the retention of project management resources necessary for the development of the recommended strategic implementation workplan.

In 2022, SEEDCo./investStratford was again successful in securing Provincial RED funding to undertake the implementation of the workplan and recommendations from the report.

The implementation project is managed by investStratford in full consultation with the City. An interdepartmental Working Group/Project Team was formed in 2020/21 and includes the Chief Administrative Officer, Director of Infrastructure & Development Services, Director of Social Services, Director of Corporate Services, Manager of Planning, Chief Building Official, Manager of Housing and Corporate Communications Specialist. The Baker Planning Group and Stantec were also retained as consultants to coordinate and guide the project.

In the City of Stratford, and similarly across the Province of Ontario, the need for attainably priced dwelling units is high. Reported during our recent visits with our large employers, between 40-60% of the current workforce is commuting into Stratford. In addition to the unfilled jobs, this high rate of commuting is a risk to the stability of employment and the economy overall in Stratford.

Analysis: The housing spectrum includes the broad categories of Homelessness, Non-Market Housing and Market Housing. The Social Services Department of the City of Stratford, acting as a Consolidated Municipal Services Manager (CMSM) provides supports for homelessness and non-market housing.

As sole-shareholder of the Perth & Stratford Housing Corporation the City acts as a landlord, owning and operating 663 dwelling units across Stratford, St. Marys and Perth County. The City also acts as the Housing Access Centre, administers rent supports and oversees 323 units within community housing providers.

Market Housing comprises the majority of attainable dwelling units in Ontario and are primarily privately owned.

With the intention of increasing attainably priced dwelling units for rent and ownership, the Stratford Attainable Housing Project (AHP) is comprised of three key elements to further support the creation of attainable housing in the City. The creation of new attainable housing units is a complex issue with a wide range of factors influencing the provision of units to support the community. In addition to the complexity of addressing attainable housing, the recently approved Bill 23 has created uncertainty on the degree of financial implications to the City for the reduction and/or removal of Development Charges for both affordable and attainable residential units. In this light, the project was refined in scope to:

- Address the areas within the space of creating attainable housing units that Bill 23 did not address.
- Create built-in flexibility for the City of Stratford to modify any potential approved funding or program, should Bill 23 be revised.
- Develop opportunities to support attainable housing and partnerships, while reducing the potential financial impact on the general residential tax base.

The key project deliverables include: A Community Incentive Toolkit to support builders and homeowners in adding additional dwelling units, an Attainable Housing Pilot Project and a Media campaign encouraging all residents to engage on the issue and be a part of the solution.

A key component of the project was engagement and information gathering. Beginning in the Fall of 2022 public surveys, both online via Engage Stratford and in hard copy available in various locations throughout the City were distributed. 37 responses were received over a period of not less than 3 weeks. A fulsome summary of the results are contained within the report, however 100% of respondents believe that there is not an adequate supply of housing in a price range that is appropriate. The Project Team also conducted one-one interviews with previous and current members of City Council, completed stakeholder and realtor workshops and a public open house. Engage Stratford remained live during the entire course of the project and resulted in an additional 26 interactions.

Community Incentives Toolkit

A Community Incentive Toolkit/Community Improvement Plan is a tool to address challenges in the availability and attainability of suitable and adequate housing in the City, through a variety of incentive programs.

Under Section 106 of the Municipal Act, municipalities are prohibited from directly or indirectly assisting local businesses by giving or lending money (considered "bonusing"). However, under Section 28 of the Planning Act, having a CIP in place effectively cancels this prohibition against 'bonusing' and allows the City to assist financially with improvements to private properties. The Attainable Housing Community Improvement Plan was prepared in alignment with Section 28 of the Planning Act, which legislates the creation of Community Improvement Plans for areas identified as community improvement project areas for the purposes of community improvement, which includes, but is not limited to, the planning or replanning, design, or redesign, resubdivision, clearance, development or redevelopment, construction, reconstruction or rehabilitation.

Typically, a Community Incentives Toolkit (CIT) includes the following key elements:

1. Goals and Objectives, which set out specifically what the CIT will aim to achieve;
2. A CIT Project Area, which designates the area to which the CIT will apply;
3. Municipal Leadership Programs, which the City may undertake to demonstrate leadership and an overall commitment to improving the project area;
4. Financial Incentive Programs, which may be provided to local businesses and landowners to assist with improvements to public property;
5. A Marketing Plan, which helps the City advertise and "get the word out" about the CIT;
6. An Implementation Plan, which will set out a process for reviewing applications for financial incentives; and,
7. A Monitoring Plan, which helps measure the extent to which the CIT is a success.

In total, the CIP proposes a total of six (6) Financial Incentive Programs and a total of five (5) Complimentary Municipal Programs. The purpose of the Financial Incentive Programs is to provide support for physical improvements to privately owned land and buildings, where such improvements will result in or contribute to the goal statement and objectives. The purpose of the Complementary Municipal Programs is for the City to participate in community improvement and to provide proactive and visible leadership in achieving the objectives of the Stratford CIP. These eleven programs are summarized below:

Financial Incentive Programs proposed are as follows:

1. Tax Increment Equivalency Grant (TIEG)
2. Development Charge Rebate Program (*subject to Bill 23)
3. Planning and Building Permit Fees Grant
4. Design Feasibility and Study Grant
5. Accessory Suite Development Incentive Program

6. Housing Rehabilitation and Conversion Program

The financial incentives are recommended to have specific financial limits on a project-by-project basis. The CIP/CIT proposes an applicant may be eligible for multiple grants during the term of the CIP/CIT; however, the total combined value of grants provided by the City in any 24-month period shall not exceed \$30,000 per project and/or property (or the total value of eligible costs, whichever is less). This excludes programs that defer or waive monies, including the Tax Increment Equivalency Grant and Development Charge Rebate Program.

The Tax Increment Equivalency Grant, where eligible, provides a sliding reduction in required property taxes over a 10-year period. Year 1 of the project is proposed to provide a 90% property tax reduction and the reduction is further reduced to 10% by Year 9.

Complimentary Municipal Programs include the following:

1. Pre-Zoning Opportunities through a housekeeping Zoning By-law Amendment and/or Comprehensive Zoning By-law Review
2. Expedited Permitting for identified projects
3. Lobbying for Partnerships with the public and private sector
4. Surplus Land Grant, where affordable and/or attainable development is proposed
5. Strategic Property Acquisition, Investment, and Partnership Program

It is important to acknowledge that by identifying the incentive programs, the City does not guarantee a year-over-year financial commitment to implementing each of these programs. During annual municipal budget deliberations, the CIP/CIT Implementation Committee will provide Council with a report recommending which programs should be put into effect for the upcoming year. It will be the responsibility of the CIP/CIT Administrator to continually review provincial policy changes over the lifespan of this CIP and bring forward amendments to the CIP/CIT if and/or when required based on said policy changes.

Next Steps:

That Staff bring a report to Council to consider the approval of the Community Improvement Plan ("CIP") with the inclusion of a Community Incentive Toolkit ("CIT"), during the 2024 budget process. The staff report may include, but not be limited to the following:

1. Consideration of financial impacts associated with the Bill 23, More Homes Built Faster Act 2022 Development Charge reductions in determining potential funding for proposed CIP programs.

2. A plan to monitor the uptake of financial incentives by housing type to confirm which programs have contributed to adding attainable housing units.
3. A recommended yearly budget allocation for the CIP, with assessment on the source of municipal funding for the plan provided by the Director of Corporate Services.

That Staff review staffing levels to implement the CIP and further support the processing of housing initiatives.

Pilot Housing Project

Through the Stratford Housing Project and subsequent consultations for the AHP, it has been determined that the City has a shortage of available development land and supply of housing units to meet demand.

An option in addressing the current housing challenges is to consider development opportunities on vacant land currently owned by the City of Stratford, that could be considered by Council as surplus to the needs of the municipality. The vacant land could be sold to generate revenue to support other municipal initiatives or could be developed through various partnership models. In this regard, the proposed Pilot Housing Project described below could consider the following options for city-owned land:

1. Declaring land surplus and selling land through an RFP Process.
2. Entering into a public-private partnership to develop the land for housing.
3. Developing a city-owned and operated housing development.

In evaluating the above-noted options, the Project Team has prepared a series of Conceptual Site Plans as well as detailed proformas (financial assessment) for the development options to assist in recommending the direction for the land. The proformas also consider the potential impact of the recommended CIP/CIT financial incentives, where attainable housing is provided.

Following an assessment of the various parcels of available City-Owned land, those at 3188 Vivian Line 37 and a traditional infill development (with no specific address) were prepared as potential Pilot Housing Projects.

Note - The concepts developed as part of this project are preliminary in nature and should solely be used for the purpose of visualizing development potential on greenfield land and infill land within the City of Stratford. Should development of land proceed utilizing these concepts, such land and concepts would follow the appropriate Plan of Subdivision, Site Plan, and/or Plan of Condominium process.

3188 Vivian Line 37

The property at 3188 Vivian Line (herein referred to as the "Site") is located on the north side of Vivian Line and east of Romeo Street North in the north-eastern area of the City of Stratford. At 2.31 hectares in size, the Site is vacant and currently leased for

agricultural purposes as an interim use. The Site has direct access and frontage on a municipal road, with available water, sanitary and storm infrastructure. In the last five (5) years, a number of medium density residential projects have been approved and constructed in the vicinity of the Site, including land to the east and west.

Two concepts were created for the Site:

Option #1: Maximization of current Official Plan density permissions

Option #2: Increased density through an Official Plan Amendment

Option #1 includes four groupings of back-to-back stacked townhome units across the entire property. In total, 148 units are proposed, with each unit being approximately 1,345 square feet in size. This translates to an overall density of 64 units per hectare. An internal, private roadway permits access to the Townhomes and parking from Vivian Line. Parking is provided at 1.5 spaces per unit for a total of 222 spaces across the entire site.

Option #2 includes three 4-storey apartment buildings, one fronting Vivian Line and the other two apartments located to the rear of the site. Each apartment contains between 72 and 80 units, with each unit estimated to be approximately 770 square feet in size, creating a concept with 232 units total and a density of 100 units per hectare. An internal, private roadway permits access to the apartments and parking from Vivian Line. Parking is provided at 1.25 spaces per unit for a total of 290 spaces across the entire site.

Infill Site

The Infill site developed for the intensification portion of this project is rectangular in size, with a frontage of approximately 75 metres and depth of approximately 129 metres, totalling 2.37 acres in size. The concept developed for the infill site includes two 4-storey apartment buildings, one fronting the access road and one to the rear of the site. Both apartments contain 48 units, with each unit estimated to be approximately 770 square feet in size, creating a concept with 96 total and a density of 100 units per hectare. Parking is provided at 1.25 spaces per unit for a total of 120 spaces across the entire site.

To assess the value of grants offered, as well as understand the opportunities and constraints associated with a private development and a municipally led development, detailed financial proformas have been prepared.

Each proforma was then assessed for development by either a private enterprise or by the City within each proforma. Development by private enterprise provides a hands-off approach by the City, with revenue generation for the land sale, permitting and approval fees, as well as long term property tax revenue.

Should the City pursue the development of the Site, including construction, it is anticipated that the housing units would be rental units, in keeping with the Britannia Street Project. For the City-owned and managed development proforma, certain costs would need further refinement, including staffing costs to manage the land use planning approvals and construction.

A third option for developing attainable housing is through a Public-Private Partnership. A partnership could be constructed in a number of ways, but it would be envisioned that the City would retain a certain percentage of units as either affordable and/or attainable, in exchange for a reduced land purchase price. A proforma has not been created for this option, as the details of said partnership would be specific to the selected builder/developer.

It is noted that a public-private partnership offers potential benefits including:

- Opportunity to guarantee a minimum number of affordable and/or attainable units.
- Obtaining the required number of affordable and/or attainable unit, which the City supports managing long-term.
- Provides for a mixed-use development that includes market units, along with affordable and/or attainable units.
- Minimizing the City's involvement in the design and construction of the project
- Opportunity for collaboration on the approvals process.

Each proforma provides a summary of costs for the following items: Roadworks, Servicing, Utilities, Earthworks, Landscaping, Building, Professional Services, Permitting, Land Purchasing, and Financing. Construction fees and costs for Professional Services were assumed based on 2022 Construction Tender documents made available to Stantec for assumption purposes. Permit Fees were pulled directly from the City of Stratford 2023 Fees and Charges By-law. Land Purchasing fees were assumed based on the average per acre cost of available land for sale in Stratford during the time the proformas were being completed.

For construction costs, the 2023 Altus Group Canadian Cost Guide was utilized. The Altus Group prepares an annual construction cost guide to provide builders with a budget range of construction hard costs across all asset classes in the Canadian Marketplace.

The following table summarizes the overall project costs and cost per unit for both Greenfield Developments and the Infill Development based on the outcomes of the proformas. It is noted that the cost per unit is lower for a city developed, owned, and operated property for the following reasons:

- There is no land cost that carries through to the purchasers.
- City fees and charges would not apply.
- Assuming a city development would be rental units, there are no real estate fees assigned to the cost.
- The City would need to consider the staffing required to manage the land use planning approvals process and construction process, in addition to on-going operational staff.
- As a rental development, owned by the City, consideration should be given to lost property tax revenue for 220 to 290 dwelling units.

	City-owned (refer to notes below)		Private Entity	
	Price Per Unit (Equivalent to Calculate Monthly Rent)	Total Cost	Price Per Unit	Total Cost
Infill – 96 apartment units (Conceptual Location)	\$340,306	\$37,820,244	\$393,361	\$28,439,764
Greenfield Option 1 – 148 staked townhouse units (3188 Vivian Line)	\$477,512	\$70,671,816	\$630,074	\$84,009,912
Greenfield Option 2 -232 units apartment unit (3188 Vivian Line)	\$315,256	\$73,139,404	\$431,457	\$100,097,993

Note: It is noted that while the “City-owned” development results in a lower end unit price, the following estimates of lost revenue including future property taxes must be considered:

- Forfeited revenue from the sale of the Land, valued at \$4,620,229.
- Forfeited revenue from City Fees and Charges, valued at \$1,528,621.
- On-going operating and maintenance cost to manage the development of \$611,029 to \$857,929 per year (estimates based on the operating estimates of the existing Britannia Street project).
- Lost property tax revenue for 148 to 232 dwelling units.

Further details including development, servicing, financing and infrastructure are contained within the attached report and the associated appendix.

Next Steps:

That Staff review municipal surplus land policies and bring a report to Council with recommendations and process to declare 3188 Vivian Line as surplus to City needs. The report should provide options and recommendations on conditions of a sale, which could include:

1. Sale of the land to a buyer, with conditions on minimum density and/or minimum number of affordable and/or attainable housing units.
2. Partnership with a private entity to develop the land for residential purposes.
3. Partnership with non-profit organizations to develop the land for residential purposes, including affordable and supportive housing options.

That Staff monitor development activity in the vicinity of the city-owned land at 150 McCarthy Road West and any associated infrastructure improvements. At such time as development opportunity for the land is imminent, staff to consider and report to Council on the option to declare the land surplus.

That as part of the Comprehensive Official Plan Review (2023-2024), Staff include opportunities to support intensification, infilling, and the efficient use of land and services to support attainable housing in the City. Consistent with the Provincial Policy Statement, consider general increases to the permitted height and densities within the City and a hierarchy of residential land use designations (e.g. low, medium and high density residential).

That Staff monitor the need for community-wide studies to support housing, including master servicing planning, transit and transportation planning and emergency services. Community-wide studies should consider the implications of generally increasing densities with housing development and assess the impact of Bill 23, which permits three dwelling units on all residential properties in the City.

That Staff evaluate software platforms available, including approaches from surrounding municipalities, to streamline the planning approvals processes and to augment interactive mapping tools for members of the public. It is noted that the 2023 budget included approvals for a software platform that is intended to support these initiatives when implemented.

Awareness Campaign

Action 4 in the “2021 Stratford Housing Project” recommended that the City establish a “Yes in My Backyard” initiative to address any public concerns relating to the ‘missing middle’ and diversified attainable housing developments. The Project Team has developed a fulsome campaign to raise awareness and capture interest in the issue of attainable housing, inspire people to help, and drive community action to increase the supply of attainable housing. Addressing the attainable housing needs includes participation on all levels, not just public and private sector parties.

The awareness campaign includes:

1. Project logo and branding.
2. A series of videos and written stories from community members on their housing challenges.
3. A landing page on the investStratford website to provide additional information and resources to provide community members with opportunities to support housing in Stratford.
4. Social media posts through both the City of Stratford and investStratford that include both the videos and written stories, as well as a link to the landing webpage.

The audience includes all community members and those who are interested in assisting with addressing the housing crisis. Should Council receive this report, the campaign is scheduled to be launched on May 9, 2023.



Let's be neighbours

Our community needs attainable housing solutions.
Together let's inform, engage, and act.

As part of the awareness campaign, a series of videos and written stories have been collected from community members who are facing housing challenges due to the lack of attainable housing.

First and foremost, the Project Team would like to extend a sincere thank you to all those who shared their personal story publically and took the time to participate in the campaign. The stories demonstrate the wide-reaching impact of housing in our community and that it impacts a wide cross section of people in terms of age, family status, and employment sector. Community members that participated included:

1. Andrei, an employee of a local industrial company with professional training
2. Dianne, an owner of a small business in Stratford
3. Calum, a young professional and recent graduate
4. Ali, employed in Stratford and looking to raise her young family in the community
5. Kim, a new comer to Stratford looking to settle with a young family
6. Ken, a senior searching for suitable rental housing
7. Janet, operator of a daycare who searched for suitable housing
8. Brenda, a personal support worker
9. Star, a small business owner
10. Mark, a young professional working within the healthcare industry
11. Sammy, a young professional working within the healthcare industry
12. Marjolein, a senior with perspectives on required housing
13. Amanda, young professional employed in Stratford
14. Leigh, a personal support worker in Stratford
15. Christy, community leader

Financial Implications: The total approved implementation project budget is \$160,000. \$40,000 was leveraged from the approved 2022 SEEDCo./investStratford budget, with an additional \$40,000 from the Infrastructure & Development Services 2022 approved capital program, funded from reserve funds. In addition, \$80,000 in

Rural Economic Development (RED) Provincial funding (50%) was granted for eligible expenses between April 1, 2022 and March 31, 2023.

There are a number of considerations and options requiring further review to provide an optimized financial solution for attainable market housing and return on investment for the City and its residents.

Financial impact on current year operating budget: Implementation of the Stratford Attainable Market Housing Project will require multi-year funding, with 2023 being a year of management/operational planning and work plan development. Staff time will be required should Council approve the declaration of surplus lands at Vivian Line. The recommended enhancements to the Official Plan would be included within the existing Official Plan project budget already approved by Council and for which the consulting tender has been awarded.

Financial impact on future year operating budget: There will be longer-term financial implications for implementation of the Key Actions of the Project. The financial impacts of the implementation of the Community Incentive Toolkit will be included in the 2024 budget process for Council consideration. As is the case with current CIP Programs Council can set not to exceed limits and an overall project budget for each calendar year.

Once a development strategy for attainable rentals and dwellings has been presented to Council, capital and operating budgets will be determined. As an example, a full build out of 3188 Vivian Line 37 which could include 148 to 232 units will exceed \$70,000,000 in capital cost and approximately \$611,000 to \$857,000 in annual operating costs (assuming a similar build to the Britannia Street Apartment development).

Further, should Council consider a land sale or a hybrid ownership for City-Owned lands operating, and capital costs will be refined in addition to revenues from the sale of the land, permits and fees and associated long-term assessment growth.

Legal considerations: Legal considerations for various project deliverables will be reviewed and identified as part of project implementation.

Alignment with Strategic Priorities: The project aligns with the workforce development priorities of SEEDCo./investStratford and the following Strategic Priorities of Council:

- Increasing affordable housing;
- Increasing residential development at all levels of affordability;
- Balancing supply and demand of the available labour force.

Alignment with One Planet Principles:

Health and Happiness

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

More intangible social-economic returns that are equally important, but more difficult to measure, include enhanced workforce retention and attraction; pride and associated lifestyle benefits of affordable rent and home ownership for individuals and families; and a more diverse and balanced community mix.

Staff Recommendation: THAT the Stratford Attainable Housing Project – Project Summary Report including the Next Steps, as identified, be received;

AND THAT the Corporate Leadership Team, with support from investStratford, be responsible for the oversight of the project implementation plan and next steps, if approved.

Prepared by: Joani Gerber, CEO, SEEDCo./investStratford
Recommended by: Joani Gerber, CEO, SEEDCo./investStratford