



SAINT JOHN

Title: Affordable Housing Grant Program Policy


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I certify that this Policy was adopted by Common Council as indicated above.



Common Clerk

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Date

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City of Saint John Affordable Housing Grant Program Policy

1. Program Background

The following program provides a framework for increasing the number of affordable housing units in Saint John's residential inventory. The program is aligned with Federal and Provincial Programs and implements the objectives of the City's Affordable Housing Action Plan.

2. Policy Statement

The City of Saint John supports the development of affordable housing throughout the City's Primary Development Area, as defined by the Municipal Development Plan. The purpose of the Affordable Housing Grant Program (AHGP) is to increase the number of affordable rental units on the City's housing market and ensure those units remain affordable, long term.

2.1 Policy and Program Evaluation

The AHGP will be monitored throughout each grant cycle for number of affordable housing units committed. At the end of the first grant cycle, Staff will provide an update to Growth Committee that provides the total number of affordable units, the breakdown of unit structure, and the estimated timeline for construction and occupancy.

3. Definitions

"Affordable Housing Rental Program" means the Program administered by the Province of New Brunswick's Department of Social Development to provide capital grant funding towards the creation of new housing units for low- and moderate-income households in New Brunswick.

"Affordable housing unit" is defined by the Province of New Brunswick's Social Development Department (SD) through its Affordable Housing Rental Program and/or Canada Mortgage and Housing Corporation (CMHC). CMHC programs range in depth of affordability. In the case of CMHC's Rapid Housing Initiative, affordable housing unit means a unit that provides a minimum depth of affordability where tenants pay no more than 30% of their before-tax income on housing costs and the unit remains affordable for a minimum of 20 years. Affordable unit must meet, at minimum, the definition of CMHC's Co-Investment Fund, where affordable housing unit means a unit that must be less than 80% of the Median Market Rent and be maintained for a minimum of 20 years.

"CMHC/Federal Funding Programs" means the suite of funding offered by Canada Mortgage and Housing Corporation which includes but is not limited to the National Housing Co-Investment Fund and Rapid Housing Initiative.

"Construction costs, material or labour" means the total cost of construction of the building including site preparation, mechanical and electrical components.

“Non-profit developer” means a corporation no part of the income of which is payable to or otherwise available for the personal benefit of any proprietor, member, or shareholder thereof.

“For-profit developer” means a registered corporation that develops and provides housing.

“Townhouse” means a building containing two or more dwelling units arranged side by side each with an independent exterior entrance and separated vertically by a common wall extending from the foundation to the roof.

“Vacant building” means the building has been vacant for at least one year and was either (1) previously used as an institutional building, or (2) has a minimum of 20% floor space that lacks basic facilities or is substantially damaged to the extent that the new facilities must be installed or the new components must be replaced or reconstructed to meet the By-law Respecting Standards for Maintenance and Occupancy of Buildings and Premises.

4. Goals

Success of the AHGP will be determined by the number of affordable housing units to which the Program contributes and depth of their affordability. The Affordable Housing Grant Program is designed to achieve the following outcomes:

- Address the following gaps in the local housing continuum identified in the Affordable Housing Action Plan: Supportive/special needs housing, housing to the most vulnerable households, and affordable rental housing;
- Fulfilling the Affordable Housing Action Plan’s principle of promoting public investment for public benefit;
- Effective and meaningful distribution of funds to shovel-ready projects;
- Supporting non-profit housing projects in providing long-term affordable housing options;
- Incentivizing the use of the Province’s Affordable Rental Housing Program; and,
- Incentivizing deeply affordable housing units

5. Affordable Housing Grant Overview

The Affordable Housing Grant provides additional funding to projects approved under the Province of New Brunswick’s Affordable Rental Housing Program and CMHC funding Programs. It is designed to provide additional funds to non- and for-profit developers via a “top up” grant to be used to directly impact the success and sustainability of the affordable dwelling unit. The Affordable Housing Grant will prioritize projects that meet the project readiness definition described in section 6.1 and are experiencing fiscal constraints.

5.1 Grant Description

The Affordable Housing Grant consists of two tiers of grants based on non- and for- profit developers. Each tier provides a baseline grant and opportunity to access additional funding for innovative solutions to identified market gaps or issues.

a) Tier 1: Non-Profit Development

A Tier 1 grant base amount of \$10,000 per affordable unit to a maximum of \$200,000 per project is available to any non-profit developer that meets the program's eligibility requirements.

An additional \$50,000 is available in bonus funds for market gap solutions. Market gap solutions are determined by the City's Grant Committee.

b) Tier 2: For-Profit Development

A Tier 2 grant base amount of \$8,000 per affordable unit to a maximum of \$160,000 per project is available to any for-profit developer that meets the program's eligibility requirements.

An additional \$50,000 is available in bonus funds for market gap solutions. Market gap solutions are determined by the City's Grant Committee.

5.2 Grant Cycles

a) Grant Cycle 1 opens after Council's adoption of the AHGP and closes after 30 days.

b) Grant Cycle 1 prioritizes projects according to the highest point value awarded in Section 7.1 and 7.2. If there are remaining funds that have not been committed after 30 days, a second cycle will open and run for 90 days before closing and so on until all funds are committed.

c) Funds may be committed during the second and subsequent grant cycles, previous to the 90 day cycle closing to ensure an expedited process for shovel-ready projects.

5.3 Eligible Expenditures

a) The following expenditures are eligible under the Affordable Housing Grant:

- Construction costs, materials;
- Construction costs, labour;
- Construction costs, other; at the discretion of the City's Staff Committee;
- Consultant fees for professional services (e.g. drawings and design); and
- Shared amenity costs such as appliances for shared laundry facilities, appliances or equipment for shared spaces like community rooms, storage or bicycle lockers, or other expenditures at the discretion of the City's Staff Committee.

The cost of individual unit furnishings including furniture and appliances are not eligible.

5.4 Disbursement of Grant Funds

- a) The Affordable Housing Grant is disbursed upon completion of the project and issuance of an occupancy permit.
- b) Substantial revisions to the building permit submission attached to the application form, including but not limited to the reduction in number of affordable units, may void the application or require the application be resubmitted.

6. Project Eligibility Requirements

6.1 Project Readiness

Projects are prioritized by their “shovel readiness.” Prior to application, a project must meet the following:

- a) For a project to be considered for the Affordable Housing Grant, all planning approvals must be in place. Planning approvals include confirmation that the project is in compliance with the Municipal Plan and Zoning By-law.
- b) The project must be aligned with the overall vision and objectives of the City’s Affordable Housing Action Plan.
- c) Projects are encouraged to attach their building permit application to the grant application. The project will be considered ineligible should an applicant not obtain a building permit for the project within 12 months of applying for a grant, provided the applicant has participated in a pre-application meeting.
- d) Projects which have undertaken site preparation work or obtained a building permit but have not advanced past the pouring of foundations are eligible to apply for an Affordable Housing Grant.
- e) Confirmation of project readiness will be determined by City Staff at the time of the grant application.

6.2 Project Eligibility

Each project shall meet the following criteria prior to entering into a grant agreement for an Affordable Housing Grant with the City of Saint John:

- a) The project shall be located within the Primary Development Area as defined by the City’s Municipal Plan;
- b) The project shall be located within an Intensification Area as defined by the City’s Municipal Plan or within a 1 kilometre radius of a transit stop;

- c) The project shall be appropriate to the area as determined by compliance with the Municipal Plan and Zoning By-law;
- d) Proof of funding sources including confirmation of Federal or Provincial funding and/or confirmation of funds from a Canadian Financial Institution shall be provided. The project must have received a letter of support through the Province's Affordable Rental Housing Program or a letter of intent through a CMHC Funding Program.
- e) The Grant Committee reserves the right to determine whether the application is complete or incomplete.

7. Grant Evaluation Criteria

7.1 Grant Committee

Each Affordable Housing Grant Application is evaluated by a committee of Staff. The role of the Committee is to confirm eligibility of applications and evaluate each application in the context of the Policy criteria contained within this policy.

- a. The Committee shall be comprised of, at minimum, one Staff from the Department of Finance; one Staff from the One Stop Development Shop; two Staff from Growth and Community Development Services; and one Staff that represents the City's Legal Counsel. Membership in the Committee is not to exceed 7 Staff.
- b. Members of the Committee shall be approved or removed by the Commissioner of Growth and Community Services.
- c. The Grant Committee will meet to review applications as needed at the closing of the first grant cycle, and as needed during each subsequent grant cycle according to the evaluation criteria.
- d. Funding will be committed in the order of the projects that score the highest number of points according to the evaluation criteria. Eligible projects that are not selected during the first cycle may be added to a waitlist and will be evaluated against projects in the subsequent grant cycle.

7.2 Evaluation Criteria

To determine priority of funding per each grant cycle, each application will be evaluated under the following point structure.

- a. Affordable Unit Count (1 point per unit)
- b. Project is located within an Intensification Area as defined by Schedule A of the Municipal Plan (5 points)
- c. Application includes a building permit submission with full set of drawings, including site plan and floor plans or letter of commitment from the Department of Social Development (5 points)

7.3 Bonus Evaluation

An additional \$50,000 is available per project to support innovation and market gap solutions.

a. Three Bedroom Units or Townhouses

A project proposing one or more affordable three-bedroom units or townhouse units are eligible for an additional \$2,500 per unit up to a maximum of \$50,000. (1 point per three-bedroom or townhouse unit)

b. Retrofitting Existing Buildings

A project which retrofits a vacant building into affordable units is eligible for an additional \$5,000 per unit up to a maximum of \$50,000. (0.5 point per retrofitted unit)

c. Accessibility Standards

A project which achieves better than minimum standards for accessibility towards new development or retrofitting is eligible for an additional \$2,500 per unit up to a maximum of \$50,000. (1 point per each additional accessible unit on top of provincial requirement)

d. Energy Efficiency

Project seeking to provide a high degree of energy efficiency to ensure long term affordability by meeting 2017 National Energy Code requirements will receive up to \$50,000. (3 points)

e. Other

Other gaps identified by the applicant may be considered by the Committee for a maximum of \$2,500 per unit up to a maximum of \$25,000.

8. Administration

- a. Applications for the Affordable Housing Grant shall be made by completing an application form (Attachment 1 – Application Form).
- b. Applications may be approved subject to the approval of a building permit.
- c. The Committee’s decisions on applications are final.
- d. Applications and grant disbursement are subject to fund availability.
- e. Legal names of the property owner(s) are required and if an applicant is acting on behalf of the owner, property authorization from the owner of the property.
- f. Applications will not be considered if construction has already commenced on the project, as defined by the date at which the pouring of the footings or foundation has begun.

- g. Once a building permit has been applied for, the developer shall enter into a grant agreement with the City that outlines the terms of the grant disbursement. The agreement may consider additional requirements the City determines to be necessary to secure the long-term affordability of the eligible dwelling units (Attachment 2 – Grant Agreement Template).
- h. All costs associated with the preparation and submission of an application under this Policy are the responsibility of the applicant. The City shall not pay any costs incurred by an applicant in the preparation and submission of an application under this policy, or any costs incurred in relation to the execution and delivery of a Grant Agreement.
- i. Fulfillment of bonus criteria which was applied for may be audited at the expense of the applicant upon project completion.

9. Budgeting and Payment of Grants

- a. The total grant cannot comprise more than 50% of the overall construction costs as determined at the time of building permit application;
- b. The City will only enter into a Grant Agreement the total value of which does not exceed \$250,000 per project.
- c. Notwithstanding Section 5.4(a), disbursement of funds may occur earlier, prior to issuance of an occupancy permit, should a special need arise. A business case must be provided to the Grant Committee. The terms and conditions of disbursement will require Common Council approval through a unique grant agreement.
- d. Should a grant expire, the funds allocated to that project will revert to the Grant Reserve Fund and the next eligible project will be evaluated.
- e. Prior to payment of any grant under this Policy, the City may withhold payment should any of the following be determined:
 - i. The property taxes and/or water and sewage fees for the property have not been paid in full, or,
 - ii. The property is in violation of City By-laws including but not limited to the Building By-law, Zoning By-law, or Municipal Plan.