

The Corporation of the City of Richmond Hill

By-Law 134-24

A By-Law to Adopt the Community Improvement Plan for Affordable Housing and Sustainable Design

Whereas Section 28(2) of the *Planning Act*, R.S.O. 1990, c. P.13, empowers the Council of a municipality in which an Official Plan is in effect to designate the whole or any part of the municipality covered by the Official Plan as a Community Improvement Project Area;

And Whereas the Council of The Corporation of the City of Richmond Hill (“Council”) has adopted an Official Plan which covers all the land within its boundaries and which provides that Council may enact a by-law under Section 28(2) of the *Planning Act* and designate a Community Improvement Project Area if the area satisfies certain criteria, including the inadequate mix of housing including affordable housing, and there is a need for greater energy efficiency in buildings;

And Whereas pursuant to Section 28(2) of the *Planning Act*, By-law 133-24 designates lands within the City of Richmond Hill as Community Improvement Project Area for the purpose of implementing the Community Improvement Plan for Affordable Housing and Sustainable Design; and

And Whereas the Community Improvement Plan for Affordable Housing and Sustainable Design conforms to the Official Plan for the City of Richmond Hill.

Now Therefore The Council Of The Corporation Of The City Of Richmond Hill Enacts As Follows:

1. That pursuant to Section 28 of the *Planning Act*, the Community Improvement Plan for Affordable Housing and Sustainable Design, consisting of the attached explanatory text, tables, maps and schedule, is hereby adopted. The Community Improvement Plan is attached hereto as Schedule “A” to this By-law.
2. This By-law shall come into force and take effect on the date of enactment.

Passed this 27th day of November, 2024.

David West
Mayor

Stephen M.A. Huycke
City Clerk

The Corporation of the City of Richmond Hill

Explanatory Note to By-law 134-24

The purpose of By-law 134-24 is to adopt the Community Improvement Plan for Affordable Housing and Sustainable Design. The purpose of the Community Improvement Plan is to enable incentive programs to facilitate the development of sustainably built affordable housing. More specifically, the Community Improvement Plan permits the City to grant financial incentives and lands to property owners and developers under four programs:

1. Per Affordable Unit Grant;
2. Tax Increment Equivalent Grant (TIEG) for Affordable Housing;
3. Competitive Capital Funding Grant; and
4. Public Lands.

By-law 133-24 identifies the Community Improvement Project Area for the Community Improvement Plan for Affordable Housing and Sustainable Design. The Community Improvement Project Area is further set out in Schedule "A" to that By-law.

SCHEDULE “A” - By-law 134-24

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

November 2024

Prepared for:

The City of Richmond Hill

Prepared by:

N. Barry Lyon Consultants Limited

ERA Architects



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1.0 Introduction

1.1 Overview

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 challenge through its Committee of the Whole meeting on October 10, 2024. York Region indicated that it 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 (51%) of all renter households and one-third (33%) of owner households are spending 30% or more of their income on shelter costs¹.

Affordable housing is 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 (2021) and one of the recommendations is to undertake a Community Improvement Plan (CIP) to implement a range of incentives to create affordable housing opportunities. The Richmond Hill Official Plan (2010) (City's Official Plan) also includes policies on affordable housing targets and sustainable design in new development.

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.

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.

1.2 Purpose

The purpose of this CIP is to incentivize the supply of new sustainably-built, 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 provide financial support that can efficiently stack with funding and financing programs available from senior levels of government as well as York Region.

The CIP supports Richmond Hill's goal of achieving net-zero greenhouse gas emissions. The program's eligibility criteria consider proposals where enhanced 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

¹ Source: Statistics Canada, 2021 Census.

aligned with the City's Community Energy and Emissions Plan and implemented by the SMP.

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. In accordance with Section 28 of the *Planning Act*, municipalities must adopt policies in 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 manufacturing business or other industrial or commercial enterprise 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 CIP 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 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.*

Policies 5.17(1)(c) and 5.17(1)(n) identify affordable housing and buildings with energy efficiency as criteria for the purpose of establishing a CIP. This CIP conforms with Policy 5.17 whereby incentives are offered to address housing affordability and sustainable design in Richmond Hill.

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

3.0 Incentive Program Overview

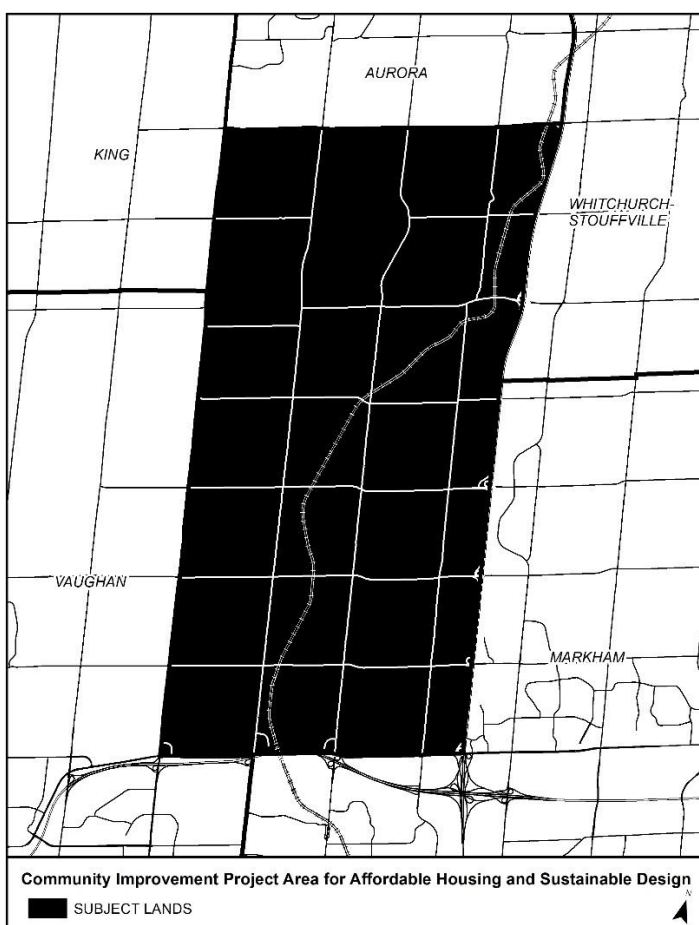
3.1 Project Area

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 Base Eligibility Criteria

To be considered for funding under the CIP, the following Base Eligibility Criteria must be met by the project or 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 for incentive funding must be residential development with affordable rental tenure.
- **Mixed-Income Units:** The project may be a mixed income development that include affordable units and market units.
- **Mixed-Use Buildings:** The project may contain residential use and non-residential uses such as commercial, office, or community uses.

- **Affordability:** Rental housing rented at or below 125%² 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 2024 ³			
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

The affordable rents are intended to serve households within the lowest 60th percentile of the renter household income distribution.

- **Affordability Length:** Units must remain affordable for a minimum of twenty-five (25) years.
- **Minimum Project Size:** The minimum project size is eleven (11) residential units. At least five (5) residential units provided in the project must meet the definition of affordability.
- **Sustainable Design:** All applications for new development must meet at a minimum the Silver Performance Level of Richmond Hill’s Sustainability Metrics Program. The Sustainability Metrics are green development standards that Richmond Hill uses to quantify and evaluate the sustainability performance of new developments and promote sustainable design targets that go beyond provincial and municipal requirements. Site plan amendment applications will be evaluated for applicability on a case-by-case basis.
- **Project Feasibility:** The City reserves the right to require project proforma to demonstrate project feasibility.
- **Good Standing with the City:** Applicants must be in good standing with respect to by-laws; property taxes or other financial obligations to the municipality; and not be involved in ongoing litigation with the City.

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**.

3.3 Available Incentives

The available incentives for the CIP take into account programs provided by other levels of government designed to incent affordable rental housing. For instance, it recognizes the cost offsets offered by the Province of Ontario through *Bill 23, More Homes Built Faster Act, 2022* and *Bill 134, Affordable Homes and Good Jobs Act, 2023*. These two legislations exempt development charges for “affordable residential units” for the purpose of the *Development Charges Act, 1997*. Bill 23 further discounts “affordable residential units” from the calculation of cash-in-lieu of parkland and community benefits charges, as established in the *Planning Act, 1990*. This CIP offers grants and public lands, which supplement the incentives and cost offsets offered by other levels of government.

² The average market rent is based on CMCH’s annual surveys that includes purpose-built rental with three units or more. These purpose-built rental housing is predominantly comprised of older housing stock that are under rent control in accordance with the Ontario Residential Rent Guideline. As a result, the rents in this older housing stock are significantly lower than rents from new residential rental units with newer construction and higher standards in accordance with the Building Code. For these reasons, it is appropriate to set the affordable threshold at 125% of the average market rent.

³ 2024 affordable thresholds are based on CMHC’s annual rent data from the 2023 Rental Market Survey

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

Table 2: Available Incentive Types by Affordable Rents

Available Incentive Types			
Incentives	80% AMR	100% AMR ¹	125% AMR
Per Affordable Unit Grant	X	X	X
Competitive Capital Funding	X		
Tax Increment Equivalent Grant (TIEG) (City portion only) ²	X (25 year)	X (25 year)	X (10 year)
Public Lands	X		

¹ “Affordable residential unit, rented” as defined by the *Development Charges Act, 1997*
 Presently, the “affordable residential unit, rented” is calculated using the average market rent, based on 100% AMR. Should the Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin apply the income-based affordable rent, this CIP will follow suit.

² TIEG length varies depending on depth of affordability, and it only applies to Richmond Hill’s portion of the property taxes.

3.3.1 Per Affordable Unit Grant (125% AMR or below)

Applicants/projects that meet the base eligibility criteria identified in Section 3.2 may apply to the Per Affordable Unit Grant. Eligible applications will be reviewed and scored in accordance with evaluation criteria set out in Section 4.2. The award of the Per Affordable Unit Grant is subject to an assessment against the project evaluation criteria, budget availability, and in accordance with the following:

- A grant with a maximum of \$150,000 per affordable unit rented at or below 125% of the average market rent, and
- The Per Affordable Unit Grant only applies to affordable units in a project.

3.3.2 Tax Increment Equivalent Grant

Applicants/projects that meet the base eligibility criteria identified in Section 3.2 may apply to the TIEG. Eligible applications will be reviewed and scored in accordance with evaluation criteria set out in Section 4.2. The award of the TIEG is subject to an assessment against the project evaluation criteria, budget availability, and in accordance with the following:

- The TIEG is only available to projects that include a minimum of ten (10) affordable housing units.
- A 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-five (25) years for projects providing rents at or below 100% AMR.
- The incremental tax increase that would be subject to the grant will be determined by identifying the increase in municipal property tax, comparing pre- to post-project completion, levied as a result of the property being re-assessed by the Municipal Property Assessment Corporation (MPAC).
- The amount of the grant over ten (10) or twenty-five (25) years is determined by MPAC assessment post-development and payment 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 the City of Richmond Hill’s portion of the property tax. The grant does not apply to the portion of the property tax pertaining to York

Region, York Region District School Board, and York Region Catholic District School Board.

- The grant will only apply to the residential portion of the development, and proportional to the number of affordable units.

3.3.3 Competitive Capital Funding (80% AMR or below)

As budget is available, the City may also provide a pool of capital to be issued on a competitive basis. The available capital will be clearly communicated as the application window opens.

To be eligible for this funding, the following additional criteria must be met:

- Projects must contain least ten (10) affordable housing units.
- The affordable housing unit is rented at or below 80% of the CMHC AMR.

Applications requesting this incentive will be evaluated against the project evaluation criteria as identified in Section 4.2 of this Plan, and funds will be issued to the highest scoring applications. The evaluation scoring is designed to encourage applicants to exceed the base eligibility criteria identified in Section 3.2 of this Plan, in addition to any other applicable considerations.

3.3.4 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 4.1.4 of this CIP.

4.0 Implementation

4.1 Application Process

The following subsections describe the process for how the four incentive types will be administered by the City. Further details will be provided in a CIP Guideline, which will be updated as needed on the City's website. If more than one incentive is offered at the same time, applicants may apply for multiple incentives if the project meets the eligibility criteria of the incentives.

4.1.1 Per Affordable Unit Grant

Application for the Per Affordable Unit Grant can be made during an intake period, which will be considered on a first-come, first-served basis, subject to funding availability, as well as applicants meeting the required eligibility criteria outlined in Section 3.2 and project evaluation criteria identified in Section 4.2.

4.1.2 Tax-Increment Equivalent Grant

Application for the Tax Increment Equivalent Grant can be made during an intake period, which will be considered on a first-come, first-served basis, subject to funding availability, as well as applicants meeting the required eligibility criteria outlined in Section 3.2 and project evaluation criteria outlined in Section 4.2.

4.1.3 Competitive Capital Funding

Competitive 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. A review committee will evaluate applications based on the project evaluation criteria as outlined in Section 4.2. The capital funding will be awarded to the highest scoring project(s) pending available funding.

4.1.4 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 base eligibility criteria and project evaluation criteria for ranking applicants.

4.2 Project Evaluation Criteria

Applications for the CIP incentives will be scored based on the following evaluation criteria:

- Number of affordable units;
- Depth and duration of affordability;
- Project maturity and approvals status;
- Achievement of required Sustainable Metrics Program performance level threshold;
- Support from other government funding programs;
- Development and operational feasibility; and
- Qualifications of applicant.

The City may prioritize any of the above noted criteria and include other evaluation considerations. Priority evaluation criteria and considerations for each CIP incentive intake will be reflected in the CIP Guideline, as appropriate.

Applicants applying for the Per Affordable Unit Grant or Competitive Capital Funding may need to justify the request for 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 funding will result in a viable and financially sustainable development over the long-term.

The City reserves the right to allocate CIP incentives based on available funds or public lands, and in consideration of the evaluation criteria as set out above.

4.3 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 or its designate and registered against the title of the property.

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

- the incentives provided and the payment schedule;
- the number of affordable units to be provided, affordable unit rental rates and duration of affordability;
- requirements related to tenant income verification, as applicable;
- requirements for annual reporting by applicant;
- grants may be structured as forgivable loans;
- non-conformity terms and process should the housing provider default on any part(s) of the agreement; 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, as follows:

- 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 unit types;
- the location of housing created;
- the sustainability tier of approved projects; and
- other indicators as appropriate.

Based on the monitoring program, a comprehensive review will be undertaken in year five (5) 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 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; and
- a significant change in the eligibility criteria for access to program support under this CIP.

This CIP is subject to funding, and as such, any change in the amount of incentives, including the discontinuation or pause, by Council, of any incentive programs in this Plan shall not require an amendment to the Plan.

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, “affordable residential unit, rented” applies to units that are rented at or below 100% of the average market rent. “Affordable residential unit” is defined under *Bill 134, Affordable Homes and Good Jobs Act, 2023* based on the following criteria:

The 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.

Presently, the “affordable residential unit, rented” is calculated using the average market rent, based on 100% AMR. Should the Affordable Residential Units for the Purposes of the *Development Charges Act, 1997* Bulletin apply the income-based affordable rent, this CIP will follow suit.

Rental Housing

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