

City of Richmond Hill Community Improvement Plan for Affordable Housing and Sustainable Design (Draft)

June 2024

Prepared for:

The City of Richmond Hill

Prepared by:

N. Barry Lyon Consultants Limited

ERA Architects



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1.0 Introduction

The City of Richmond Hill has recently completed an Affordable Housing Strategy (2021) that identifies housing needs in the community and provides recommendations to address these needs. The City has also recently updated their Sustainability Metrics Program (2023), the City's green development standard, which is implemented as part of the development review process and intended to drive enhanced sustainability design features in new buildings across the City. The Richmond Hill Official Plan (2010) (City's Official Plan) also includes policies on affordable housing targets and sustainable design in new development.

Housing affordability is a growing concern in Ontario, but it is especially pronounced in the Greater Toronto and Hamilton area. The Regional Municipality of York (York Region) reiterated the housing crisis through its 2021 Staff Report [to the Regional Committee of the Whole](#), emphasizing that York Region has not been able to achieve housing affordability targets in recent years. Locally, according to the most recent census, Richmond Hill has the highest proportion of households experiencing housing unaffordability out of all the local municipalities in York Region. More than half (56%) of all renter households and over one-third (34%) of owner households are spending 30% or more of their income on shelter costs¹.

Affordable housing is also necessary for supporting population growth. According to York Region, the lack of affordable housing contributed to slower growth over the past decade. Slower than anticipated growth can adversely affect the recuperation of development charges, the timing of planned infrastructure and delivery of services to the community. To help address the issue of affordability, Richmond Hill Council endorsed an Affordable Housing Strategy which recommends undertaking a Community Improvement Plan (CIP) to implement a range of incentives to create affordable housing opportunities.

Climate change is another critical issue impacting Richmond Hill. Like many other communities in the Greater Toronto Area and beyond, Richmond Hill has been experiencing the consequences of severe weather patterns and changing climate conditions, which include disruptions to business continuity, infrastructure damage, risks to health and safety, and increased financial costs. The City of Richmond Hill's Sustainability Metrics Program (SMP) is a scoring system used to encourage developers and builders to work with municipal staff to achieve healthy, complete, and sustainable communities. The SMP's green development standards are used by the municipality to quantify and evaluate the sustainability performance of new developments and promote sustainable design targets that go beyond provincial and municipal requirements.

¹ Source: Statistics Canada, 2016 Census.

As part of the background research to support the updated SMP in 2023, recommendations on a multi-pronged approach to help applicants achieve greater sustainability scores included providing financial incentives to support higher performing projects. The proposed CIP will help support the implementation of financial incentives identified in the supporting work as part of the updated SMP.

1.1 Purpose

The purpose of this CIP is to incentivize the supply of new affordable rental housing by the private and non-profit sectors throughout Richmond Hill, which are currently not being provided by the market without assistance. This CIP is intended to support affordable rental housing by providing financial support that can efficiently stack with funding and financing programs available from senior levels of government as well as York Region.

The CIP will also support Richmond Hill's goal of achieving net-zero greenhouse gas emissions. The program's eligibility criteria consider proposals where significant effort is needed to ensure that new and existing buildings are designed and operated to reduce emissions over the long-term, beyond what the current Building Code requires.

This CIP is therefore intended to increase the supply of new affordable rental housing, support the achievement of affordable housing targets established by the City's Affordable Housing Strategy, and support the delivery of enhanced sustainability in building design.

N. Barry Lyon Consultants (NBLC) and ERA Architects were retained by the City of Richmond Hill to prepare this incentive program. This work involved significant background analyses on the economics of affordable housing, proforma work to identify funding needs of projects seeking to build rental and affordable rental housing, best practices related to affordable housing incentive programs, as well as considerations related to sustainable building design. This work was also influenced by stakeholder consultation sessions.

2.0 Policy and Legislative Context

2.1 What is Community Improvement Plan?

A CIP is a tool that enables municipalities to achieve broad land use planning and economic policy objectives by offering financial incentives to attract private investment. Through Section 28 of the *Planning Act*, municipalities must adopt policies within the Official Plan and approve an implementing by-law to designate a community improvement project area, which can be restricted to a specific location(s) or be municipality wide.

Common objectives of a CIP can include downtown / neighbourhood renewal, affordable housing, office development, transit-oriented development, brownfield remediation, retail investment, energy efficiency improvements, and many others.

2.2 Legislative Authority and Policy Framework

The legislative authority to prepare a CIP for Affordable Housing and Sustainable Design and offer financial incentives are established under Section 28 of the *Planning Act* and Section 106 of the *Municipal Act*. The policy framework is through the City's Official Plan.

2.2.1 Municipal Act

Under Section 106 of the *Municipal Act*, municipalities are prohibited from assisting businesses and other enterprises through the granting of financial incentives, including: giving or lending money or municipal properties; leasing or selling municipal lands at below fair market value; guaranteeing loans; or providing partial or total exemptions from fees, charges, or taxes. However, Section 106(3) of the *Municipal Act* provides an exception to these prohibitions, and that exception may be exercised through a Community Improvement Plan under Section 28 of the *Planning Act*, as well as through Section 365.1 of the *Municipal Act* regarding property tax cancellations.

2.2.2 Planning Act – Eligible Costs

As required by Section 28 (7) of the *Planning Act*, grants and loans provided through the CIP shall not exceed eligible costs. As stated by Section 28(7.1), eligible costs include:

...the eligible costs of a community improvement plan may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.

2.2.3 City of Richmond Hill Official Plan

A municipality must have provisions in their Official Plan that enable the authority to establish a CIP. Section 5.17 Community Improvement Planning of the City's Official Plan have such enabling policy, as follows:

It is the policy of Council that:

1. *The City may, in a By-law passed under Section 28 of the Planning Act, designate a Community Improvement Area for a portion or all of the Plan area, as long as the area satisfies one or more of the following criteria:*

- a. There is a known or potential environmental contamination which requires remediation;*
- b. There are heritage buildings, structures or elements with architectural significance requiring maintenance and repair;*
- c. There is an inadequate mix of housing including affordable housing;***
- d. There are deficiencies in the physical infrastructure such as water, sanitary sewers, streets, sidewalks, walkways, curbs, streetlights or utilities;*
- e. There are deficiencies in community services such as open spaces, parks, indoor or outdoor recreation facilities and social facilities;*
- f. There is a significant presence of incompatible land uses;*
- g. There are underutilized and vacant properties or buildings that have the potential for infill or development;*
- h. There is a significant need for aesthetic improvements on public or private land;*
- i. There is need for streetscape improvements and improvements to the appearance of building facades;*
- j. There is a high level of traffic congestion and inadequate circulation;*
- k. There is a lack of parking alternatives;*
- l. There is the potential for benefiting from a Business Improvement Area program;*
- m. There are indications of economic decline, such as heightened levels of commercial and business vacancies;*
- n. There is a need for greater energy efficiency in buildings; and***
- o. Such other criteria as may be deemed appropriate by the City.*

This CIP adheres to the policies within Section 5.17 of the City's Official Plan, which also specifically identifies affordable housing and sustainable development as criteria to be addressed through such an instrument.

Refer to **Appendix 1** for definition of terms used throughout this document.

3.0 Incentive Program Overview

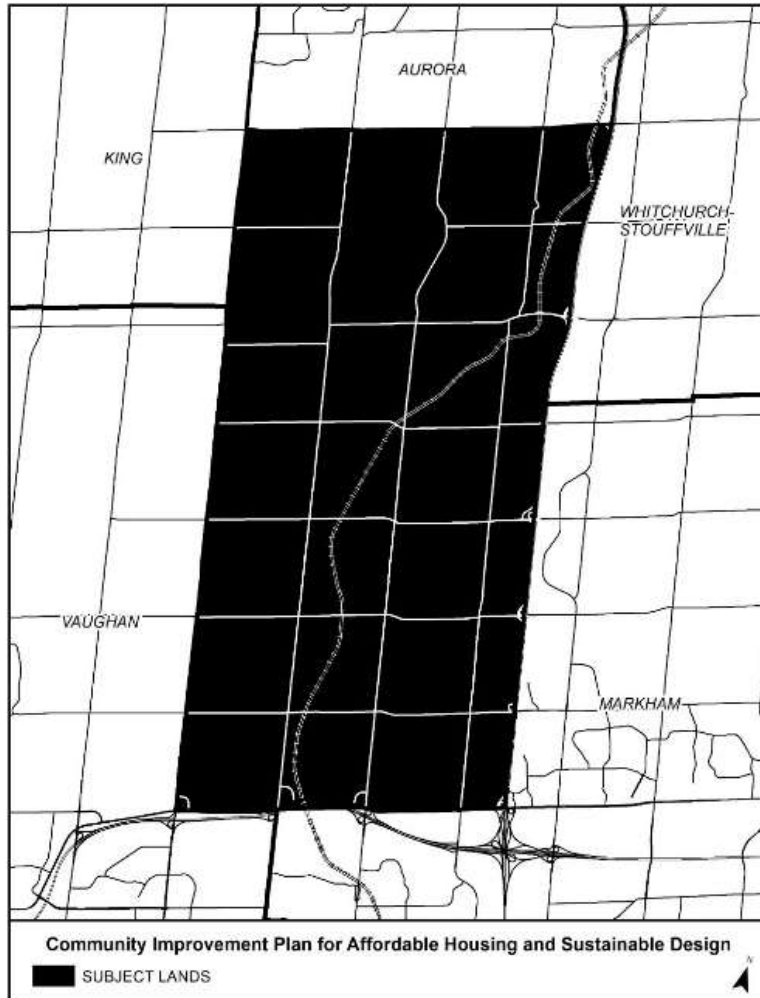
3.1 Project Area

Section 28(2) of the *Planning Act* states:

Where there is an official plan in effect in a local municipality or in a prescribed upper-tier municipality that contains provisions relating to community improvement in the municipality, the council may, by by-law, designate the whole or any part of an area covered by such an official plan as a community improvement project area.

As illustrated by **Figure 1**, this CIP identifies the entire City of Richmond Hill as the Community Improvement Project Area since affordable housing and sustainable design are broad-scale objectives of the City. Consistent with best practices identified in other similar successful incentive programs, a City-wide CIP for affordable housing and sustainable design is proposed.

Figure 1: City of Richmond Hill (City-wide) Community Improvement Project Area



3.2 Eligibility Criteria

To be considered for funding under the CIP, the following Eligibility Criteria must be met by the project / applicant:

- **Developers:** Applicants may be private or non-profit developers. Partnerships between private and non-profit groups are also permitted and encouraged.
- **Tenure:** All applications must be residential development with rental tenure.
- **Affordability:** Rental housing rented at or below 125% of the CMHC Average Market Rent (AMR) as determined by the City's Affordable Housing Strategy. The AMR is illustrated in **Table 1**.

Table 1: Average Market Rents by Bedroom Type

Average Market Rent (AMR) in Richmond Hill 2023			
Unit Type	80% AMR	100% AMR	125% AMR
Studio	\$986	\$1,233	\$1,541
1 -bedroom	\$1,183	\$1,479	\$1,849
2 -bedroom	\$1,502	\$1,877	\$2,346
3 - bedroom	\$1,615	\$2,019	\$2,524

- **Affordability Length:** Units must remain affordable for a minimum of 25 years. Operators may increase rents annually by the Provincial Rent Increase Guideline to a maximum of 125% of AMR for the given year, or at turnover to a maximum of 125% of AMR for the given year.
- **Tenant Incomes:** Successful applicants will commit to verifying tenant income for the affordable units for the duration of the agreement. Income verification will occur at unit occupancy, as required by the contribution agreement. Tenant household incomes at first occupancy will be at or below the 6th decile of the renter household income distribution for that year, which translates to \$100,234 in 2023 based on 2020 census data and indexed to 2023 dollars.
 - For applicants who are applying for affordable housing rented at 80% of AMR, the eligible household income is at or below the 4th decile of the renter household income distribution. This translates to \$70,048 in 2023 based on 2020 census data and indexed to 2023 dollars.

Annual updates to eligible tenant income and affordable rents will be posted on the City’s CIP website.

- **Minimum Project Size:** A minimum of 15% of the units provided in a development must meet the definition of affordability, with a minimum project size of five (5) affordable units.
- **Sustainable Design:** All applicants must meet at a minimum the Silver Performance Level of Richmond Hill’s Sustainability Metrics Program.

The above criteria are considered base eligibility criteria, however, additional criteria are required for some incentives as identified in Section 3.3 to follow, and summarized in **Table 2** and **Table 3**.

3.3 Available Incentives

The available incentives for the CIP take into account other programs including those provided by York Region (e.g. York’s Development Charges (DC) Deferral for Affordable, Purpose-Built Rental Buildings), as well as cost offsets created by the Province (e.g. Bill 23 and Bill 134) including waived or reduced development charges, parkland dedication fees, and community benefit charges. As such, this CIP supplements those existing programs with additional incentives that are above and beyond the cost savings from the Province and Region.

The following financial incentives in **Table 2** are available through this CIP.

Table 2: Available Incentives by Affordable Rents

Available Incentive Types			
Incentive Type	80% AMR	100% AMR (Bill 134)	125% AMR
Fee/Charge Grants (Richmond Hill Components Only)*			
Grant: Site Plan	x	x	x
Grant: Building Permit	x	x	x
Grant: Parkland Dedication			x
Grant: Development Charge			x
Grant: Community Benefit Charge			x
Fee/Charge Exemptions (Richmond Hill and York Region Charges)**			
Exemption: Parkland Dedication	x	x	
Exemption: Development Charge	x	x	
Exemption: Community Benefit Charge	x	x	
Additional Incentives (Richmond Hill Component Only)			
TIEG*^	x (20 year)	x (20 year)	X (10 year)
Capital Grant	x		
*These fees/charges must be paid, which are then refunded through a grant.			
**Exemptions through Bill 23 and Bill 134 do not require payment and repayment.			
^TIEG length varies depending on depth of affordability.			

3.3.1 Fee/Charge Grants (125% AMR or below)

The following incentives are available to all projects approved through this CIP that meet the base eligibility criteria identified in Section 3.2, subject to budget availability:

Fees / Charges Grant

- A grant covering up to 100% of the fees paid for the following application and development related fees, including:
 - Site Plan Approval
 - Building Permit
 - Parkland Dedication fees*
 - Development Charges*
 - Community Benefit Charges*

All of the above grants will be provided at the time of payment (e.g., time of application for a site plan application, at building permit for development charges) and will only apply to local municipal (i.e., Richmond Hill) amounts. Fees/charges required by York Region, school boards, and other levels of government will continue to apply and they are not covered by this CIP.

- * These charges are exempt for affordable housing units meeting the definitions established in Bill 134 and as identified in Section 3.3 in this CIP (see **Table 2**). These exemptions would apply to both Richmond Hill and York Region fees as per Bill 134. This CIP offers additional grants and incentives for these projects meeting the Bill 134 definitions (rents at or below 100% of AMR), as well as 125% of the CMHC AMR through the provision of grants.

Tax-Increment Equivalent Grant

- A Tax-Increment Equivalent Grant (TIEG) covering up to 100% of the increase in property tax as a result of a new rental development. The length of the TIEG will be ten (10) years for projects providing rents between 101% and 125% of AMR and twenty (20) years for projects providing rents below 100% AMR.
 - The incremental tax increase that would be subject to the grant will be determined by identifying the increase in pre- and post-project completion municipal property tax levied as a result of the property being re-assessed by the Municipal Property Assessment Corporation (MPAC).

- The grant will therefore be paid at project completion and reassessment by MPAC. Payment of the grant will be issued annually as the applicant pays their property tax bill.
- For clarity, the annual grant will not exceed the incremental increase in property taxes.
- The grant only applies to local municipal property tax, and not York Region.
- The grant will only apply to the residential portion of the development.
- The TIEG is only available to projects with more than ten (10) affordable housing units, with a minimum of 25% of the units provided in the development being affordable.

Incentives for Mixed-Income Projects

The following provides clarity for any mixed-income project (i.e., projects including both affordable and market-rate units in residential developments):

- For per-unit fees/charges, such as development charges, the grant shall only apply to the affordable units.
- For other items that apply to an entire building/project (e.g., TIEG, application fees), the grant shall be proportional to the amount of eligible affordable housing units provided. For example, if a project includes 50% affordable housing, the TIEG shall be limited to 50% of the increase in municipal property tax.

3.3.2 Capital Funding (80% AMR or below)

As budget is available, the City may also provide a pool of capital that would be issued on a competitive basis annually. The available capital will be clearly communicated each year as the application window opens (refer to Section 4.4.2 of this CIP).

Capital funding is available in addition to the incentives identified in Section 3.3 and is only available for the affordable units. To be eligible for capital funding, the following additional criteria must be met:

- Rental housing that is rented at or below 80% of the CMHC AMR.
- Developments with more than ten (10) affordable housing units, with a minimum of 25% of the units provided in the development being affordable.

Since capital funding is limited, applications requesting this incentive will be evaluated against another set of criteria (see Section 4.1.2 of this CIP to follow) and funds will be

issued to the highest scoring applications. The set of criteria are designed to encourage applicants to exceed the base eligibility criteria, in addition to other benefits.

Applicants must justify the request for capital funding through the submission of development and operational proforma budgets, which must also indicate all other sources of funding secured or being pursued. The justification should also include how the capital funding will result in a viable and financially sustainable development over the long-term.

Approval for capital funding can occur at any time, however funds will only be issued at the time of building permit issuance.

3.3.3 Public Lands

The City of Richmond Hill may dispose of municipally owned land in exchange for affordable housing as opportunities arise. These lands may be sold or leased to the successful applicant at a discounted rate, or they may be donated outright. If available, the offering of municipally owned lands will be administered through a competitive basis, as further detailed in Section 4.1.3 of this CIP.

4.0 Implementation Process

4.1 Application Window and Review Process

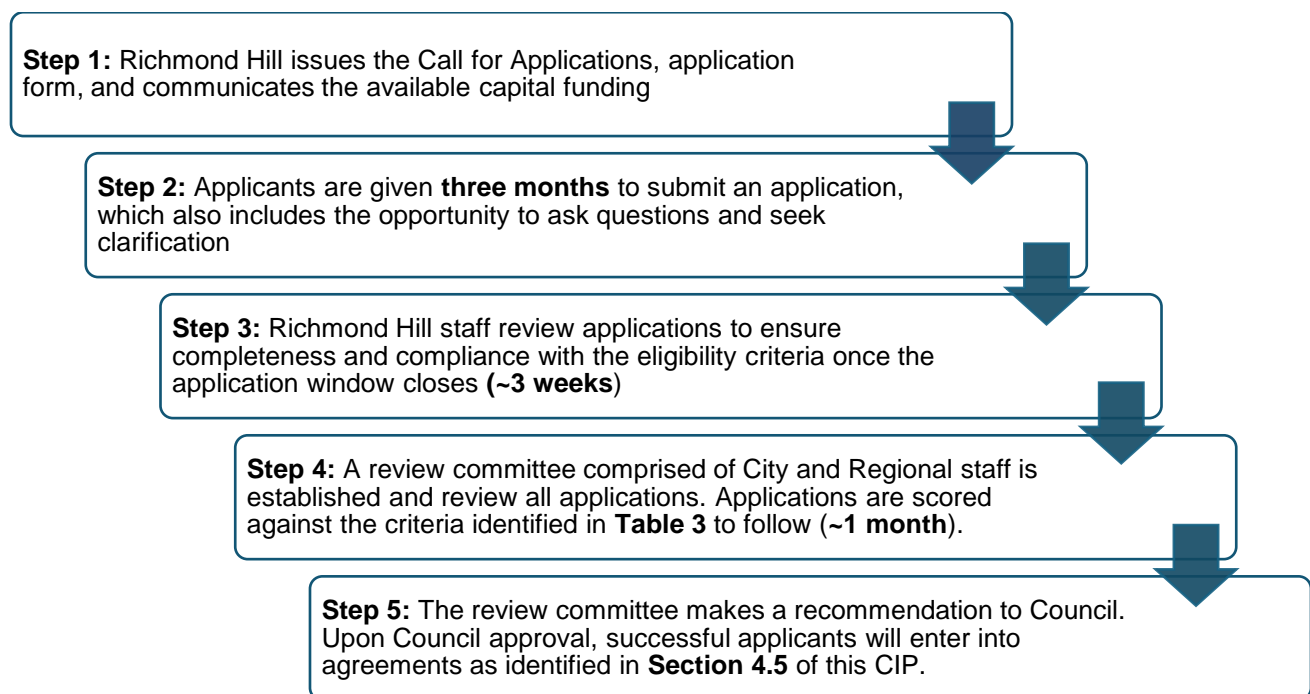
4.1.1 Fee/Charge Grants

Application for these incentives can be made at any time, which will be approved on a first come, first served basis, subject to applicants meeting the required eligibility criteria and budget availability. For clarity, this also includes the TIEG.

4.1.2 Capital Funding

Capital funding will be structured as a 'Call for Applications', where interested organizations apply within a defined window and are awarded funding on a competitive basis. The process is outlined in **Figure 2** below:

Figure 2: Capital Funding Application, Review, and Selection Process



Applications will be scored based on the following evaluation criteria in **Table 3**, with the limited capital funding provided on a competitive basis to the project(s) achieving the highest score.

Table 3: Capital Funding Evaluation Criteria

Evaluation Category	Criteria	Score
Planning Approval / Development Timeline	<ul style="list-style-type: none"> • Development application deemed "complete" 	1
	<ul style="list-style-type: none"> • Official Plan Amendment / Zoning By-law Amendment approved 	5
	<ul style="list-style-type: none"> • Site Plan approved 	10
	<ul style="list-style-type: none"> • Building permit issued 	20
	Max Score	36
Length of Affordability	<ul style="list-style-type: none"> • 25 years 	0
	<ul style="list-style-type: none"> • 26 - 35 years 	5
	<ul style="list-style-type: none"> • 36-50 years 	10
	<ul style="list-style-type: none"> • 50+ years 	20
	Max Score	35
Location Criteria	<ul style="list-style-type: none"> • Located within an existing or planned Centre or Corridor where there are planned or existing transit services. 	2
	<ul style="list-style-type: none"> • Located within 800m of an existing or planned community use 	2
	Max Score	4
Applicant Qualifications	<ul style="list-style-type: none"> • Organization qualifications and experience developing housing and managing affordable housing, including any partnerships with non-profits. 	5
	Max Score	5
Sustainable Development	<ul style="list-style-type: none"> • Achieves the Gold Performance Level of Richmond Hill's Sustainability Metrics Program 	10
	Max Score	10
Financial Proposal	The following will be considered:	
	<ul style="list-style-type: none"> • Justification of incentive amount • Per door incentive requested • Project proforma information (required for capital grant) 	10
	Max Score	10
Total Max Score		100

4.1.3 Public Lands

If available, any municipally owned lands issued by the City of Richmond Hill for the delivery of affordable housing will be done through a separate Request for Proposal (RFP) process. The RFP will set out the eligibility criteria and a scoring system for ranking applicants.

4.2 Agreements

Following the approval of incentives under the program, applicants will be required to accept the funding as allocated and enter into a contribution agreement with the City that outlines the terms of the commitment. The agreement will be approved by Council and registered against the title of the property.

The contribution agreement will include but not be limited to the following:

- The incentives provided;
- The number of affordable units to be provided, affordable unit rental rates and duration of affordability;
- Requirements for tenant income verification by Applicant at rent-up and unit turnover;
- Requirements for annual reporting by applicant;
- Requirements for applying rental rate increases;
- Non-conformity terms and process; and
- Other terms and conditions as required.

4.3 Stacking of Incentives

Nothing in this CIP precludes applicants from applying for and stacking other funding programs offered by other levels of government and related agencies. Applicants are encouraged to seek additional funding and resources where applicable. More information about these potential funding programs can be found in the [City's Handbook for Developing Affordable Housing](#).

4.4 Monitoring

Richmond Hill staff shall monitor the following matters to assess the impact of this CIP and its programs:

- The total amount of committed funds to the CIP;

- The number of applications submitted;
- The number of successful applications (overall take-up of each program);
- The total amount (in dollars) of public funds provided;
- The total number of affordable housing units created and characteristics of this housing;
- The location of housing created;
- The sustainability tier of approved projects; and
- The estimated total amount (in dollars) of private-sector investment that resulted.

City staff will bring forward reports to Council for consideration of applications made under CIP and projects that have been approved. Based on the monitoring program, a comprehensive review will be undertaken in year five of the program to ensure the CIP is achieving its desired outcomes. Where amendments can be made to improve outcomes achieved, these will be made in accordance with Section 4.5 of this CIP.

4.5 Amendments

Minor changes to this CIP may advance without Council approval and without formal amendment to this CIP. Changes to the provisions of this CIP which are considered to represent a material change that necessitates a formal amendment to the Plan, include the following:

- A significant change to the boundary of the Community Improvement Project Area;
- The removal of an existing incentive program, or the addition of new incentive programs to the CIP;
- A significant change in the eligibility criteria for access to program support under this CIP.

Appendix 1: Definitions

Affordable

For the purpose of this Community Improvement Plan, a unit for which the rent is at or below 125% of the average market rent of a unit in Richmond Hill, by bedroom type.

For clarity, Bill 23 provides cost offsets that apply to “affordable residential unit”. “Affordable residential unit” is defined under Bill 134, *Affordable Homes and Good Jobs Act*, 2023. In particular, affordable rental housing is a unit for which rent is no greater than the lesser of,

- i. the income-based affordable rent for the residential unit set out in the Affordable Residential Units bulletin, as identified by the Minister of Municipal Affairs and Housing, and
- ii. the average market rent identified for the residential unit set out in the Affordable Residential Units bulletin.

Centres and Corridors

The primary areas for intensification include the Richmond Hill Centre, Key Development Areas, Local Centres, Local Development Areas, certain areas of the Regional Corridors and certain areas of the Local Corridor. Schedule A2 (Land Use) of the City’s Official Plan provides a map of the centres and corridors.

Community Use

Community uses include public and not-for-profit institutions, facilities and services that support a complete community and the needs of the City. Community uses include human services such as health care, community, and social services.

Provincial Rent Increase Guideline

The [rent increase guideline](#) is set by the Province of Ontario and it applies to the majority of rental dwellings regulated by the *Residential Tenancies Act*. It does not apply to rental units occupied for the first time after November 15, 2018, vacant residential units, community housing, long-term care homes or commercial properties.

Rental Housing

For the purpose of this Community Improvement Plan, housing that is purposely built for long-term rental accommodations.