



SAINT JOHN

Title: Affordable Housing Grant Program Policy

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Affordable Housing Grant Program Policy

1. 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. 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.

3. 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.

4. 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.

“Conversion project” means a development that changes the use of a property from an institutional or commercial use to a residential use, where a minimum of 70% of the gross floor space is residential (e.g. converted accommodation), resulting in net new residential units.

“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.

5. 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;
- Incentivizing deeply affordable housing units; and,
- Providing grant funding upfront to ensure greatest impact on project financing.

6. 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.

6.1 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
 - i. 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, inclusive of bonus funds.
 - ii. An additional \$50,000 is available in bonus funds for market gap solutions. Market gap solutions are determined by the City's Grant Committee in accordance with 8.2.1.
- b) Tier 2: For-Profit Development
 - i. 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, inclusive of bonus funds.
 - ii. An additional \$50,000 is available in bonus funds for market gap solutions. Market gap solutions are determined by the City's Grant Committee in accordance with 8.2.1.
- c) The total grant cannot comprise more than 50% of the overall construction costs as determined at the time of building permit application.
- d) The City will only enter into a grant agreement the total value of which does not exceed \$200,000 per project.

6.2 Intake Period

- a) Grant applications will be received throughout the year and reviewed by the Grant Committee quarterly (March, June, September, December), or through a Grant Committee meeting scheduled at the discretion of the Commissioner of Growth and Community Services, based on volume of applications received.
- b) Grant intake may pause or cease to occur at the discretion of the Commissioner of Growth and Community Services, based on available funds.

6.3 Eligible Expenditures

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, including appliances to furnish individual units.

6.4 Disbursement of Grant Funds

- a) No grant funds will be disbursed to successful applicants until the following occurs:
 - i. The Grant Committee has issued an approval letter to the applicant confirming their decision,
 - ii. The successful applicant has entered 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); and,
 - iii. The successful applicant has been issued a building permit by the City. 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.
- b) Grant fund disbursement schedules will be defined by grant agreement, with the schedule of disbursement varying in accordance with the type of project generally as follows:
 - i. For new construction projects, the Affordable Housing Grant is disbursed upon successful approval of the foundation inspection under the approved building permit.
 - ii. For conversion projects, 50% of the Affordable Housing Grant is disbursed upon completion of all pre-drywall inspection under the approved building permit, with the other 50% disbursed upon issuance of an occupancy permit.
- c) Grant funding will be dependent upon the number of applications received and the City receiving any anticipated external funding toward the Program (e.g. Housing Accelerator Fund).
- d) The City may cancel a grant award at any time based upon the following:
 - i. Changes to the availability of external funding for the Affordable Housing Grant Program that result in reductions to the annual budget for the Program.
 - ii. Changes to the design of the building during construction that do not comply with the eligibility requirement of the Program.
 - iii. Significant delay in the construction timeline of the project that compromises the availability of external funding to the Program.

7. Project Eligibility Requirements

To be eligible for consideration, grant applications must meet the following requirements:

- a) The applicant must submit a complete application form that includes all required information. The Grant Committee reserves the right to determine whether the application is complete or incomplete.
- b) For a project to be considered for the Affordable Housing Grant, all planning approvals must have been applied for or be in place. Prior to execution of a grant agreement with the City, planning approvals include confirmation that the project is in compliance with the Municipal Plan and Zoning By-law.
- c) The applicant must be the registered owner, acting on behalf of the registered owner with written permission, or provide proof of an option agreement or purchase and sale agreement of the property.
- d) The project must propose the creation of a minimum of 5 net new affordable housing units.
- e) Eligible projects must propose one of the following:
 - i. New construction
 - ii. Conversion of an existing commercial or institutional use
- f) Eligible project types include the following:
 - i. Community and affordable housing
 - ii. Mixed-housing (market / affordable rental units)
 - iii. Transitional or supportive housing
- g) The project must be aligned with the overall vision and objectives of the City's Affordable Housing Action Plan.
- h) 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 full building permit for the project within 12 months of applying for a grant, unless written consent is provided by the Commissioner of Growth and Community Services.
- i) Projects which have undertaken site preparation work (e.g. demolition), or obtained a building permit but have not advanced past the pouring of foundations are eligible to apply for an Affordable Housing Grant.
- j) Applications will not be considered if construction has already commenced on the project, as defined by the date at which a building permit has been issued.
- k) The project shall be located within the Primary Development Area as defined by the City's Municipal Plan.
- l) The project shall be appropriate to the area as determined by compliance with the Municipal Plan and Zoning By-law.
- m) Proof of funding sources including confirmation of Federal or Provincial funding and/or

confirmation of funds from a Canadian Financial Institution shall be provided.

- n) 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.

8. Grant Evaluation Criteria

8.1 Grant Committee

Applications will be reviewed and awarded by a Grant Committee appointed by the Commissioner of Growth and Community Services.

- a) The Committee may request additional documentation from the applicant to support their application, including financial statements of the organization, correspondence from other funding partners, and quotes or invoices.
- b) Funding will be committed in the order of the projects that score the highest number of points according to the quantitative/qualitative evaluation criteria. Eligible projects that are not selected may be considered through subsequent Grant Committee meetings.

8.2 Project Evaluation

The Grant Committee will score projects based on a quantitative score weighing 60% and the qualitative score weighing 40% of the total available points below.

8.2.1 Quantitative Score

Affordable Unit Count	1 point per unit
Project is located within an Intensification Area as defined by Schedule A of the Municipal Plan	5 points
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
A project proposing one or more affordable three-bedroom units or townhouse units \$2,500 per unit bonus	1 point per three-bedroom or townhouse unit
A project which retrofits a vacant building into affordable units - \$5,000 per unit bonus	0.5 point per retrofitted unit
A project which achieves better than minimum standards for accessibility towards new development or retrofitting \$2,500 per unit bonus	3 points per each additional accessible unit on top of provincial requirement
Project seeking to provide a high degree of energy efficiency to ensure long term affordability by meeting 2017 National Energy Code requirements	3 points

\$5,000 bonus	
Total Possible Points	100 points

8.2.2 Qualitative Score

Capability, experience, track record of the applicant and any partners, including their General Contractor, and the acceptability of the construction timeline	30 points
Depth of affordability and duration	30 points
Demonstrated funding sources and project readiness	20 points
Alignment with the Affordable Housing Action Plan, Housing Needs Assessment, and Municipal Plan	10 points
Level of meaningfulness of the grant towards the project and equitable distribution of grants	10 points
Total Possible Points	100 points

9. Administration

- a) 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.
 - b) Fulfillment of bonus criteria which was applied for may be audited at the expense of the applicant upon project completion.
 - c) 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.
- a) Prior to entering into a grant agreement with an applicant or 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.

10. Outcomes Report

- a) Funding recipients will be required to submit an outcomes report outlining how the funds were used. These reports will be made publicly available.
- b) The City reserves the right to request additional information or explanation of such reports.
- c) The funding recipient shall be liable to reimburse the entirety of the amount paid under the following conditions:
 - i. If the funding recipient utilizes the funding for purposes other than that which is contemplated in their application without written consent of the City