Minutes – Executive Policy Committee – November 18, 2020

Report 'A' – Standing Policy Committee on Property and Development, Heritage and Downtown Development – November 16, 2020

Item No. 6 Menu of Options for an Affordable Housing Strategy

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That the Public Service be directed to formalize the City of Winnipeg Housing Speaker Series as a forum for relevant housing discussions with stakeholders and to plan a session for 2021 (Tool 4).

2. That the Public Service be directed to explore amendments to the City of Winnipeg Zoning By-law 200/2004 to eliminate parking requirements for any new housing unit to be owned or managed by a not-for-profit housing provider; to affordable housing units funded by Provincial and Federal affordable housing programs; and bachelor units and accessory dwelling units less than 400 sq. ft in size (Tool 3).

3. That the Public Service be directed to establish an administrative process and fast track development applications that include affordable housing (Tool 10).

4. That the Public Service be directed to develop and report back in 90 days with details of a new affordable housing program to assist affordable housing developers leverage funding from Canada Mortgage and Housing Corporation (CHMC), and to include the following (Tool 12):

    A. A tax increment financing (TIF) ~~i~~ncentive, equal to 80% of the incremental municipal taxes per project for a period of up to 25 years; and

    B. Up to $2 Million from the federal Safe Restart Agreement to provide capital grants and permit fee rebates to housing developers to be considered in the 2021 Budget process.

Report 'A' – Standing Policy Committee on Property and Development, Heritage and Downtown Development – November 16, 2020

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

5. That the Public Service be directed to work with the Winnipeg Housing Steering Committee to prioritize the remaining tools presented in this report as future actions, and report back to Council on applicable program and resource requirements.

6. That the Winnipeg Public Service provide quarterly verbal updates on the Affordable Housing Strategy, beginning March 2021.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report 'A' – Standing Policy Committee on Property and Development, Heritage and Downtown Development – November 16, 2020

DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Carried

Moved by Councillor Gilroy,

That the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On November 17, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- In Recommendation 3, delete "to fast track" and replace with "and fast track"
- Add the following new Recommendation 6 and renumber the remaining recommendation accordingly:

  "6. That the Winnipeg Public Service provide quarterly verbal updates on the Affordable Housing Strategy, beginning March 2021."

and submitted the matter to the Executive Policy Committee and Council.

Report 'A' – Standing Policy Committee on Property and Development, Heritage and Downtown Development – November 16, 2020

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

The following persons submitted communications in support of the matter:

- Pam Hine, Canada Mortgage and Housing Corporation, submitted a communication dated November 16, 2020
- Christina Maes Nino, Executive Director, Manitoba Non-Profit Housing Association, submitted a communication dated November 13, 2020

On October 16, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development granted an extension of time of up to 60 days for the Winnipeg Public Service to report back with recommendations on the establishment of an affordable housing program(s) consistent with the findings of the "City of Winnipeg Comprehensive Housing Needs Assessment" report prepared by the Institute of Urban Studies.

On July 13, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service, as amended, and approved the following:

1. That the "City of Winnipeg Comprehensive Housing Needs Assessment" report prepared by the Institute of Urban Studies be received as information.

2. That the Public Service be directed to report back within 60 days with recommendations on the establishment of an affordable housing program(s) consistent with the findings of the report.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing. Scott McCullough, University of Winnipeg, submitted a presentation titled "City of Winnipeg Comprehensive Housing Needs Assessment", in support of the matter.

Scott McCullough, University of Winnipeg, submitted a presentation titled "City of Winnipeg Comprehensive Housing Needs Assessment", in support of the matter.

ADMINISTRATIVE REPORT

Title: Menu of Options for an Affordable Housing Strategy

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Jopling	J. Kiernan	N/A	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

This report provides considerations for future housing activities all aimed at expanding the supply of affordable housing. The proposed actions could serve as components of a future City of Winnipeg affordable housing strategy. The content of the report is also informed by the City of Winnipeg Comprehensive Housing Needs Assessment, which includes commentary on options municipalities can use to facilitate affordable housing.

City policies recognize housing as a cornerstone to healthy communities. Unfortunately, many people and families are not able to access housing to meet their needs or affordability levels. Some cannot access housing at all as evidenced by a growing homeless population.

The City recognizes it has a continued role to play in facilitating affordable housing at both the policy and program level. The City of Winnipeg Comprehensive Housing Needs Assessment identifies the most critical housing needs are within the non-market housing sector which includes social housing and transitional housing. While the City of Winnipeg is not a direct provider of housing it can help address gaps in the supply of affordable housing through a variety of tools to reduce costs and barriers associated with the provision of market and non-market housing that is affordable. To this end, a key recommendation of the report is to take advantage of current federal affordable housing funding programs by developing municipal supports required to access those funding programs (see Tool 12 Partnerships). Though this will bear some financial cost to the City it will better position local housing providers to access and leverage affordable housing funding that would otherwise land elsewhere.

Overall, this report outlines a number of “tools” that can serve as key planning and financial instruments, enabled under existing legislation, to develop and expand local housing-related initiatives to encourage the supply of affordable housing. Some of these tools, such as the disposition of City-owned land for affordable housing at less than market value, or changes to municipal by-laws to reduce barriers to specific land uses (e.g. secondary suites), have already been put into practice and could be strengthened or expanded to provide additional impact and consistency. The report discusses 14 tools, listed below, for consideration in the Winnipeg context. The recommendations proposed in each section in the body of the report do not reflect timelines as Council will need to confirm priorities. Again, the entire list of tools cannot all be

activated at the same time within existing resources. The report also provides a matrix of the tools which includes key considerations such as timing, complexity, priority and benefits. The recommendations provided in the next section are intended as immediate actions. It is further noted that in anticipation of this report and as a means to expedite a housing program, the expansion of the William Whyte Pilot (discussed under heading 2: City-owned real estate) has already been approved by Council on July 23, 2020.

1) Housing Research
2) City-Owned Real Estate
3) Zoning Regulation
4) Education and Engagement on Housing Topics
5) Community Benefits of Infill
6) Density Bonuses
7) Inclusionary Zoning
8) Housing Rehabilitation Investment Reserve (HRIR)
9) Land Development
10) Administrative Actions
11) Fee Waivers
12) Partnerships
13) Tax rebates/ waivers
14) Housing Action Plan

The report seeks concurrence from Council to move ahead on two specific action items in the short term and to prioritize actions for further exploration.

RECOMMENDATIONS

1. That the Public Service be directed to formalize the City of Winnipeg Housing Speaker Series as a forum for relevant housing discussions with stakeholders and to plan a session for 2021 (Tool 4).

2. That the Public Service be directed to explore amendments to the City of Winnipeg Zoning By-law 200/2004 to eliminate parking requirements for any new housing unit to be owned or managed by a not-for-profit housing provider; to *affordable* housing units funded by Provincial and Federal affordable housing programs; and bachelor units and accessory dwelling units less than 400 sq. ft in size (Tool 3).

3. That the Public Service be directed to establish an administrative process to fast track development applications that include affordable housing (Tool 10).

4. That Council direct the Public Service to develop and report back in 90 days with details of a new affordable housing program to assist affordable housing developers leverage funding from Canada Mortgage and Housing Corporation (CHMC), and to include the following (Tool 12):

    A. A tax increment financing (TIF) ~~i~~ncentive, equal to 80% of the incremental municipal taxes per project for a period of up to 25 years; and
    B. Up to $2 Million from the federal Safe Restart Agreement to provide capital grants and permit fee rebates to housing developers to be considered in the 2021 Budget process.

5. That the Public Service be directed to work with the Winnipeg Housing Steering Committee to prioritize the remaining tools presented in this report as future actions, and report back to Council on applicable program and resource requirements.

6. That the proper officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On July 13, 2020, the Standing Policy Committee on Property and Development, Heritage and Downtown Development directed the Public Service to make recommendations on the establishment of an affordable housing program(s) consistent with the findings of the report titled City of Winnipeg Comprehensive Housing Needs Assessment.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service will explore the proposed activities in greater detail and make recommendations as to how these can be implemented. Initiatives would be presented in separate, future reports.

The Public Service will also work with the Housing Steering Committee to review the remaining tools, and discuss future actions, and report back to Council.

HISTORY/DISCUSSION

Context

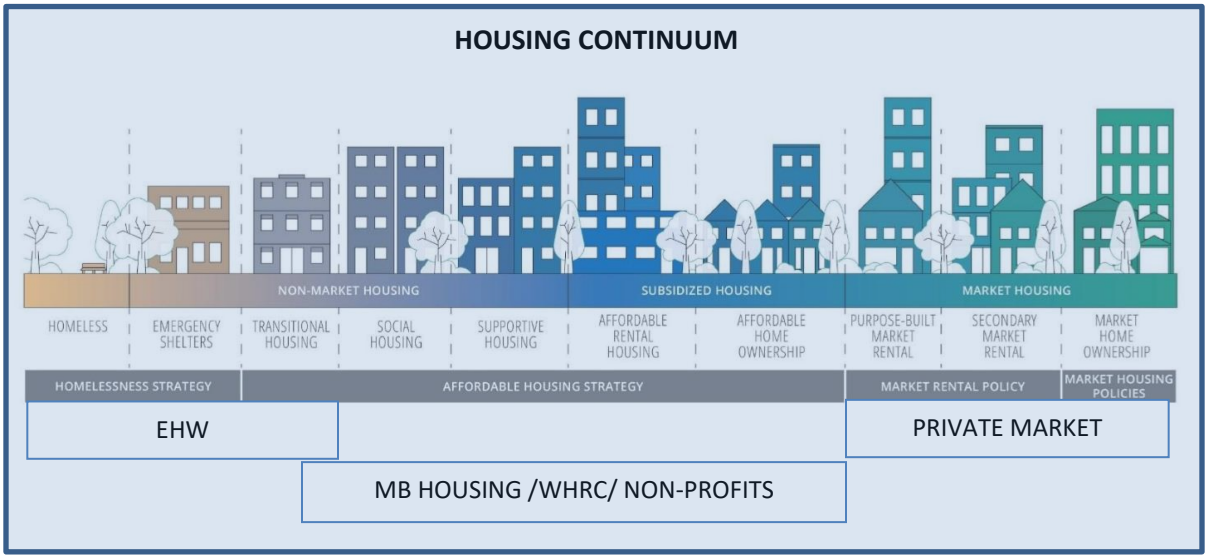
The City of Winnipeg has a history of supporting affordable housing in a variety of ways including strong partnerships with other levels of government. One that stands out is a tripartite agreement between the city, provincial and federal governments called the Winnipeg Housing and Homelessness (WHHI) initiative which operated between 2000-2013.

One of the most consistent activities to support housing in the City of Winnipeg that exists today is the Housing Rehabilitation Investment Reserve (HRIR) which has been in existence since the year 2000. Since that time $1 Million has been allocated each year to support a variety of programs in the City's 5 Housing Improvement Zones as well as for Indigenous housing projects. It is noted the HRIR was created to align with the WHHI partnership noted above where program funding by the City was highly leveraged by the other levels of government.

Another important contributor to the supply of affordable housing in Winnipeg (social and affordable) is the Winnipeg Housing and Renewal Corporation (WHRC) which was developed in the 1970s by the City of Winnipeg. This non-profit housing organization has become self-sufficient and currently owns or manages more than 40 residential properties in the city. Recent growth in WHRC's housing stock is through the acquisition/ and or management of select Manitoba Housing properties. The City of Winnipeg continues to provide annual operational support to assist WHRC's activities, and the WHRC Board of Directors contains representation from City of Winnipeg Council and public service staff.

It is also acknowledged that City of Winnipeg was formerly the Community Entity for the federal Homelessness Partnering Strategy (2012-2019) which provided funding to address local homelessness priorities in the city of Winnipeg. End Homelessness Winnipeg which was established in 2015 became the new Community Entity in 2019 under a newly designed federal program called Reaching Home: Canada's Homelessness Strategy aimed at preventing and reducing homelessness across Canada. The City of Winnipeg continues to provide annual operational support to EHW to support their mandate of reducing homelessness, and a City staff member participates on their Community Advisory Board: Reaching Home, as a non-voting member.

The City is not a direct provider of affordable or social housing. Entities such as WHRC, Manitoba Housing and various non-profit housing organizations, including members of the Manitoba Non-Profit Housing Association (MNPHA) are recognized as the main providers of non-market and deeply affordable housing units. EHW is recognized as the entity to reduce chronic homeless under the federal Reaching Home program. The chart below provides an illustration of where these groups are typically involved along the housing continuum in terms of expanding supply:



Housing Needs Assessment

The Housing Needs Assessment provides information regarding the state of the housing in Winnipeg including, but not limited to the following:

- More than 1/5 of households spend 30% or more of their income on shelter (a common measure of housing affordability);
- The number of households in core housing need has been rising and is at 34,000 (means a dwelling does not meet at least one of three affordability, suitability, or adequacy standards);
- The number of social housing units has been declining despite a growing demand for them;

- Incomes of households in the bottom two income deciles cannot reach market rents and typically rely on social housing. While there are less than 15,000 nonmarket units, there are 56,000 households within the bottom two income deciles;
- There are approximately 1,500 homeless people in the City of Winnipeg;
- Those with the greatest housing needs are concentrated in the core. Declining adequacy standards of existing homes, especially in core areas pose an additional threat.
- Single-person households face the greatest affordability challenges in that 37.3% spend 30% or more of their income on shelter, and 45.7 are in core housing need;
- Indigenous and Recent Immigrant households struggle the most to find suitable housing. 26% of Indigenous households spend more than 30% of household income on shelter and 36% of recent immigrant households spend more than 30% of household income on shelter;
- An ageing population will have significant impacts on housing. For example, between 2015 and 2032, the 74+ age cohort will gain 42,300 persons (82% increase); and
- The development of new rental housing is largely targeted at the high end of the market.

The Housing Needs Assessment also provides some specific targets where housing needs are most evident and immediate – focusing on households in core housing need and those who are homeless. It calculates that the Federal National Housing Strategy (NHS) will address half the problem in that its programs aim to reduce core housing need and chronic homelessness by 50% over a 10-year period. If the NHS is successful in its targets this would result in 750 homeless persons and just over 17,000 households in core housing need. Under this presumption, the following housing supply targets are recommended annually over a 10-year period:

- 75 units of transition housing (eg. Housing First)
- 300 units rent geared to income (social housing)
- 300 units of non-profit affordable housing
- 100-150 units of seniors assisted living

In terms of housing targets, consideration may also be given to statistics in the Housing Needs Assessment on rental affordability, particularly with respect to new development. Based on income, a household would need to be in the eighth income decile to afford the rents of a new assisted living unit. For households requiring three bedrooms, they would need to be in at least the 6th income decile to afford the rents of a new unit. This speaks to the need to create opportunities for affordable units in new rental housing developments by assisting in the awareness and accessing federal funding programs.

The full Housing Needs Assessment can be accessed at:
https://winnipeg.ca/ppd/Documents/CityPlanning/Housing/ComprehensiveHousingNeedsAssessmentReport/Comprehensive-Housing-Needs-Assessment.pdf

Proposed initiatives, and tools for exploration

The tools and activities included in this report are intended to help expand affordable housing opportunities throughout Winnipeg generally, as well as assist the non-profit housing sector to address specific gaps along the housing continuum. Given that senior levels of government have more formalized mandates and financial resources to address affordable housing, one of the most effective ways the City can contribute is through partnerships with other levels of government and with local agencies to strengthen their efforts to meet a variety of housing needs. A proposed partnership with CMHC (Tool 12) is recognized as a critical component to this end to help unlock federal funding commitments.

The report is meant to highlight as many tools as possible the City has at its disposal. While it is hoped all of the below tools can be explored in further detail, the report's recommendations as stated on page 2 are meant to:

- Provide some immediate actions by reducing/eliminating existing obstacles faced by affordable housing providers that will save them time and money, which will translate into more affordable units or units that are more deeply affordable.
- To recognize and take advantage of the robust federal funding opportunities that will fly over Winnipeg without the proper municipal supports to help proponents access them.

The following provides a discussion of all proposed tools in the same order as listed on page 2:

1. **Housing Research.** With limited funding available at the municipal level to address housing issues such as affordable housing, it is very important that the City has updated information on the status of the housing continuum and future demographic trends so as to allocate scarce resources in the best way possible. The 2020 City of Winnipeg Housing Needs Assessment is an important milestone in recognizing the importance of data to decision making. Housing Needs Assessments should be renewed on a regular basis. However, there is currently no capacity within the Public Service to do so.

    i. **It is recommended that resources be allocated to future research on housing needs through contracted services or by identifying or developing the capacity within the Public Service to undertake such research. Should additional capacity not be identified in the public service it is recommended that $100,000 be allocated every four years to conduct a Housing Needs Assessment.**

    Also, important to research on housing is the monitoring of new affordable units. In the short-term, it would be useful to develop a model that tracks on a routine basis the supply of new affordable units entered into the housing system, and the affordable units that have been removed from the inventory by conversion or demolition. This would allow for measurement against affordable housing targets. However, such an exercise can be complicated because there is no central repository that tracks this information and building permits issued by the City of Winnipeg do not track this type of information.

    ii. **It is recommended that resources be allocated to tracking affordable housing supply through contracted services or by identifying or developing the capacity within the Public Service. This could also be a task associated with the development of a Housing Action Plan under section 14 as other organizations such as End Homelessness Winnipeg are also interested in tracking future supply.**

2. **City-Owned Real Estate:** City ownership of land as well as the policies governing land use puts the City in an excellent position to leverage public benefits such as affordable housing. Current City policies provide clear direction about the importance of affordable housing as an integral part of creating complete communities. Specific policies include supporting housing development that increases the supply of affordable housing, particularly where there is access to transportation. Other policies include the discounting of lands and even the assembly of lands for priority housing needs in

Reinvestment areas, as well as facilitating the assembly of land for infill development in mature communities in general. However, there appears to be no consistent mechanism to place a premium on policy objectives in the disposition of City-owned lands.

The William Whyte Pilot project (2018), which facilitated the sale of City-owned lots, in the William Whyte neighbourhood, to non-profit housing providers at less than the assessed value, is an example of the most recent program matching the sales in the City's real estate portfolio to important policy objectives. This program led to the creation of five new affordable homes in William Whyte built by Housing Opportunity Partnership (HOP), a non-profit housing provider. The pilot program has expired, and since then there have been several inquiries from housing providers and community organizations about renewing it and expanding it beyond the boundaries of William Whyte. There have been similar programs in the past such as $1 lot sales in Housing Improvement Zones (HIZs), and the City does occasionally provide land to specific development projects where the opportunity arises – the Merchant's Corner Inc. on Selkirk Avenue is an example. A more consistent approach would better match City policy and practice toward the provision of affordable housing in general. Without the development of a specific program approved by Council, the Real Estate Division cannot enter into direct sales with non-profit housing providers.

i. **On July 23, 2020, Council directed the Public Service to establish a new pilot program designed after the William Whyte Pilot project and expand the boundaries to include all five Housing Improvement Zones Aside from programs noted above or similar, the City could and should take a more consistent approach toward matching policy with practice to expand affordable housing opportunities when lands surplus to the City's needs are disposed of. An example is Housing First policy adopted by numerous municipalities across the globe which requires the disposition of such lands give priority to affordable housing and other public benefits. Similar to the function of the Administrative Coordinating Group, an internal group could be established to identify public benefit opportunities of specific sites before they are marketed. The Public Service will be providing a report for Council's consideration at a forthcoming meeting.**

ii. **It is recommended that mechanisms be explored to prioritize, on a routine basis, the disposition of City-owned surplus lands for proposed developments to ensure they include affordable housing and other public benefits (e.g., public realm, amenities, complementary uses, etc.) as a first priority.**

iii. **That lands the City acquires through tax sale be disposed of through a process that prioritizes affordable housing and other public benefits.**

Another optimal use of surplus City-owned lands to support affordable housing and other community benefits is through the creation of Community Land Trusts (CLT). A CLT is an entity organized to maintain the ownership of land for a specific, community-oriented purpose, forever. It is designed to be a nontraditional form of property ownership, where the

ownership of land is separated from the ownership of property.[1] A CLT lowers the cost of development by removing land acquisition costs and allows through the use of a lease, the ownership entity to retain strong control over the land use on the property. In essence, a CLT model serves to de-commodify the land by removing it from market forces, where the ownership entity holds the land in trust for a designated use in perpetuity. With a finite supply of land within City limits and the continual rising costs of land, which has an effect on affordability, it would be in the City's interest to retain and even acquire lands to provide opportunities for initiatives like CLTs. There may also be partnership opportunities worth exploring with other levels of government.

iv. It is recommended that the City explore the development of surplus City-owned lands through a Community Land Trust model to create and maintain affordable housing in strategic locations.

3. **Zoning Regulation:** The City of Winnipeg has initiated amendments to zoning by-laws from time to time in order to encourage specific housing types that are important to ensure a range of housing mix and choice. A good example is attached secondary suites, which since 2017, became a permitted use under Zoning By-law 200/2006 in all districts where single-family dwellings are permitted. This zoning amendment reduced regulatory barriers and development costs associated with the development approval process and led to the development of more secondary suites. Other by-law changes could be made to reduce the costs of providing new affordable housing by relaxing requirements such parking (described below).

   Parking reductions for affordable and social housing. City policies recognize the importance of housing for all household types, which includes affordable housing as well as social housing. And while some parking reductions exist under Zoning By-law 200/2006, Urban Infill Areas for example, there are no explicit reductions for affordable and non-market housing. Reductions in parking requirements in these instances would decrease construction and maintenance costs associated with a supply of parking, which is often unnecessary to a tenant facing housing affordability challenges. It is estimated that each new surface parking stall ranges anywhere from $3000 - $5000 to construct depending on materials and base preparation. Some cities are not only removing parking requirements for affordable housing, but are also recognizing the impact of minimum parking requirements on built form and sustainability. To this end, cities such as Edmonton have removed minimum parking requirements from the zoning by-law allowing developers to determine how much parking a development will require. Unnecessary parking both adds cost to development and decreases development density. With respect to rental apartments, where parking is most often bundled with the rent, the additional cost is passed on in terms of rents, regardless of whether the tenant needs parking. The same goes for affordable ownership units which drives up the cost of a mortgage. The reduction or elimination of parking (especially where there is access to efficient transit systems) also moves the city closer to goals of traffic demand management. Eliminating parking requirements does not mean parking will not be provided, but will be up to the property developer to identify their true parking needs.

   i. That Council direct the Public Service to explore amendments to the City of Winnipeg Zoning By-law 200/2004 to eliminate parking

[1] Mironova, Oksana, (2019). How Community Land Trusts Can Help Address the Affordable Housing Crisis. Retrieved from: https://www.jacobinmag.com/2019/07/community-land-trusts-affordable-housing.

requirements for any new housing unit to be owned or managed by a not-for-profit housing provider; to *affordable* housing units funded by Provincial and Federal affordable housing programs; and bachelor units and accessory dwelling units less than 400 sq ft in size.

4. **Education and Engagement on Housing Topics:** Education and dialogue around important housing issues are a low-cost method of community participation in identifying issues and solutions to housing issues through meaningful collaboration. To this end, Planning, Property and Development in 2017 created a forum called the Housing Speaker Series, consisting of key stakeholder panel discussions on specific housing topics where any interested parties could sign up to participate and ask questions. The City has created and delivered three Housing Speaker Series sessions to date. One session was on Secondary Suites, which was intended to encourage their development and as part of a public campaign to raise awareness about the importance of this land use land to highlight zoning changes made at that time to make them easier to develop (as discussed in item 3 above). Other topics included Refugee Housing and Residential Infill, with the last session being delivered in 2017. Sessions can be delivered with minimal resources.

    i. **That Council direct the Public Service to formalize the City of Winnipeg Housing Speaker Series as a forum for relevant housing discussions with stakeholders and to plan a session for 2021.**

5. **Community Benefits of Infill**: The Public Service is currently working on implementing a Residential Infill Strategy as directed by Council. Included in that work is addressing the contents of a Council motion (view link at: http://clkapps.winnipeg.ca/DMIS/permalink.asp?id=M20190904(RM)PD-29) that has been deferred to the infill strategy process. Part of the motion is about ensuring established neighbourhoods benefit from infill development by reinvesting a portion of incremental taxes back into the community. This work could have key linkages to housing as well as neighbourhood revitalization if a portion of incremental taxes from infill development were to be leveraged back into older neighbourhoods (including HIZs) for public benefits. Currently few resources are directed exclusively toward neighbourhood revitalization efforts. However, it is unknown what amount the overall incremental value uplift might be. Further investigation would be required.

    i. **It is recommended that the review of the above motion consider the inclusion of affordable housing as a community benefit.**

6. **Density Bonus**: A Density Bonus is an incentive-based regulation whereby a developer is afforded a greater development entitlement in exchange for the providing a public benefit such as affordable housing (Appendix A provides additional background on Density Bonusing). The City of Winnipeg Charter provides authority for the City to introduce density bonuses within its zoning by-laws. Density Bonuses have been talked about frequently in Winnipeg policy circles, especially amongst housing advocates. While density programs vary, a common approach is to provide consistent and preset entitlements under a zoning by-law whereby increases from the base density are awarded if a minimum percentage of total housing units are affordable (e.g., 10%). As each housing market varies from city to city, it is difficult to know whether a voluntary incentive like a density bonus would work and what the level of the entitlement would

need to be. Currently, there are no prescribed standards within the City of Winnipeg from which to negotiate density of development in exchange for affordable housing. Density is something that has been varied through the development approval process on occasion, but typically without any provision for public benefits such as affordable housing. Density Bonuses may also require additional administrative capacity to ensure affordable rents are maintained for the duration of the program. The City of Winnipeg does not currently monitor rents, unlike the Province of Manitoba, who could be approached as a partner. The Public Service has recently established an informal internal Working Group to explore whether opportunities for affordable housing can be negotiated with developers through the development approval process. This process could be considered akin to a density bonus on a case-by-case basis and may prove valuable in terms of identifying developer willingness and a better understanding of what works best in the market. This idea of negotiating density to develop a program is not a new concept. In fact, the City of Vancouver adopted an Affordable Housing Choices Interim Rezoning Policy aimed at encouraging innovation and enabling real examples of affordable housing types to be tested for potential wider application that will provide ongoing housing opportunities. The policy, which was introduced in the final report from the Mayor's Task Force of Housing Affordability, allows for consideration of rezoning proposals which will be evaluated on criteria in the following categories: Affordability, Location, and Form of Development. Council originally established a maximum of 20 rezoning applications to be considered under this interim policy but removed that restriction in 2018. [2] (City of Vancouver Planning - By-law Administration Bulletins, AFFORDABLE HOUSING CHOICES INTERIM REZONING POLICY, p.1). As purported in the City of Winnipeg Housing Needs Assessment, units for low- and modest-income households are not materializing in new rental construction. An interim program could help introduce affordable units to projects currently being planned and entering the development approval process. This process could include an opportunity to provide even more generous entitlements to developments willing to provide units at deeper affordability levels, such as rent geared to income. It is possible that these deep affordable units could be managed by non-profits such as the Winnipeg Housing Renewal Corporation under the right circumstances.

i. **It is recommended that the Public Service negotiate affordable units with housing developers through the development approval process by recommending reasonable zoning entitlements such as density variances and parking reductions in exchange for affordable units.**

ii. **It is recommended that a Working Group be formally established to create Density Bonus Regulations and amend applicable zoning by-laws accordingly that is informed by the efforts in the preceding recommendation in the hopes of better calibrating entitlements based on ground truthing.**

7. **Inclusionary Zoning**. Inclusionary zoning mandates that a portion of new dwelling units be identified as affordable. While programs vary, a common example of an inclusionary zoning regulation is that 10% of new units be affordable (typically applies to developments greater than a prescribed number of units and can include different

[2] City of Vancouver (2018) Planning - By-law Administration Bulletins, AFFORDABLE HOUSING CHOICES INTERIM REZONING POLICY. Retrieved from: https://vancouver.ca/files/cov/Affordable-housing-choices-interim-rezoning-policy.pdf

ranges of affordability). Appendix C provides additional considerations regarding inclusionary zoning. Inclusionary zoning is a tool available to the City as per City of Winnipeg Charter, which provides authority to introduce the tool and requirements for using it (zoning by-law). Inclusionary zoning has been talked about frequently in Winnipeg policy circles, especially amongst housing advocates. Council motions have been made supporting Inclusionary Zoning, but no clear direction has been provided. Currently, no City policy or regulations exist to mandate affordability, which can be seen as a bit of a paradox for an entity that regulates land use; because without mechanisms to ensure any levels of affordability, there is a huge risk of creating or maintaining an inequitable housing market. It is recognized this will likely be a challenge to introduce and implement. However, one may also view a lack of Inclusionary Zoning as representing a legacy of foregone affordable housing units that have not been added to the housing inventory thus exacerbating a shortage of supply of affordable units. In light of past history, an approach that is introduced incrementally might be the most realistic. Introducing Inclusionary Zoning (same as Density Bonuses, above) will require additional administrative capacity and research to ensure the market can bear it and that rents are monitored to maintain affordability over time. As noted, the City of Winnipeg does not have a mechanism to monitor rents like the Province of Manitoba, who could be approached as a partner. It is also noted that many Inclusionary Housing models require affordable housing but also provide incentives to offset the cost of doing so. Given that Inclusionary Zoning is untested in Winnipeg suggests that coupling such a regulation with incentives may lead to more successful outcomes at least in the short term. Subject matter experts on Inclusionary Zoning advise it is not a tool one can simply switch on to achieve affordable housing. Activating such a tool would require an economic feasibility study, consultation with the development industry, and a plan as to how and where to phase it in, including incentives that may be needed. While the methodology of economic feasibility studies may vary, all will contain the following steps:

a. Compiles data on multiple residential project types;
b. Identifies minimum profitability requirements (hurdle rates); and
c. Compares feasibility with and without one or more proposed affordability requirements and one or more proposed incentives

Many studies go further by providing detailed recommendations for the design of inclusionary housing policies based on the findings of the economic analysis. It is also common for studies to evaluate the potential impact of offering alternative means of compliance, such as a fee in lieu of on-site units. [3]. Inclusionary Housing Feasibility Studies can range from about $150,000 - $250,000 (Grounded Solutions Network).

i. **It is recommended that up to $250,000 be allocated from the 2021 Capital budget to contract the undertaking of an Economic Feasibility Study including stakeholder and industry consultation to determine viability and program requirements and report back within one calendar year.**

8. **Direct Funding: Housing Investment and Rehabilitation Reserve (HRIR):** The HRIR provides funding to the following five Housing Improvement Zones:
    - Spence,

[3] Grounded Solutions Network (2018) Strengthening Inclusionary Housing Feasibility Studies Convening Report. Retrieved from: https://inclusionaryhousing.org/wp-content/uploads/2018/11/ih-feasibility-studies-convening-report.pdf

- West Broadway,
- William Whyte,
- North Point Douglas, and
- Centennial

Programs include:

- Neighbourhood Housing Program
- Development Cost Offset Program
- Minimum Home Repair Program
- Indigenous Housing Program
- Neighbourhood Plans and Advocacy Program

Of the total yearly funding allocation to the HRIR ($1,000,000), $200,000 is dedicated to Indigenous housing projects and the remaining $800,000 is split evenly between the 5 HIZ zones. The HRIR has existed since the year 2000 and was created after a neighbourhood indicator study in 1999 called the Neighbourhood Designation Report, from which neighbourhoods were classed based on their condition. The 1999 Housing Policy officially introduced Housing Improvement Zones. The HRIR provides important funding to support the development and improvement of housing stock, and also supports the capacity of several neighbourhood organizations that coordinate housing, community enhancement activities, 5-year housing plans, community fix-up grants, and various projects as they arise.

i. **It is recommended that the HRIR continue in its current state as it relates to the established Housing Improvement Zones.**

ii. **It is recommended that the parameters of the reserve be reviewed, including program boundaries through an appropriate evaluative framework such as the initiation of a city wide neighbourhood indicator study or similar initiative.**

iii. **It is recommended that additional funds be allocated to the HRIR under a new stream called "Municipal Support to Leverage Funds for New Affordable Housing Now" to provide direct grants to affordable housing projects pursuant section 12 of this report.**

9. **Land Development:** The City of Winnipeg does not have a land banking function and has seldom acted as a property developer. Where municipalities routinely act as a land developer, it is to control what is built from a policy perspective with the opportunity being the inclusion of public benefits like affordable housing. In some cases, a municipality will use its land developer authority and capacity to enhance the value of the land by rezoning it to a higher and better use that is consistent with public policy. To this end, the sale of lands can stipulate what will be built upon it and the land as prepared generates more revenue to the City. As discussed in item #2, the City of Winnipeg sells surplus City lands "as is, where is" expecting the proponent will take all necessary steps, including obtaining development approvals in alignment with existing policy, rather than entitling the lands prior to marketing them. In practice, there are barriers that make it difficult, if not impossible, for the City to rezone its own lands, such as an inability to make an agreement with itself in the form of a Zoning Agreement or Servicing Agreement. There is a development agency that works at arm's length from the City,

whose mandate area is the downtown (CentreVenture). The City could explore the idea of creating a City-wide development agency or Community Development Corporation. The City could also explore expanding CentreVenture's mandate, or that of a non-profit development agency to act as developer on behalf of the City of Winnipeg.

i. **It is recommended that the City of Winnipeg explore opportunities for the City to act as its own land developer (or have an agency act on the City's behalf) to develop land in a manner that maximizes public benefits in alignment with City policy.**

ii. **The City could establish a process to enable expanded zoning entitlements on strategically located surplus City-owned land prior to the sale of such land. The intent would be to increase the exchange value of the land through its disposition where there are noticeable opportunities to better align zoning and development potential with City policy. Any additional revenues from this process could be used to fund enhancements to the public realm and/or other public benefits.**

10. **Administrative Actions:** One action the City can take to effect important policy goals is to find ways to prioritize developments that would physically manifest important policy goals into developments such as the inclusion of affordable housing and other public benefits as desired. One inexpensive and effective method is to fast track development approvals for projects that include an affordable housing component. This would simply place qualifying development types at the top of the queue. The program could be called T.O.P. "Top of Pile". It is noted that the City does have a Permits Express program, but as understood, the fast tracking relates to a less stringent review of the building code, relying on Architect's and Engineer's seals.

    i. **It is recommended that Council direct the Public Service to establish an administrative process to fast track development applications that include affordable housing Qualifying applications would include any new development or repairs that demonstrate funding from any level of government under an affordable housing program, and to any non-profit housing provider, and that any affordable housing projects that fall outside of the criteria stated above shall be at the discretion of the Director, Planning, Property and Development or their designate.**

11. **Fee Waivers.** Another way the City can prioritize specific types of development is by waiving fees associated with the development review process. It is noted that the City does have a mechanism available where a developer or non-profit can apply to the Standing Policy Committee on Property and Development and, Heritage, and Downtown Development asking to be reimbursed for fees paid. It is also understood that any fees waived through this process would come out of general revenues as there is no dedicated funding source in place. A cursory review of previous activity with respect to such waivers from the beginning of 2019 shows only a handful of fee waivers accommodated by this process. The development of a fee waiver program could allocate a specific amount of funds, subject to the approval of Council, from which the fees could be drawn.

i. **It is recommended that funds be allocated to cover costs of eligible development fees that can be waived to support affordable housing development pursuant to section 12 of this report.**

12. Partnerships: The City of Winnipeg has a long history working with other levels of government to advance housing initiatives. All governments must recognize that each has a role to play in creating a housing system that meets the needs of its population. The Municipal role to affordable housing can take numerous forms by supporting non-profits and other housing providers to accommodate more affordable housing units, for example.

Currently, there are funding opportunities dedicated to affordable housing at the Federal level through the National Housing Strategy. However, access to those funds requires a proponent to demonstrate support from another level of government (municipal, provincial, or Indigenous) and the success of applications is largely based on the strength of partnerships. In this manner, the City can play an active role in helping affordable housing providers access money from the Federal government by positioning actions and programs that would qualify as support and thereby helping to leverage funds from these federal programs.

On July 9, 2019 the Federal Government of Canada adopted the National Housing Strategy Act. The Act identifies:

- housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities as well as a strong national economy in which the people of Canada can prosper and thrive;
- access to affordable housing contributes to achieving beneficial social, economic, health and environmental outcomes;
- improved housing outcomes are best achieved through cooperation between governments and civil society as well as the meaningful involvement of local communities.

Throughout Canada $55 Billion will be allocated over a period of 10 years to support various programs under the National Housing Strategy which began in 2017. Winnipeg can benefit from available programs, where many applicants will require municipal support to successfully build affordable housing. Without effective municipal support there is risk that affordable housing projects that would otherwise be accessed through NHS programs, may not qualify.

The NHS represents a huge opportunity in that $55 billion will be invested in Canada over a period of 10 years; however, applicants will require municipal support to access and maximize available funding for specific programs. This means the City of Winnipeg needs to position itself to best leverage federal funding sources to create affordable housing opportunities.

Affordable Housing Now Incentive Program

One thing the City can do to help position local affordable housing providers gain access to and maximize the benefit of CMHC programs offered under the NHS by strategically tailoring a municipal funding program. Funding sources could be made available to projects where there is alignment between the goals of the City and the federal government. Municipal program support would only be available to projects eligible under federal CMHC programs for affordable housing development such as the National

Housing Co-investment Fund and the disbursement of municipal funding program options would be used for the purpose of strengthening those applications to leverage positive impact. A key observation of the Housing Needs Assessment is that there has been very little emphasis on building new rental units for low- and modest-income households. Municipal supports to strengthen access to NHCF funding could translate into a supply of much needed new affordable rental units. Effective municipal program funding could be provided in the form of tax incentives and grants.

CMHC funding programs score projects based on a number of variables including where multiple funding sources and multiple social outcomes result in higher scores. Availability of municipal funding sources could be used to help proponents score better and to allow flexibility by using those funding sources as levers to maximize benefits on a project by project basis. In this manner the City can work with CMHC and the proponent in a proactive manner to maximize leverage and expand outcomes. The City can also rely on CMHC's expertise in determining project viability as well as monitoring and enforcing program requirements.

While municipal contributions may only represent a small percentage of the overall project budget, they can often be instrumental in getting the project over the finish line. For example, with the project at 167 Colony, the $250,000 provided by the City represented a 0.89% contribution to the $28.9M project and leveraged $25.5M, $17.8M in loan and $7.8M in forgivable loan from CMHC ($1 from the City was equal to approximately $31 from CMHC).

The program could be administered by expanding an existing program such as the HRIR under a new program stream called NHS enhancement, through the Economic Development Reserve Fund, or by creating a new program.

It is difficult to estimate the amount of funding that would be required for program success as potential uptake is unknown. Anecdotally, there has been limited uptake in CMHC programs in Winnipeg, with a large reason being a lack of municipal supports. This proposed pilot program would provide those missing municipal supports and can be used as a process to determine appropriate funding requirements and refine program details for future programs. The report is requesting that tax rebates be provided for affordable units developed under the program and that an additional $2,000,000 be allocated toward grants that can be used for construction costs and permit fees

<u>Program Details</u>

While full program requirements will be developed upon Council's approval, the information below is intended to provide a better understanding of the intended project scope and illustrate how funds would be administered. It is also noted that funding proposals will need to meet all CHMC requirements and receive CMHC funding to qualify for City funding. A Memorandum of Understanding between the City and CMHC should be established to work in partnership.

Program Objectives:

- To support the construction of new affordable rental housing supply through the NHCF that aligns with current City of Winnipeg policy;
- To support the development of a wide variety of affordable housing options;
- To support efforts such as the City of Winnipeg Poverty Reduction Strategy;

- To implement a housing program to address the housing affordability gaps of the City of Winnipeg Housing Needs assessment,
- To prioritize specific types of dwelling units in need,
- To enhance municipal supports to help strengthen access to the NHCF funding in the Winnipeg market
- To capitalize on the resources and expertise of CMHC to advance housing opportunities in Winnipeg
- To achieve a target of 1500 - 2000 new units of varying degrees of affordable housing in Winnipeg through the partnership opportunity.
- To better understand the needs of housing providers through program application.

Program Description:

- AHN is a companion program intended to complement the NHCF and works to leverage federal investment in affordable rental housing in Winnipeg.
- AHN could contain tax incentives and direct grants to eligible proponents
- The City of Winnipeg will evaluate proposals made under AHN and provide conditional support to those who meet the evaluation criteria, subject to funding availability. All conditionally approved projects must meet further AHN requirements, including final approval under the NHCF to secure AHN funding. Funding from AHN will only be provided to NHCF funded projects.
- Funds for direct grants will be provided during the construction phase in coordination with NHCF funds. Tax rebates will require applications on a yearly basis upon completion of construction and taxes must be up to date to qualify for rebates.
- The program will be in operation for a period of 2 years or until the $2 million allocated toward grants is exhausted, whichever comes first.

<u>Minimum Eligibility requirements</u>

Affordability:

Access to the program will require units meet a prescribed definition of affordability. Affordable housing is a term that has many definitions, and the degree of affordability can depend on things like household income or the location of the housing type along the continuum.

Location:

While the intent is to offer the program city wide, development proposals must show alignment with Our Winnipeg and the Complete Communities Direction Strategy and must be located within areas served well by public transportation.

<u>Development Considerations:</u>

- Proponents must demonstrate the community need and demand for the proposal;
- Proponents must meet minimum NHCF requirements, including, but not limited to the following:

    - partnership/capital funding sources;
    - affordability;
    - energy efficiency (environmental) standards;
    - accessibility standards;
    - be a minimum of five units.
- Beyond base affordability requirements, specific housing types will be encouraged through the program and offered further incentive. This includes:
    - Transitional housing
    - Social housing
- The program will require developments to provide a mix of units in terms of affordability and size. For example, developments will need to provide a minimum percentage of units (e.g. 25%) in the form of:
    - Bachelor (or small one bedroom) units to accommodate single person households
    - Units providing three bedrooms or more
- Development can be in the form of new construction and/or conversion from a non-residential use to affordable multi-residential subject to the zoning by-law provision

<u>Funding</u>

The proposed program could consider two funding sources:

1. Tax incentives: Tax increment financing will be available to offset municipal taxes for units that meet CMHC's minimum affordable standard (80% of median market rent). Under this incentive tax increment financing will be equal to 80% of municipal incremental taxes for a period of 25 years

2. Grants: $2 million in funding to provide direct grants to support housing development and/or to apply toward permit fees. A possible scenario or the disbursement of grants could include the following:

    a. Funding can be accessed from either source or in combination, but shall not exceed $500 per unit for each unit meeting basic affordability requirements, and no project can exceed a total of $100,000 in grant funding from these sources under these provisions. Additional funding can be accessed for units that provide deeper levels of affordability.

    b. Further incentives will be made for units owned and managed by non-profit housing providers who are providing rents at or below rent geared to income (RGI). These units may receive up to $1,000 per unit in grants, but funding cannot exceed $200,000 per project.

    ** The above details regarding how funds will be allocated is for illustration purposes only and is subject to change. Specific program criteria will be developed in detail by the Public Service in consultation with CMHC in the event program funding is approved.

While it is important to provide parameters about how the how the funds will be allocated, the intent of the program is to be as flexible as possible to work with CMHC to identify how specific applications can be strengthened. The development of the program may identify other and more strategic ways of allocating funds based on the unique needs of specific projects.

Tax incentives associated with the program is not a direct budget cost as it is in the form of foregone tax revenue. It is recognized that proposed grant program funds would either need to be allocated from an existing funding source (e.g. surplus funds) or identified in the capital budget as a new line item. The rationale of both funding sources is to create opportunities for affordable housing types that benefit the city of Winnipeg and leverage unused funds such as the HRIR, the Economic Development Reserve Fund, or monies set aside form the True North Square development in lieu of providing affordable housing units in the downtown. Consideration could also be given to allocating a small portion of incremental taxes from all new construction and applying it toward this affordable housing program. In addition, new funding sources may be identified.

Partnership Agreement with CMHC

The program will require the establishment of a memorandum of understanding between the City of Winnipeg and CMHC to establish a process and define the working relationship. Once the partnership is established, it is anticipated the process to review and discuss specific proposals would be initiated by CMHC contacting the City regarding potential applications. Some may be developments that require a little extra help to make them viable or where additional leverage will strengthen affordable and social outcomes. If CMHC and the City mutually support the project and the project is deemed viable, negotiations regarding municipal supports can occur. The initiation might be via a letter of intent from the City to CMHC on behalf of the proponent stating City support up to a maximum value (as a ratio, or commit X amount funding).

Projects must meet all base eligibility criteria designed under AHN in addition to affordability standards. For example, the program may consider giving priority to the establishment of affordable unit types that are in short supply, such as apartments for single person households and larger families requiring 3 or more units. Properties will need to be located near amenities and frequent transit service.

The benefits to the City in working in partnership with CMHC are numerous. Aside from the ability to leverage funds at such a large multiplier, the following is considered:

- Other direct spinoffs are realized through expanded tax base, local job creation and employment through construction opportunities; all of which will land elsewhere if CMHC funds are not accessed.
- Financial viability - CMHC provides all due diligence at their own costs and resources to ensure a project is viable.
- CMHC acts as a mortgage underwriter.
- CMHC analysis means there will be no cost overruns (which means applicants won’t need to come back to ask for more $ from the City).
- Projects provide affordable housing, which is the main driver for municipal participation.
- Affordability is monitored by CMHC for 20 years (at which time rent control kicks in).

i. **That Council direct the Public Service to develop and report back in 90 days with details of a new affordable housing program to assist affordable housing developers leverage funding from Canada Mortgage and Housing Corporation (CHMC), and will include the following: (Tool 12)**

a. **A tax increment financing (TIF) incentive, equal to 80% of the incremental municipal taxes per project for a period of up to 25 years; and**
b. **Up to $2 Million from the federal Safe Restart Agreement to provide capital grants and permit fee rebates to housing developers to be considered in the 2021 Budget Update.**

ii. **direct the Public Service to continue to work with the Canada Mortgage and Housing Corporation (CHMC) to develop and bring forward an incentive program to support the creation of new affordable rental housing development in Winnipeg called Affordable Housing Now, and to identify $3 million worth of City funding sources to be allocated in the form of tax incentives and grants for construction and permit costs to assist developers and non-profits access funding from relevant CMHC programs including the National Co-Investment fund.**

It is also noted the Federation of Canadian Municipalities on May 15, 2020 announced $300,000 million throughout Canada to support local affordable housing providers – including municipal, not-for-profit organizations and housing co-ops – to retrofit existing affordable housing units, or construct energy-efficient new builds that emit lower GHG emissions. The City could consider partnering with not-for-profit organizations to design a pilot program and apply for FCM funds.

iii. **It is recommended that the City of Winnipeg explore ways to assist developers and non-profit housing providers access the Federation of Canadian Municipalities Municipal Green Fund Sustainable Affordable Housing program.**

13. **Tax Programs for Affordable Housing:** Under Section 219(1) of the City of Winnipeg Charter Act, Council may pass by-laws establishing programs of tax rebates. Under Section 222(1) of the City of Winnipeg Charter Act, Council may pass by-laws to establish tax increment financing (TIF) programs. Both of the above-noted mechanisms can and have been used to support affordable housing and other policy goals within the City of Winnipeg. However, no TIF policy or program currently exists at the City of Winnipeg. Many municipalities routinely provide tax incentive programs to expand the supply of affordable housing in their municipalities.

    The City of Winnipeg Comprehensive Housing Needs Assessment sheds light on gaps in the supply of affordable housing across the continuum. In terms of housing types, the most critical needs appear to be affordable dwelling units for single-person households and for families requiring 3 or more bedrooms.

    In the case of single-person households, 37.3% spend no less than 30% of household income on housing. These households are largely young people and lone seniors, both demographics are typically not in their income-earning prime. A growing senior population suggests affordability will worsen if the supply of affordable housing for lone persons is not expanded.

    Affordable housing options for families requiring 3 or more bedrooms can be very difficult to find. According to the Needs Assessment, a household would generally need to be in the 4th income decile to afford such rents and this is more pronounced in specific areas

such as the Fort Garry Zone where a 5th decile income would be needed. The report also points out Indigenous families and recent immigrant families tend to have the greatest demand for dwellings with 3 or more bedrooms and often rely on lower incomes. For example, 26.8% of Indigenous households rely on incomes within the bottom two income deciles, and 36.3% of recent immigrant households spend more than 30% of their household income on housing. A tax program that is tailored to help increase the supply of rental units for single-person households and families requiring 3 bedrooms would address key housing shortages. One approach could be to prioritize these dwelling types through the proposed *Affordable Housing Now* program recommended in Section 12.

A tax rebate program could be used as incentive for developers to supply more affordable units of these types. Such a program would complement funding programs through CMHC. As noted, the City has had several TIF programs, mostly to incent housing and affordable housing within the downtown. However, most of those programs were in partnership with the Province of Manitoba, which means that both municipal and provincial (school) taxes were foregone.

At the time of drafting this report it unknown: (a) whether City Council will endorse an affordable housing tax rebate program or TIF program to encourage affordable housing; (b) whether the Province of Manitoba would participate in such a program; and (c) if foregone municipal taxes would provide sufficient incentive.

Prior to developing an affordable housing tax program, it would be prudent to understand Council's willingness to endorse such a program. If Council were to endorse a tax rebate program, one could be developed to expand the supply of affordable units as noted above.

The structure of a tax rebate program could be a fixed amount per qualifying dwelling unit where property taxes would be rebated each year until the rebate amount is reached. The program could be offered to a target number of dwelling units. The development and implementation of such a program would likely require additional resources.

i. **It is recommended that a funding source be identified to cover eligible tax rebates to support new affordable housing units pursuant to section 12 of this report and through that process, funding priority be given to the development of affordable units for single persons and families requiring 3 bedrooms or more.**

ii. **It is recommended that a longer-term tax rebate program be established, pursuant to a broader TIFF policy that would incentivize specific types of <u>affordable</u> rental housing units that are currently in most need of supply. Each year the program would identify which housing types are most critically needed and focus rebates on those unit types. Those decisions could be informed and align with a Housing Action Plan (section 14). Tax rebates could also be combined with other initiatives such as grants.**

14. **Housing Action Plan**: The City of Winnipeg Housing Policy and the City of Winnipeg Housing Implementation Plan are both in need of updating. One approach might be to

create a Housing Action Plan informed by the CMHC's "A Guide for Canadian Municipalities for the Development of a Housing Action Plan" (attached as Appendix B to this report). The intent of a Housing Action Plan is to lay the foundation for success by identifying housing needs within the community and translate them into solutions. A Housing Needs Assessment which is a critical piece of such a plan has already been completed for the City of Winnipeg and can be used to identify targets. A Housing Action Plan identifies opportunities that can be provided by the private, public and not-for-profit sectors in the form of different housing tenures and across the housing continuum. (i.e. rental, ownership, and co-operative, ownership). City Council and the Public Service could assemble a group of qualified stakeholders and create of Housing Action Committee. Representation at the Council level would be important to such an achievement. For example, the City of Vancouver has a Mayor's Task Force on Housing Affordability. Council passed a resolution to establish a Mayor's Task Force on Housing Affordability in December 2011, which was to provide recommendations to Mayor and Council for priority actions that may be taken by the City to create low-income housing, affordable rental housing, and affordable home ownership.

The Housing Action Committee could report to the Winnipeg Housing Steering Committee. The benefit of the Housing Action Plan is that it brings relevant stakeholders to the table and identifies actionable items to move along rather than just relying on policies and specific programs (see Appendix B for CMHC info sheet). Such a process would be beneficial in Winnipeg as there are many groups and associations providing critical housing functions across the housing continuum that could be brought together. Many of these associations such as End Homelessness Winnipeg and the Winnipeg Housing and Renewal Corporation include City representation on their boards and committees and well as federal and provincial participation. This process could provide an opportunity for more dialogue and coordination between different housing sectors under the development of a shared vision and set of goals. The steps of a Housing Action Plan include:

1. Identify housing stakeholders in the community
2. Create a common vision for housing
3. Confirm the nature of housing needs (across the spectrum)
4. Identify sites with housing potential
5. Form partnerships to achieve common goals
6. Assign responsibility and accountability for housing delivery (who is going to build what?)
7. Prepare a Development Plan
8. Initiate housing development and celebrate milestones
9. Measure the success of the Housing Action Plan
10. Review lessons learned

i. It is recommended that the one full time equivalent staff member be dedicated to the development of a Housing Action Plan as a stand-alone project. The designated employee, or a temporary employee hired to lead the process would identify and work with relevant stakeholders toward the production of a plan, including targets; and the plan would be guided by the Winnipeg Housing Steering Committee through clear reporting requirements.

Theme	Activity	Current Status	Timing	Complexity	Recommended Priority Level	Considerations	Estimated Resources	Estimated Costs	Benefits
Housing Research	Housing Needs Assessment	✔				Update every 4 years	contract services	$100, 000 in 4 years and each 4 years after	Provides up to date information on housing needs and gaps along the continuum
	Affordable Housing Supply Tracking				**	No central tracking source	contract services/ Housing Action Plan	unknown	Provides up to date information on the type and supply of affordable housing development to measure progress and identify gaps that can be addressed in th4 short term
City Owned Real Estate	William Whyte Pilot Expansion	✔			***	Underway		Neutral, if acquisition cost offset.	Positive externality; supports policy objectives
	Housing First Land Disposition				***	Procedure and Policy Changes (requirement of bid process for land sales)	within existing	Neutral, if acquisition cost offset.	Positive externality; supports policy objectives
	Tax sale properties to affordable housing projects				**	Procedure and Policy Changes (requirement of bid process for land sales)	within existing	Neutral, if acquisition cost offset.	Positive externality; supports policy objectives
	Use of City owned lands for Community Land Trusts				**	Would need to create ownership entity if not the City of Winnipeg. Consideration could be given to partnering with WHRC, MNPHA, as well as other levels of gov't	unknown	unknown	Provides long term source of affordable housing. Land is held for social purpose and unaffected by upward changes in land value.
Zoning Regulations	Parking Reductions/ elimination for non-market housing				***	By-law amendment. Need justification but can decrease parking requirements almost to zero	within existing	none	decreases construction and shelter costs of non-market housing. Reduces GHG emissions.
	Parking reductions/ elimination for affordable housing				***	By-law amendment. Require definitions of affordability and agreed upon parking ratios	within existing	none.	decreases construction and shelter costs of affordable housing. Reduces GHG emissions.
Education/ Engagement on Housing Topics	Housing Speaker Series	✔			*	Housing Speaker Series Platform/ website already exists	within existing	~$500/ yr. Room rental space, honorariums, translation services	Public engagement opportunities. Collaboration. Promotes action.
Community Benefits of Infill	Reinvest incremental taxes in infill areas				**	Motion being addressed by Infill Strategy Team	within existing	% of foregone incremental municipal taxes	Puts investment back into mature communities. Enhances political and public acceptance of infill development
Density Bonuses	Trade density for affordable housing				*	Additional resources required	reallocate staff resources to create program or contract out.	within existing.	Incorporates public benefits without additional costs to the taxpayer. However, no guarantee of providing affordable units as it is voluntary
Inclusionary Zoning	Regulate inclusion of affordable housing in new development				***	Requires Feasibility Study; consultation; Zoning By-law amendment; Additional resources	staff to review, monitor rents, enforce.	$150,000 - $250,000 for feasibility study. Staffing capacity to implement is unknown. Incentives to implement also unknown as to be determined by a feasibility study.	Ensures housing affordability will exist in new development. Helps create mixed income neighbourhoods thereby decreasing the concentration of poverty.
Housing Rehabilitation Investment Reserve (HRIR)	Keep as existing to support housing development/ neighbourhood revitalization	✔			**	Program is only stable source of funding for housing/ community renewal	within existing	no additional	Focused and consistent investment
	Add a stream of grants for Affordable Housing Now program				***	Infrastructure in place. Allocate new grant stream	within existing	To be determined as part of *Affordable Housing Now*	Expand impact of projects seeking CMHC funding (leverage); mechanism for municipal support; Help trap CMHC investment that may go elsewhere; Capitalize on expertise and capacity of CMHC staff through partnership.
	Review HRIR parameters, programs and boundaries				**	Has existed in similar form for 20 years	within existing. Reallocation of staff resources may be needed to review including consultation	unknown. Likely pressure for increased funds given the yearly allocation has remain unchanged since 2000	Could improve operational requirements (i.e. administratively burdensome); and bring programs up to date.
Land Development	Develop city owned lands				*	No infrastructure in place	unknown	unknown	Improve City Building; align development with key policy objectives
	Entitle lands prior to disposition				*	No infrastructure in place	unknown	unknown	Improve City Building; align development with key policy objectives
Administrative Actions	Fast Track permit reviews				**	Process review and adjustments	within existing	no additional	Prioritizes affordable housing
Fee Waivers	Development fees waived for affordable housing				***	Resources required	within existing (application review)	Unknown; could allocate $ to *Affordable Housing Now (see partnerships);could allocate a yearly budget*	Prioritizes affordable housing
Partnerships	Provide municipal support to leverage CMHC through new program called *Addordable Housing Now*				***	Partnership with CMHC funding sources increases capacity of administration and projects	within existing	$3M - Funding sources to be identified to cover costs of potential fee waiver, tax rebate and grant programs to support *Affordable Housing Now*	Helps leverage funds that could go elsewhere
	Work collaboratively with other levels of government in a formalized way				***	Currently no formal structure for City participation with other levels of government.	unknown	unknown. Depends on commitments	More collective impact from housing programs.
Tax rebates/waivers	Tax rebates for affordable units				***	Resources required; by-law(s) required	additional staff - create program, intake, monitor	Unknown; could allocate $ to Affordable Housing Now (see partnerships); could allocate a yearly budget	Builds equity in the housing market without direct costs
Housing Action Plan	Multi- stakeholder Housing Action Committee to identify housing development opportunities				***	Requires extensive stakeholder engagement and buy in across multiple housing sectors	Require staff dedicated to coordinating plan. Requires political champion	one FTE complement	Coordinated efforts across the housing continuum and opportunities for partnership

✔ complete or underway	complete or within 6 months	Low *
	6 moths to a year	Moderate	Medium * *
	1- 3 years	Difficult	High ***

Most significant opportunity: Adopt Policy called ***Affordable Housing Now*** and create three separate but related programs (funding sources) serving as municipal supports to CMHC funded projects:

FINANCIAL IMPACT

Financial Impact Statement

Date: November 3, 2020

Project Name:

Menu of Options for an Affordable Housing Strategy

COMMENTS:

There are no direct financial implications associated with the recommendations in this report. The financial implications of the proposed tax increment financing (TIF) incentive, equal to 80% of the incremental municipal taxes per project for a period of up to 25 years; and the up to $2 Million from the federal Safe Restart Agreement to provide capital grants and permit fee rebates to housing developers will be addressed in a subsequent report.

Mike McGinn November 3, 2020
Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Office of Sustainability

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg and Complete Communities Direction Strategy

- *OurWinnipeg* Direction statements support development of safe and affordable housing throughout the City (Section 01-4, Direction 1), establishment of partnerships with private, not-for-profit and government sectors regarding affordable housing and development of long-term strategies related to affordable housing (Section 01-4, Direction 3).
- Complete Communities celebrate diversity and provide housing options that accommodate a range of incomes and household types for all stages of life (Introduction, p.4).
- The *Winnipeg Housing Policy* includes multiple references to affordable housing. A key objective is to encourage new housing development that establishes a sufficient supply of affordable, adequate and suitable housing throughout the City that meets the needs of the population of Winnipeg (C. 1.c)

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan as adopted by Council on September 20, 2018 in that the Plan supports:

Key Direction 4.1 Increase Strategic Infill Development that Provides Access to and Capitalizes on Existing and Planned Corridors with Frequent Transit Service (p. 43)

Key direction 4.2 – Ensure New Areas of Growth are Designed According to the Principles of Complete Communities (p. 44).
Primary Responsibility: Planning, Property and Development Department

As well the Plan aims to: “Construct more complete neighbourhoods and revitalize the livability of all communities throughout Winnipeg” (p. iii).

- The use of tools as outlined in this report would expand affordable housing opportunities and thereby contribute to the development of more complete communities.

Key direction 5.2 – Improve energy performance of new buildings (p.47).
Primary Responsibility: Planning, Property and Development Department

- Support for the development of affordable housing can also result in opportunities of reducing operating energy consumption and greenhouse gas emissions.

Key Direction 5.3 Increase Access to Educational Materials (p. 48)

- Action 5.3.3 – connect building owners and tenants to green builders and retrofit teams to support energy efficiency improvements in buildings.

Key Direction 5.4 Build Climate Equity (p.48)

- Making buildings more energy efficient also means that they are less costly to operate, and healthier for the tenants and building owner.

SUBMITTED BY

Department: Planning, Property and Development
Division: Urban Planning & Design
Prepared by: Noah Yauk, Housing Policy and Neighbourhood Revitalization Coordinator
Date: November 3, 2020
File No: N/A

Attachments:

Appendix A: Density Bonus Backgrounder

Appendix B: Housing Action Plan

Appendix C: Inclusionary Housing – Key Considerations