



*Fredericton*  
**AFFORDABLE  
HOUSING** >>>

---

**STRATEGY**





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# 1 INTRODUCTION

## Origin

In fall of 2021 the Greater Fredericton Housing Needs Assessment was released. The report tied together the results of extensive data analysis, community survey responses, stakeholder consultation, and collaboration with municipal staff and the Affordable Housing Committee to describe recent trends and current conditions across the housing ecosystem. At a high level, the assessment identified numerous housing challenges, characterised by:

- » A pace of housing construction that had lagged growth in population
- » A tightening in the rental housing market making apartments hard to find, and pushing up rents
- » A lack of non-market alternatives for those no longer able to afford market-rate options
- » A sudden and significant increase in demand for owner-occupied housing resulting from the complex impacts of the COVID-19 pandemic
- » Longstanding rates of core housing need among renters, especially households led by single parents, Indigenous people, and many other households living on limited income for various reasons
- » An improving but still insufficient housing response to homelessness, partly bottlenecked by insufficient transitional housing to help people move on from crisis shelter to longer-term solutions
- » A deficit of social-purpose housing such as domestic abuse shelters or long-term supportive housing for those with special needs

## The Three Crises

While housing issues have become prominent in the media and around kitchen tables across the country, there is much confusion and oversimplification of what is happening. For some in Fredericton, housing affordability and availability are sudden and alarming challenges, for others they are a deepening of familiar struggles which have persisted for a much longer time. In summary, the assessment describes three housing crises in Fredericton:

**1**

A decades-long crisis of core need, particularly among renters and heavily impacting those earning below-average incomes or in need of housing with other support services attached.

**2**

A growing number of households who used to be adequately served by the housing market, but are now unable to find affordable housing as their incomes have not kept pace with prices.

**3**

An increasing number of households seeing themselves as vulnerable for the first time or concerned about declining quality of life as housing options available to them become less abundant, or further into the future than they had planned.



## Strategy Development

This strategy was developed by a consulting team working in collaboration with municipal staff following the completion of the needs assessment in late 2021. Its recommendations are informed by the findings of the assessment, additional precedent and best practice research undertaken for this project, and the general experience and expertise of the consulting team. Additionally, recommendations were sourced, tested, and refined through a public engagement program including several workshops held with key community stakeholders, facilitated discussions with individuals who have experienced homelessness, direct interviews with numerous housing developers and operators in both the for-profit and non-profit sectors, and a final review survey for the general public.

## What to Expect

Communities across Canada are experiencing housing challenges, and for many of the same reasons at play in Fredericton. Housing is local, but it is heavily affected by national and international factors which are beyond the ability of local government to control. As a result, it cannot be expected that full and successful implementation of this strategy's recommendations will solve Fredericton's housing challenges completely, or quickly.

Similarly, this strategy recognises that the existing approach to affordable housing provision, which relies heavily on the private sector to provide dwellings as a spinoff of market-rate development projects, has not been successful in responding to growing housing needs. This approach will become even more inadequate as market conditions continue to put pressure on the affordability of older housing stock, and construction cost trends make it more difficult for new development projects to deliver lower priced dwellings. The private sector has an important role to play, especially as a resource of expertise and experience in housing provision, but the reality is that Fredericton's most severe and long-standing housing challenges require a non-market solution.

The housing affordability challenges we experience today have built up over many years, and truly addressing them will require concerted efforts over a long period of time. Housing does not get built

quickly and much upfront work is required before shovels hit the ground. This does not suggest that taking action is futile, quite the opposite in fact. The solutions will take time to implement and have an effect, and it is therefore critical to get those processes started as soon as possible.

The hope for this strategy is to chart a new course that leads Fredericton to a more inclusive and affordable housing ecosystem over the long-term, while enabling the community to do what it can in the short-term to improve housing availability and affordability, to minimise the impact of continuing challenges and forces beyond its control. Though there is much that Fredericton can do to improve housing outcomes for the community, it ultimately cannot fully solve these issues given its expertise, fiscal capacity, and jurisdictional constraints. Therefore, an important strategic benefit of this Plan is also to help Fredericton take greater advantage of opportunities and supports from higher levels of government as they change their responses as well.

The best time to plant a tree was 20 years ago. The second-best time is today.



## 2 STRATEGY APPROACH

Housing policy is complex, and housing strategies at the local level vary depending on the types of challenges they are addressing, as well as the experience and capacity of the community implementing them. Housing has become a prominent local issue in Fredericton, but there is little existing capacity or experience to build from as the municipality has historically acted only in its role as a zoning regulator, or supporter of others.

This strategy lays out a new vision for the municipality's role, one that is more interventionist and based on a stronger leadership position. This means Fredericton is venturing into unfamiliar territory and needs to be focussed on setting up the conditions for long-term success to the same degree it is focussed on achieving short-term progress. Fredericton's role in this strategy does not replace the role of the provincial or federal governments – it is intended to compliment their efforts. It also recognises and emphasises the role of the community; including both community housing organisations that will provide a broader spectrum of housing types and tenures, as well as private citizens who will have greater opportunity to expand the housing options provided by their own properties. With that in mind, this strategy was drafted with the following priorities:

- » Emphasis on initiatives that have potential to actually move the needle
- » Limit recommendations to a manageable number that can be acted on quickly
- » Clear and concise communication, with a focus on action rather than explanation

Beyond these, the strategy approaches the issue of housing affordability based on the following identified Principles, Goals, and Objectives. These describe the “big picture” of how Fredericton understands the issues at play and the values that it should maintain in its response. They are, by nature, general statements. The recommendations of this strategy describe the more concrete actions and outcomes that flow from this understanding, and represent how the Principles, Goals, and Objectives are carried forward to outcomes.

# OUR APPROACH

1

**Emphasis on initiatives that have potential to actually move the needle**

2

**Limit recommendations to a manageable number that can be acted on quickly**

3

**Clear and concise communication, with a focus on action rather than explanation**



## 2.1 PRINCIPLES & GOALS



### Perpetual Solutions

Housing affordability is not an issue that can be solved once. It is the outcome of a system, requiring an ongoing effort to monitor trends and respond to changing conditions and challenges. This requires long-term thinking and financial models that are not subject to the shifting whims of politics. Building sustainable solutions is the best way to ensure housing challenges are effectively addressed now, and managed proactively in the future.



### Holistic Affordability

Affordability cannot be measured only by the price of rent; it must consider how housing options influence the total cost of living and quality of life. This means both the cost of occupying the home in terms of maintenance and utilities, as well as how its location affects transportation costs, provides access to economic opportunities, and facilitates inclusion within a broader community. Actions taken under this strategy must maintain this perspective of affordability.



### Prioritise By Need

There are many different forms of housing need in Fredericton. While they are all deserving of a response, they are not equal in the length of time or depth to which they affect households. Municipal priorities and resources should be allocated accordingly, which means some forms of housing need will receive more attention than others.



### Direct Intervention

Municipalities are the closest and most accessible level of government for citizens, and where community concerns are heard first and most clearly. There is a need now for Fredericton to go beyond its historic role and directly intervene in the housing ecosystem. This will ensure some action is taken, and will position the community to more quickly implement support from other levels of government if and when it is provided.



## 2.1 OBJECTIVES

**1**

### **Municipal Leadership, Capacity & Partnerships**

The act of developing a housing strategy is pointless if it is not followed with action. To take action on these issues, Fredericton will have to become comfortable with assuming a proactive and leading role while continuing to support others working toward the same end goals. This requires both a cultural shift in the municipality's own perception of its responsibilities for housing, and a shift in internal resources and capacity to live up to those ambitions.

**2**

### **Building the Third Option**

Housing in Fredericton is dominated by two sectors. The largest, by far, is the private sector which owns and manages the majority of the existing housing inventory and is responsible for virtually all production of new housing. The second largest is the public sector, including government provided social housing, and government subsidised market housing. For a variety of reasons, the housing market has been moving beyond the means of more and more Frederictonians. Traditional forms of government-provided housing alternatives have not grown to address this need.

An alternative to both is needed. The community housing sector can provide this third option, filling the growing gap between market and social housing. In the context of this strategy, community housing refers to a broad variety of housing forms and tenures. At its simplest, it includes non-market options such as non-profit or co-operative housing that serve as more affordable alternatives to the market. It also comprises more complex housing options that are targeted towards vulnerable populations and are often combined with a social service delivery model, such as independent and empowering living options for those with physical, mental, and intellectual disabilities, supportive housing for those living with temporary or permanent social service needs, and crisis housing for those seeking protection from abuse or homelessness. The Third Option provided by the community housing sector can come about through both the activities of existing groups such as non-profit providers with improved support from government, as well as from new entities with a more direct and enduring relationship to the municipality.

**3**

### **Maximizing the Market**

The vast majority of housing in Fredericton is built and operated by the private sector, and is accessed via the housing market. This housing is created through the entrepreneurial activity of the real estate development industry, and despite worsening conditions in recent years, still adequately houses the majority of citizens. It does this at minimal cost to taxpayers. Some housing issues in Fredericton require a non-market solution, and the private sector's for-profit model of development is not the right tool to use in these cases.

However, by ensuring the market accommodates as many citizens as it reasonably can the scale of issues that must be addressed with other means is minimised. Actions that improve the ability of the housing market to respond to growing demand, lower the viable price of new development, and relieve pressure on existing lower-priced housing stock, will generally assist non-market housing projects that are subject to the same policies and regulations, and will make the process of addressing other housing challenges more manageable overall.





## 4

## Adopting an Affordability Lens

All matters of public policy and governance involve trade-offs and compromises. Housing affordability has been a long-standing challenge for some, but only in recent years has it emerged as a prominent community-wide concern. As a result, municipal policy making has historically paid little attention to affordability as one of the priorities to be balanced, and less weight has been given to those concerns relative to other goals.

Several recommendations of this strategy are based on the idea of examining existing policies and processes with more consideration given to their impact on housing affordability. These highlight the importance of placing a higher priority on housing affordability and the housing needs of future residents across all areas of municipal policy development going forward. It also highlights the need to adopt a more definitive and expansive language to define what is “affordable” which includes varying tiers of affordability which can then be matched to the appropriate intensity of incentives and regulations.

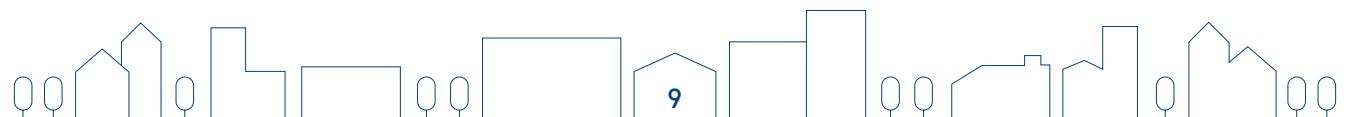
Beyond the specific recommendations of this strategy, Fredericton must work to include a housing affordability lens across many areas of current and incoming municipal operations and policy. Beyond the planning office, there are implications for housing affordability in building inspection, fire protection, engineering and operations, parks and recreation, as well as other looming priorities such as municipal action on climate change and environmental protection. The municipality should be thorough and ruthless in finding opportunities to support housing affordability in all areas of operation, and consider new policy directions carefully to understand the compromises that may be inherent. Overall, the existing balance of priorities must change in step with the needs of the community.

## 5

## Reaffirming the Mayor’s Task Force on Homelessness

In 2015, Fredericton adopted “Paving the Road Home”, the final report of the Mayor’s Task Force on Homelessness. It contained a number of recommendations, resources, and next steps for implementing a Housing First model for eliminating homelessness in Fredericton. This strategy recognises both the progress that has been made to date, but also the challenges that have been experienced and work that remains undone.

This strategy should be understood as complementary to Paving the Road Home; it does not replace this report nor negate any courses of action already underway. Instead, it recognises this existing plan as the best guidance regarding action on homelessness, and that current challenges relate more to execution than planning. In many instances, this strategy builds on the ideas and solutions explored by the Mayor’s Task Force on Homelessness to address a broader spectrum of housing challenges. Success in eliminating homelessness is part and parcel of success in addressing housing affordability writ large.



## 3 RECOMMENDATIONS

The recommendations of this strategy are organised into four categories of action, starting with those most readily implemented and closely related to existing powers and activities of the municipality:

1

Improving municipal capacity and policy to support more affordable housing across all sectors.

2

Growing the community housing sector overall by helping existing groups scale up, seeding new capacity, and supporting projects.

3

Creating an entity to take the lead in creating and maintaining a portfolio of non-market housing throughout Fredericton

4

Advocating with other community and to higher levels of government to keep the profile of housing issues high, make more tools and resources available in the future, and push for actions the municipality cannot directly implement.

The third category contains only a single recommendation, but is explored in detail as it is a significant undertaking and is the centrepiece of this strategy. All other categories contain several recommendations which are described more succinctly.

### 3.1 IMPROVE MUNICIPAL HOUSING EXPERTISE, POLICY, AND REGULATION



#### CONNECTION TO THE NEEDS ASSESSMENT

*Anticipated growth and an unexpected increase in demand from both local and outside sources have disrupted trends in Fredericton with respect to the overall need for housing and the processes by which it is built. Vacancy rates in the rental market have been declining for several years, and now sit at 1.3% which is driving rapid increases in rents. Owner-occupied housing has very recently experienced a boom in buyer demand during the pandemic which is also driving up market prices. Both trends have left the industry scrambling to ramp up housing production, while also being squeezed by escalating costs for material and labour. The municipality has a significant role in directing the location and form of housing that can be created, and governing the processes by which it is approved, but it is not used to playing this role in the context of a sustained housing crisis that has rearranged public priorities.*



## RECOMMENDATION #1 Add dedicated capacity within the municipality for housing matters

### WHY?

As Fredericton takes a greater role in addressing housing issues, additional capacity and expertise is required in the form of a dedicated staff position. This will be crucial for implementing the strategy over the short and long term. It will also improve the municipality's ability to integrate housing expertise into other areas of policy development, engage stakeholders and other governments on housing issues, and monitor housing conditions in the community going forward.

### HOW?

Housing matters cannot effectively be handled by tasking existing staff with additional responsibilities. An Affordable Housing Development Specialist staff position is required to undertake a number of roles and support the municipality by providing housing-specific expertise. This position should be action-oriented, and requires a practitioner's perspective as the ultimate goal is to support the creation of new affordable housing units through any available channel; the mission-driven entity, the community housing sector, and the broader housing industry.

### **i** DETAILS:

#### **The Affordable Housing Development Specialist position will focus on;**

- » Implementing the Affordable Housing Strategy overall and playing a direct role in many of its specific recommendations.
- » Working directly with housing project proponents to identify and coordinate support, and otherwise assist them in delivering affordable housing units in whatever form they may take.
- » Maintaining strong connections with groups across the housing ecosystem to continuously monitor and understand issues and trends affecting housing construction and operation.
- » Evaluating outcomes of the strategy as different ideas are tested and as broader conditions evolve, to identify necessary changes and improvements over time.
- » Undertaking regular data collection, stakeholder engagement, and other research to keep senior staff and Council apprised of housing conditions throughout Fredericton.
- » Assisting other municipal departments and staff in considering housing affordability in their areas of responsibility to put an affordability lens on all major areas of municipal operation.

#### **The position will support housing initiatives in Fredericton by;**

- » First and foremost, taking an action-based approach to affordable housing. There are many existing and proposed venues for discussion, engagement, and collaboration between stakeholders; this position must focus on connecting those dots and driving actual outcomes.
- » Possessing and expanding knowledge of housing subject matter, including various forms of housing development and ownership structures, housing policy research and tools, and key contacts within other organisations.
- » Developing a comprehensive understanding of various funding programs (federal, provincial, municipal, and third-party), and familiarity with their application process and evaluation criteria to inform policy development and maximise the financial support to housing projects in Fredericton.
- » Being a champion for housing issues in Fredericton and leading partnership and advocacy discussions as it's representative.



## RECOMMENDATION #2 **Revise inflexible or outdated Zoning Bylaw definitions**

### WHY?

Currently, “affordable housing” is defined in the zoning bylaw as dwellings built under provincial or federal Affordable Rental Housing Program. This is too narrow as it excludes a number of other potential pathways to the creation of affordable units, as well as strategies that make use of existing housing. This limits the effectiveness of other tools, such as density bonusing, which rely on it to qualify the applicability of policies.

Additionally, the Zoning Bylaw regulates “occupancy” through several clauses which describe the number of persons allowed in a dwelling based on their relationships to each other. This approach impacts those in the growing number of non-traditional family structures, larger multi-generational households, as well as those who simply desire the ability to share shelter costs over

a larger number of roommates. These clauses are unnecessary as occupancy is already regulated through the building code, and therefore duplicate this regulatory approach. They also venture into questionable legal territory as planning regulations are meant to govern land uses and structures, not people.

### HOW?

The definition should be broadened either by specifically including a wider suite of affordable housing arrangements in the definition itself, or by making the wording more open-ended to allow for greater flexibility and discretion. Consideration should be given to developing multiple sub-definitions to cover differing levels of affordability which would allow for objective evaluation of affordability and help align incentives with benefits. Definitions around occupancy should be removed from the Zoning Bylaw all together.

### **i** DETAILS:

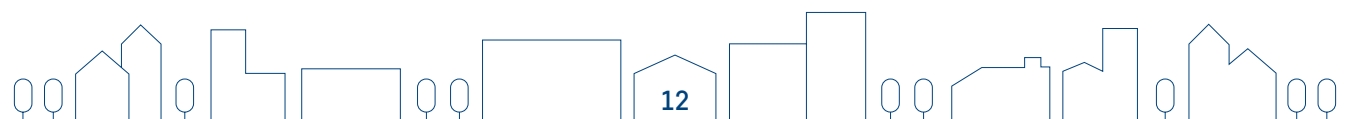
- » Include projects that achieve affordability through program supports (funding, financing, or in-kind) offered at the federal and municipal level, as well as from third-parties such as the Federation of Canadian Municipalities or philanthropic organisations.
- » Include units operated on a non-profit basis or in other forms of tenure such as co-operative, regardless of funding supports or specific agreements.
- » To allow for targeting of more intensive policy support, add a definition specific to dwellings which offer deeply affordable prices (e.g. affordable at minimum wage, rent-geared-to-income, or at a substantial discount to median market rent) or are reserved for vulnerable populations and those with special needs.

#### **Potential price-based definitions could be;**

- » **Attainable Housing:** Dwelling units owned by community or non-market entities (e.g. co-operative,

non-profit) regardless of price, or otherwise offered at a price set at 10% below market rates, for at least 15 years.

- » **Affordable Housing:** Dwelling units offered at prices that reflect 30% of gross household income for those earning 85% of median income for the area, for at least 15 years.
- » **Deeply Affordable Housing:** Dwelling units offered on the basis of rent geared to income (RGI) where prices are set at 30% of household gross income, for at least 15 years.
- » Remove occupancy definitions and rely on the building code to regulate occupancy for health and safety purposes, and enforcement other bylaws (i.e. noise, property condition) to manage nuisances that occupancy restriction are often intended to address.



## RECOMMENDATION #3 Review and amend Zoning Bylaw regulations to enable more and faster housing

### WHY?

Planning policy and regulation often has to balance many competing priorities, and over recent decades the cost of new development has not been highly prioritised in that process. Given the housing conditions in the community, the public interest has shifted and a new balance should be considered. Increasing the number of opportunities for additional housing throughout Fredericton, and reducing barriers and risk to approvals will expand the amount and variety of housing options available, as well as increase competition with the markets for development land and residential housing. This will help improve housing availability and mitigate price escalation. Strategically reducing project requirements, whether in the design of the project itself or in the approval process it undergoes, can lower the cost of development for any housing provider and make it possible to create new housing units at a lower price to occupants.

### HOW?

Increasing the variety of housing projects can be achieved through a combination of broad but modest density increases, as well as more substantial changes in key targeted areas. Lowering the minimum feasible price of new housing can be supported by increasing the use of as-of-right approval processes, eliminating unnecessary complexity and duplicated approval requirements, and providing greater flexibility in areas that can be major cost-drivers, such as on-site parking, building design guidelines, or engineering requirements. Direct municipal costs on new development, such as permit application fees, are likely of limited potential as these are already low in Fredericton. These types of fees are currently waived for projects addressing homelessness, and while there is no harm in providing similar benefits to a broader range of affordable housing projects, this is more of a symbolic support than something that will materially impact housing affordability.

### **i** DETAILS:

#### **Improve housing availability and development rates, and lower cost barriers to new housing by:**

- » Removing limitations on basement apartments and allow 2 dwelling units as the lowest maximum density across Fredericton.
- » Allowing 4 to 6 units as the lowest maximum density in broad sub-areas of the city, such as within areas of the North and South Urban Core and City Centre.
- » Permitting more than one main building on a lot in urban mixed-use nodes.
- » Reviewing areas of Fredericton, such as major transit corridors or centres close to services and amenities, for opportunities to significantly increase permitted densities and move approvals from discretionary to non-discretionary processes.
- » Especially where growth is happening as intended in the municipal plan, actively seek out and reduce application requirements for site specific studies which do not provide meaningful insight (i.e. traffic impact studies in areas intended for densified redevelopment).
- » Conducting ongoing consultation with housing providers across all sectors to identify duplicated or overly burdensome process requirements for opportunities to reduce regulatory overhead and cost reduction.
- » Conducting regular consultation with building development, design, and construction professionals to identify and adjust other regulatory requirements when necessary to reduce unnecessary cost-drivers (e.g. overly aggressive on-site parking requirements) and enable new construction methods or materials (i.e. slight adjustments to maximum building heights in order to allow the same number of building storeys when using construction methods that require larger floor thicknesses).
- » Advocate for similar changes to other levels of government when identified burdens fall within their jurisdiction.



## RECOMMENDATION #4 Develop a coordinated approach to Density Bonusing and Inclusionary Zoning

### WHY?

Density bonusing and Inclusionary Zoning are two of the few local planning policy tools available to the municipality that can lead to direct provision and support for affordable housing. In the case of Inclusionary Zoning, this tool has only recently been enabled by the Province, and additional regulations are required. Further, a number of major municipalities in New Brunswick are working together to examine various Inclusionary Zoning approaches to better understand how they can be successfully implemented in the local context.

Density Bonusing requires public benefits (including but not limited to affordable housing) in exchange for higher density in a project, and can therefore create a net benefit for new development if well designed. Inclusionary Zoning is simply a regulation that requires a certain proportion of dwelling units in a project to be provided at a below-market price, and does not automatically provide any offsetting incentive. Together, they can form a “carrot and stick” approach to generating affordable housing support through the activities of the for-profit development sector.

### HOW?

These policies are not viable as a main source of affordable housing creation, but they can be a helpful support if properly designed and implemented. Density Bonusing should be used most extensively, with Inclusionary Zoning viewed primarily as a tool to support housing availability rather than affordability.

A review of the current Density Bonusing policy should be undertaken to find ways to increase its output with respect to new affordable housing. Following the already-planned examination of Inclusionary Zoning, develop a policy approach that applies this tool in areas where affordable and mixed-income housing is lacking, but opportunities to add this housing through other means are limited. To minimise the risk of unintended consequences for housing production, Inclusionary Zoning should be coordinated with other policy adjustments that can provide an offsetting benefit.



(e.g. in the downtown core where land ownership and existing development limit options for a community housing project).

### **i** DETAILS:

#### The current Density Bonusing policy should be reviewed to:

- » determine whether the current policy is attractive to developers given changing market trends and construction costs.
- » look for ways to increase the impact of this policy by increasing its effect in areas it already applies, and expanding its application to new areas.
- » review the public benefits required in exchange for added density with an eye for directing more of its effect toward affordable housing by making it a required component of any public benefit package.
- » Allowing 4 to 6 units as the lowest maximum density in broad sub-areas of the city, such as within areas of the North and South Urban Core and City Centre.
- » Where affordable housing is provided under a public benefits package, adding the option to collect equivalent cash-in-lieu will provide flexibility for projects where directly delivering affordable housing is challenging, and can be a valuable revenue source to fund other initiatives of the strategy.



Details regarding the use of Inclusionary Zoning are premature, however best practice research recognises that Inclusionary Zoning can be made more effective when other incentives are coordinated around it to offset its cost impacts. In particular, coordinating significant upzoning or property tax relief with application of IZ requirements can mitigate its negative effect on development feasibility, and potentially enable more aggressive policy.

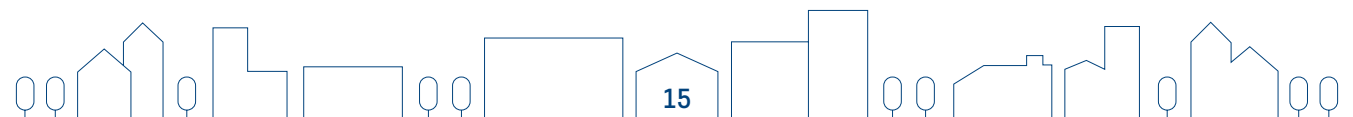
» In formulating future Inclusionary Zoning requirements, include flexibility so that it can be selectively withheld in cases where projects support affordability under other initiatives of this strategy and would be rendered infeasible if required to meet it (e.g. co-operative housing projects).

## 3.2 SEED AND GROW THE COMMUNITY HOUSING SECTOR



### CONNECTION TO THE NEEDS ASSESSMENT

*A broad spectrum of vulnerable households were identified as underserved in the Needs Assessment; those experiencing homelessness or transitioning out of it, those requiring housing in combination with support services to heal from abuse, addictions, or illnesses, those requiring specific design and location considerations to accommodate physical and intellectual needs, as well as those who simply require prioritisation for more affordable options such as the urban indigenous population or single parent families. The community housing sector currently provides for many of these needs, but not all, and not to an adequate degree. It is eager to do more, but requires support to achieve those aspirations.*



## RECOMMENDATION #5 Help seed and support community housing organisations

### WHY?

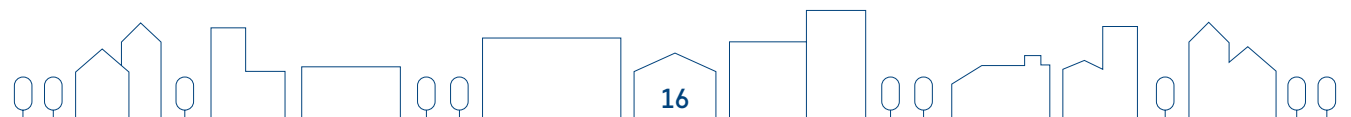
To encourage more housing options in Fredericton there needs to be a variety of groups pursuing more community housing projects. However, as senior government funding support for community housing projects has been limited for decades, there is currently a lack of capacity in this sector in terms of the number of active groups, and the ability of existing groups to grow. By providing resources and supports, Fredericton can help expand the sector and increase its footprint in the housing inventory.

### HOW?

Help jump-start the growth of community housing groups and the deepening of connections between them, develop resource materials to provide guidance, provide direct support or funding to assess organisational growth potential, and provide support capacity through staff and the Affordable Housing Committee to test ideas and give early advice.

### **i** DETAILS:

- » Host events to encourage networking and connections between existing community housing provides as well as individuals interested in getting involved or forming new groups.
- » Create guidance documents to provide information on different approaches to community housing (e.g. co-operative, non-profit) and the practical steps required to establish one in the Fredericton context.
- » Provide grant funding to assist existing community housing groups with evaluating their growth potential from an organisational and asset-base perspective.
- » Subsequently, retool funding support to assist with early start-up costs for newly formed housing groups.
- » Provide navigation support to help groups identify and access other funding programs which support further capacity building.





## RECOMMENDATION #6 Incubate and accelerate community housing projects

### WHY?

Both new and existing community housing organisations typically do not have significant or recent experience with the process of building new housing. Funding support exists for predevelopment activities, but often this is not available at very early stages of project conception. For existing programs, competition from other Canadian regions with more active community housing sectors limits the funding that ultimately makes it to the local community. Further, a high level of understanding greatly assists groups in making the best use of predevelopment funding support when it becomes available. Once a concept is identified, an early review from experienced eyes can help housing groups understand the possibilities and limitations of their project, speed up its evolution from idea to reality, and set it up for success in the next steps of the predevelopment process. All of this will help increase

the amount of housing support funding flowing into Fredericton by increasing the number and quality of project applications, and improving their win rate.

### HOW?

A graduated predevelopment support program would help community housing projects make the transition from an initial idea to a potential project that can submit strong applications to other funding programs and make the best use of those funds when received. Projects would go through a coordinated process that provides more significant levels of support as projects become more refined and realistic.

### **i** DETAILS:

- » Make municipal staff with housing, planning, engineering, and design expertise available to provide guidance on project site characteristics, project concepts, development processes, and potential funding opportunities.
- » When ready, bring project concepts to the Affordable Housing Committee for further review and peer support.
- » As determined by the Committee, provide qualified projects with access to additional expertise by creating an industry mentor network of individuals with experience in residential development and operations (including associated professions such as architecture or construction), and matching them with potential projects for further review, advice, and coaching.
- » When ready, provide municipal staff assistance to confirm relevant funding programs and assist in the application process.



## RECOMMENDATION #7 Kick-start projects through provision of land

### WHY?

There are currently a number of programs at the provincial and federal levels to support the development and construction of affordable housing projects, but very little support exists to acquire a project site in the first place. This can create a significant barrier as would-be affordable housing proponents often lack the resources, experience, and carrying capacity required to secure a project site and hold it through the lengthy development period. By reducing barriers to site control and acquisition, Fredericton can greatly increase the potential for housing groups to secure and maximise other sources of project funding, as well as enhance the uptake of other recommendations made under this strategy.

### HOW?

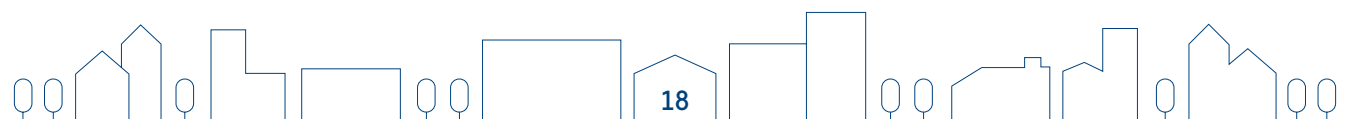
Municipalities are often owners of underutilised land and have the ability to acquire real estate through voluntary transactions and expropriation. While Fredericton has a limited amount of surplus land immediately available for housing purposes, it can review its holdings to identify new opportunities, as well as introduce housing development as a potential use of the municipality's Strategic Land Fund.

By reviewing existing land holdings and strategically acquiring new property, Fredericton can create suitable

development sites which in turn can be provided to the mission-driven housing entity, or other community or affordable housing proponents to carry forward. The approach on the municipality's side should be tactical and focussed on the short to medium term. It should look for opportunities to create attractive development sites quickly, rather than engage in long-term land assembly. The goal should be to undertake this activity on a cost-neutral basis over the long term, focussing on mixed-income projects or those serving diverse needs, and recognising that there may be lengthy periods between acquiring a site and ultimately being reimbursed by a project proponent when their access to other funding is secured. The municipality could consider providing sites at or below-market cost on a case-specific basis in instances where it feels the public value of a project warrants it. Further, land could also be provided in exchange for project equity where the potential benefits are overwhelming and there is a reasonable likelihood of being able to remove that equity at an appropriate point in the future.

### **i** DETAILS:

- » Review existing unused land holdings and undeveloped lands held for future public purposes, such as undeveloped park lands, for their suitability as potential housing sites.
- » Review developed properties, such as municipal facilities, to identify underutilised lands which could be dedicated to housing without impacting the current function of the property.
- » As they come up for sale, acquire properties that are well located and suitable for a housing project, or are strategically located to add to existing holdings.
- » Look for opportunities to include lands for housing as a secondary outcome to acquisition programs for other municipal purposes, or when collaborating with senior levels of government when they are engaged in site acquisitions (e.g. new schools). Immediate potential opportunities include the NBEX lands, lands on Cliffe St., and Cuffman St. adjacent to the school.



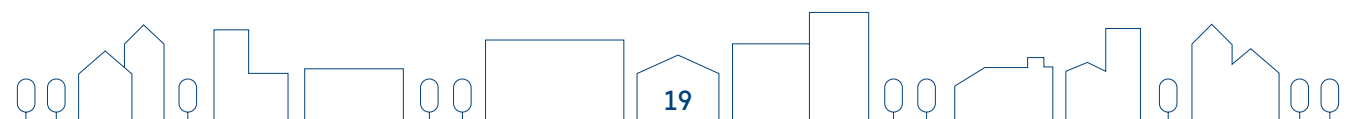
- » When senior levels of government approach the municipality in their process of selling surplus land, review and evaluate the potential acquisition from a housing perspective.
- » In extenuating circumstances, consider all tools available to acquire critical lands or address constraints such as land title conflicts.
- » Connect project sites with the mission-driven housing entity or other potential housing proponents either as coordinated through the project incubation process, or via an open tender with accompanying affordability requirements.

### 3.3 SEED AND GROW THE COMMUNITY HOUSING SECTOR



#### CONNECTION TO THE NEEDS ASSESSMENT

*Many issues identified in the Needs Assessment stem from the lack of options other than market-rate housing or the limited inventory of government-run social housing. Core Housing Need was experienced by 24% of all renters across the Greater Fredericton Area, and there was a waitlist for social housing units that represented 129% of the entire stock. With price pressure increasing in the lower-cost end of the private housing market, more and more Frederictonians are finding themselves vulnerable in a way they never were before, leading them to doubt their future in the community. Overall, 29% of survey respondents in the Needs Assessment indicated they were considering leaving due to housing-related issues, with a much higher proportion reported by those in their 20s. A sizable inventory of housing that is not subject to market forces is needed to provide a stable alternative.*



## RECOMMENDATION #8 Establish a Mission-Driven Housing Entity

The Municipal Plan outlines eight Community Goals which describe the vision for the community Fredericton wants to be. Two goals — Welcoming and Supportive, and Complete Neighbourhoods and Distinctive Places — speak directly to the need for affordable housing choices for residents regardless of their income. Housing that is affordable for residents is integral to the health and sustainability of any city and directly affects its livability and economic growth.

Developing and sustaining quality affordable housing is not simple and rarely occurs naturally in growing cities. Housing development requires careful planning and ongoing attention to ensure there is adequate housing for all household incomes and sizes. While high-to-mid income households normally find suitable housing in the private sector, affordable housing for demographics with lower incomes requires dedicated providers, on-going support, and strategic alignment of public and private resources. Typically, affordable housing provision for the most vulnerable in society has been championed by community housing service providers. Such organisations play a vital role in the housing ecosystem and their housing stock is an invaluable asset to any city.

Housing affordability is a growing issue nationally. This was recognized federally with the creation of the National Housing Strategy (NHS) and subsequent provincial bi-lateral agreements to increase the supply of affordable housing in communities across the country. Although traditionally a provincial mandate<sup>1</sup>, the past few decades has seen an emergence of municipal leaders in the housing sector<sup>2</sup>. Municipalities have an array of planning tools and incentives at their disposal to encourage affordable housing development and preservation that can be established through new bylaws and plan revisions.

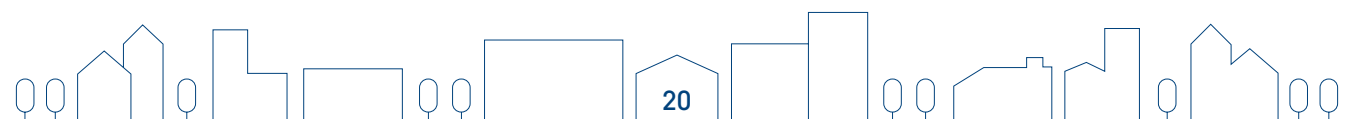
However, given the current housing crisis, cities are acknowledging the need for bold action to address a growing problem. In addition to municipal tools and incentives, an emerging model has been to establish a municipally-supported housing entity tasked with increasing the supply of a quality affordable housing stock. Such entities across the country sit at different levels of government and are structured to provide a variety of services given the community need. Rather than a service provider — who are typically focused on providing client services to a specific demographic, such as women and children fleeing domestic violence — a housing entity focuses on the expertise and resources needed to develop and sustain affordable housing for diverse households.

The City of Fredericton does not need to look far for inspiration. In 2020 Moncton City Council voted to allocate \$6 million to Rising Tide Community Initiative (RTCI) over a three-year period to create 125 affordable housing units. This came in response to one of the six goals in the Moncton's Community Implementation Plan for Affordable Housing (2019) to 'increase the supply of affordable, adaptable, and inclusive housing options in Moncton'. To achieve this, the plan commits to creating a business case for a housing entity in Moncton with 'the core mandate of stimulating the development and sustainability of affordable housing throughout the City' (p.19)<sup>3</sup>. Following Council's bold commitment to RTCI, it was then doubled by the province and supported by the federal government.

1 During the devolution of housing from the federal government to provinces in the late 1990's, some provinces transferred the responsibility of housing to municipalities. Housing remains the responsibility of most provinces in Canada.

2 This varies province to province, housing entities in British Columbia such as the Capital Region District in Greater Victoria or Metro Vancouver Housing in British Columbia have been in operation since before the 1970s.

3 Moncton's Community Implementation Plan for Affordable Housing. (2019). [https://www5.moncton.ca/docs/Implementation\\_Plan\\_Affordable\\_Housing.PDF](https://www5.moncton.ca/docs/Implementation_Plan_Affordable_Housing.PDF)



## Establishing a Housing Entity

Before establishing a housing entity, several variables should be considered including funding, structure, powers, and eligible activities. It is likely the case that many of these factors will be better understood as a result of the municipality initiating or implementing other recommendations of this strategy first. This includes exploring whether the entity should be created from scratch, or built-up from an existing housing group or partnership. Governments should also identify the relationship a housing entity will have to municipal government and where the organisation should be placed. Local legislation may affect the structure of a housing entity, degrees of separation, and permitted activities. This can range from establishing a housing entity within government, such as the Non-Profit Housing Division in St. John's Newfoundland<sup>1</sup>, to the Ottawa Community Housing Corporation which operates at an arm's length from the City of Ottawa<sup>2</sup>. Where the housing entity ultimately sits will influence its powers to act independently and how it is perceived by the public. In a competitive real estate market, it is crucial that the entity has adequate financial resources and is able to make effective and timely decisions — notably related to real estate financing, revenue generation, and partnerships.

The housing entity should be seen as a permanent contribution to housing affordability in Fredericton; a body intended to grow with the city and its changing population rather than a short-term Band-Aid. Working in unison with the existing Fredericton Growth Strategy, a long-term comprehensive plan would guide the housing entity to address housing market gaps. In such a model, a local housing entity provides a dignified alternative to the bottom end of the market and is less reliant on other levels of government or the private sector. Entity independence includes:

Withstanding changing political agendas and annual budget reviews, and focusing on increasing affordable housing supply that is financially self-sufficient.

Agency to make financial decisions, such as leveraging assets, and responding to market conditions.

Ability to enter into partnerships with all levels of government, the private and non-profit sector.

The Local Governance Act<sup>3</sup> (the Act) does not have any direct language around housing powers of the municipality. The municipality is able to enter into a partnership with a senior level of government for acquisition or development of land for housing purposes, however this doesn't give full independence for the municipality to act freely. Natural Person Powers may provide the municipality justification to establish various structures and relationships for a housing entity that meets Fredericton's needs. The Act lists various Municipal Purposes of local government, including to "develop and maintain safe and viable communities" and "foster the economic, social and environmental well-being of its community"<sup>4</sup>. It would be reasonable to suggest a housing entity whose mandate is to provide quality and sustainable affordable housing for residents would contribute to this end and be consistent with the purpose of a local government. Furthermore, the Act goes on to state the powers of a local government should be interpreted broadly to provide comprehensive authority so that Council may respond to issues and govern as appropriate. A local government may also establish a corporation to acquire or hold securities to undertake economic development activities. In the context of local and national trends in housing costs, the ability to offer affordable housing for all is a competitive economic advantage which will support population growth, entrepreneurship, and generate savings for other municipal and provincial services.

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1 Case Study: [www.stjohns.ca/living-st-johns/city-services/non-profit-housing](http://www.stjohns.ca/living-st-johns/city-services/non-profit-housing)

2 Case Study: [www.och-lco.ca/](http://www.och-lco.ca/)

3 Local Governance Act, SNB 2017, c 18, [canlii.ca/t/54wq1](http://canlii.ca/t/54wq1)> retrieved on 2022-01-14

4 [www.canlii.org/en/nb/laws/stat/snb-2017-c-18/182961/snb-2017-c-18.html](http://www.canlii.org/en/nb/laws/stat/snb-2017-c-18/182961/snb-2017-c-18.html)



**There are pros for both establishing a housing entity within government or at an arm’s length; the decision varies from municipality to municipality.**

Housing Entity Within Government	Housing Entity At-Arm’s Length
<ul style="list-style-type: none"> <li>• Lending capacity of the municipality.</li> <li>• Direct access to municipal expertise and resources (staff, technology)</li> <li>• Integrated within municipal decisions and policies</li> <li>• Leverage power as a government authority</li> <li>• Ability to leverage public assets</li> </ul>	<ul style="list-style-type: none"> <li>• Make independent decisions from municipality</li> <li>• Flexibility to respond quickly to real estate opportunities</li> <li>• Integrated with the community housing sector</li> <li>• Ability to enter into partnerships</li> <li>• Develop capacity independent from political agendas</li> </ul>

An essential first step for any municipality is developing a business plan for the entity which maps out and establishes many of the key considerations, including funding, anticipated activities and growth strategy. Developing a business plan would be at the direction of Council.

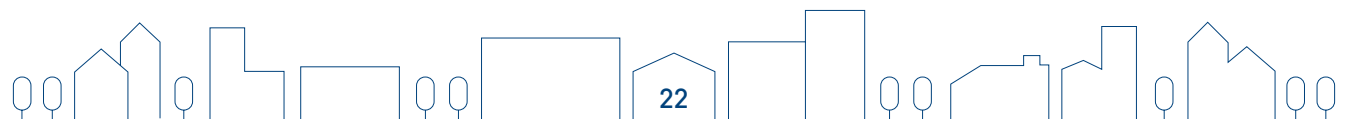
### Activities

The housing entity would be focused on developing a sustainable affordable housing stock that addresses current needs while steadily growing to adapt to demographic changes. This would include a range of activities such as purchasing existing housing, new development, conversion, and rehabilitation.

The growth path, including unit sizes, location, and affordable rent levels should be guided by the Housing Needs Assessment (2021) and Fredericton’s Growth Strategy. The city is intended to accommodate projected growth — bringing the population to over 90,000 residents — throughout the urban core and four new identified residential neighbourhoods. The housing entity functions should operate in harmony with this strategy and work to accomplish these objectives.



To be financially sustainable, the housing entity must either secure operating subsidies from government or operate a mixed-income portfolio. One of six priorities of CMHC’s National Housing Strategy is economic sustainability. Applicants are responsible to demonstrate how their project will remain sustainably viable while practicing responsible property management including contributing to a healthy reserve fund and accounting for vacancy loss and bad debt. Unless the project has a committed government operating agreement, there must be a mixed-income portfolio so the project is self-sufficient with a positive net operating income. The City of Fredericton could adapt a similar approach when considering local projects to ensure viability. However, it is important to stress the housing entity will require start-up and core funding for some time before it becomes self-sufficient.

In the short-term, special consideration could be given to acquiring existing affordable housing units in the private market rather than new construction. Acquisition of older existing properties, typically owned by small landlords with low to moderate rent, is a reoccurring threat to the availability of low-cost housing in the private market. As market value increases, smaller landlords are likely to sell to capitalize on the profit. Investors make capital improvements to the building and gradually increase rents to improve the cash flow and rate of return. Affordable units are typically lost in this transaction as purchasers renovate units and increase rents or demolish the existing asset altogether.



Lower-end of market units serve a vital purpose, it represents the vast majority of low-cost housing in the community, but these buildings are vulnerable to market conditions. Most cities do not have a public or non-profit housing sector that is positioned to absorb hundreds of households that are displaced from the private sector, so it is imperative this housing stock in the low-cost end of the private market is maintained.

Not only does purchasing existing units in the market save affordable units from being demolished or renovated, it immediately creates a housing stock for the housing entity in both an efficient and cost-effective way. Acquisition avoids the time associated with new construction and the growing costs at approximately ~\$250,000 - \$300,000 a unit (and likely to rise with increasing supply issues due to Covid-19).

New Construction	Acquisition
<p><b>6 units at \$300,000 per unit:</b></p> <p>6 x \$300,000 = \$1,800,000</p> 	<p><b>6 units roughly \$125,000 per unit:</b></p> <p>6 x \$100,000 = \$750,000</p> 

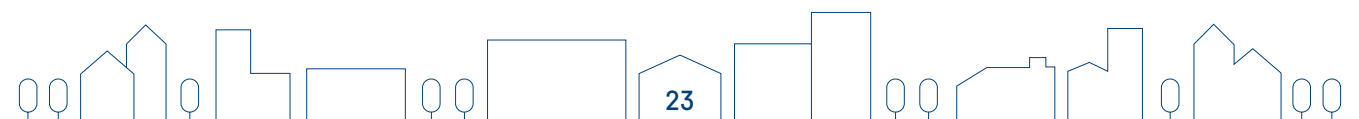
A housing entity must also consider how the portfolio is managed and operated. This will determine what staff is needed and where partnerships with the non-profit and private sector is beneficial.

### Funding

To ensure the housing entity is a sustained and permanent organisation, it requires a commitment of on-going funding. This means funding that is not subject to annual review and changing government interests. Funding for housing entities can come from an array of sources. For on-going operations, municipal housing entities typically have at least one fixed source of income committed to meet annual funding targets (in addition to rental revenue) that is no longer subject to annual revision, such as the operating agreements for the Ottawa Housing Corporation. The Tofino Housing Corporation receives annual project revenue through an agreement for Municipal and Regional District Tax funds.

**Additional funding streams can always be added through annual review as activities expand and demand increases. Examples of common government sources include:**

FUNDS	TAXES	FEES	ADDITIONAL
General fund	Document recording tax	Permit fee	Rent revenue
Capital improvement project fund	Property transfer tax	Local impact fee	Investments
Public benefit fund	Hotel occupancy tax	Developer fee	Consultancy
Density bonusing		Condominium conversion fee	Government grants/ Operating Agreements



There may be many other resources or support mechanism that the municipality can use to establish the entity. For example, the City of Fredericton has significant unused borrowing capacity which represents an opportunity to finance housing projects for the housing entity as a contribution from the municipality. For start-up, the borrowing power should be in addition to an operating agreement as the new entity will require immediate cash flow (staff wages, office, pre-development work, etc.).

A municipal housing entity also has the opportunity to leverage funding from different levels of government, such as with RTCI in Moncton and many municipal housing corporations in British Columbia from BC Housing. Given that government partnership is a common eligibility criterion for several funding programs, including the NHS Co-Investment Fund and the Community Housing Transformation Center, an application from a municipal entity would be well suited. New construction projects can strategically stack various programs limiting investment as some financing programs can go as high as 95%<sup>1</sup>. By accessing other funding programs, the housing entity can seek to extend their equity among several projects. Centretown Citizens Ottawa Corporation (CCOC) was able to strategically capitalized on opportunities from all levels of government to expand their stock since the 1970's. Today the CCOC owns and operates over 1600 units.

The degree of affordability a housing entity can provide — at least at the beginning — hinges heavily on operating agreements secured from government. Although the long-term goal could be a mixed-income portfolio that is independently sustainable, operational funding is required from the onset to get the entity up and running. The more financial support, the greater the level of affordability, and the faster an entity can scale and achieve self sufficiency.

## Stakeholder Engagement

The Housing Entity should work in collaboration with the existing community housing sector and integrate the existing knowledge and expertise. Ultimately, all affordable housing providers are working towards the same goal to house those most vulnerable in society. Similar to CCOC or the plans of RTCI in Moncton, the housing entity could pursue opportunities to partner with existing community housing and service providers to maximize skillsets and expertise. Traditionally in many areas across the province, providers are specialists in social services but do not have real-estate development and property management expertise. A partnership with a housing entity focused on housing supply would allow social service providers to focus on their clients and expertise to provide wrap around supports. This can include developing partnerships with local agencies to support individuals with mental illness, physical disabilities, and addictions. This could also be expanded, working with groups representing vulnerable populations in an advocacy role rather than service provision, to integrate their needs into the Entity's own projects; for example providing distributed housing opportunities across the Entity's portfolio as an inclusive alternative to congregate living. Some housing entities sign master leases with service providers who support a specific demographic such as women and children, immigrants, and Indigenous Peoples. Although each master lease is different, typically the service agency takes on responsibility for the building and tenants and pays a monthly rental amount to the property owner (housing entity).

The design of a housing entity for the City of Fredericton should consider the community housing sector and partners including the private sector. Support and collaboration from various partners will be integral to its success. Housing providers within this sector have been operating for decades and have invaluable expertise and knowledge that should be integrated into the housing entity and its functions. At a minimum, these stakeholders should include the Fredericton Non-Profit Housing Corporation and New Brunswick Non-Profit Housing Association, the John Howard Society, the Fredericton Association for Community Living, the Co-operative Housing Federation, Skigin-Elnoog Housing Corporation, United Way Housing First, Habitat for Humanity, and Fredericton Homeless Shelters.

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<sup>1</sup> High levels of affordability, energy efficiency, and accessibility must be attained in projects to receive a 95% loan-to-cost.





## Next Steps

As a first step, a costed business plan needs to be developed that outlines the immediate and long-term objectives, and the functioning of the housing entity, such as mandate, policies and procedures, financial accountabilities and reporting, staffing, etc.

### *Short-Term Activities*

- » Develop a business plan for the housing entity, with thorough costing.
- » Determine whether the entity should be created from scratch, or by reforming or partnering with an existing organisation.
- » Determine where the housing entity will be placed (legislative power), and what relationship it will have to government.
- » Determine the most suitable activities for a housing entity to take on in the City of Fredericton.
- » Identify on-going sources of funding that can be committed to the housing entity.

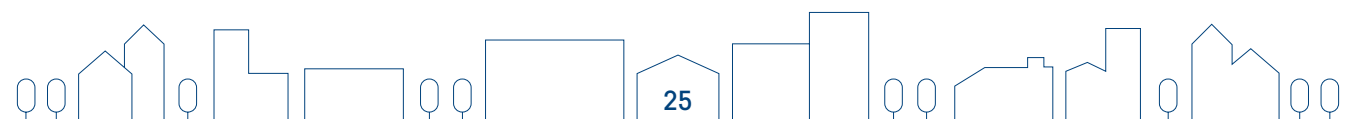
**Once established, there may be several long-term objectives the City may want to consider for the housing entity to extend beyond initial activities. Long-term considerations could include:**

### *Long-Term Considerations*

- » Explore potential partnerships with existing community housing sector groups where there is a mutual benefit in having the entity assume ownership or stewardship of their real estate assets.
- » Collaboration with social service providers to assist with property they currently own, or provide the housing necessary for their service delivery model.
- » Potentially take over the community housing sector support roles from Fredericton (as outlined in Section 3.2) and provide enhanced services to the sector as the entity's capacity and resources grow (e.g., seed funding grants, consulting services).
- » Identify diverse streams of revenue for the entity to enhance its stability and permanence.
- » Undertake expanded mixed-market housing development to generate profits that can cross subsidise other dwellings in the portfolio, or support faster portfolio growth.

## Case Studies

While not common, the establishment of these types of housing entities is not unprecedented. A selection of case studies can be found in the appendix.



### 3.4 ADVOCACY & PARTNERSHIPS



## CONNECTION TO THE NEEDS ASSESSMENT

*Funding support is critical to most housing solutions and is generally the role of senior levels of government who look for communities to bring options forward. Many important aspects of both market and non-market housing are not within local jurisdiction to affect, and require advocacy to those with power to bring positive change. The forms of housing in most critical need, such as transitional housing, often require a complex partnership between multiple parties and levels of government to bring all the pieces together. Housing issues can also have significant impacts or benefits to other areas of government service provision, such as healthcare, social supports, and justice. The Needs Assessment survey identified numerous ways in which households' interaction with their community and other government services were negatively affected by housing availability and affordability challenges.*

## RECOMMENDATION #9 Advocate for property tax reform and request tax-related policy tools

Renters in Fredericton are far more likely than owners to experience housing need, and despite recent changes, property taxes still disproportionately affect rental-tenured housing due to provincial property tax exemptions for owner-occupiers. This significantly higher tax burden limits the overall supply of rental housing, provides a significant source of cost-pressure on housing operators, and can help accelerate the loss of older more affordable market-rate housing units when the market gets tighter. This inequitable tax treatment of housing based on tenure is a well-known issue, and Fredericton should advocate for its reform as a long-term approach to improving the market supply of rental housing.

The economic feasibility of rental housing is heavily influenced by the operating costs it is expected to have. As a result, the ability to discount recurring

expenses, like property tax, can be a powerful incentive to combine with affordable housing policy requirements. Municipalities in New Brunswick have limited ability to modify the property tax structure in their communities or offer targeted discounts and credits. Fredericton should advocate for greater flexibility and precision in levying taxes on residential property, for example, the ability to classify a tax designation specifically for affordable or community housing properties that could be used to apply lower tax rates, or for undeveloped building lots which are currently treated to the full combined municipal and provincial rates, limiting the supply of shovel-ready housing sites. Where possible, connecting tax advantages to an affordable housing obligation or policy, such as Inclusionary Zoning, would give the municipality a significant ability to incentivise their effect with virtually no direct impact to budgets.



## RECOMMENDATION #10 Request financial support from the Province

Housing is officially provincial jurisdiction in New Brunswick so it is reasonable for the Provincial government to support actions taken by local government on issues of housing affordability, especially in the context of a significant and sustained housing crisis. As Fredericton acts on this strategy, it should seek all opportunities to invite provincial collaboration and funding support. This is particularly important with regards to the establishment of a mission-driven housing entity as this is a long-term initiative which is greatly helped by a reliable funding stream, and can easily accelerate its progress if well funded early on. There are many communities across the province engaged in local housing issues, including Moncton and Saint John. Fredericton should continue to partner with municipalities across the province and look for ways to more strongly coordinate their combined advocacy efforts for greater provincial support on local housing initiatives.

Greater financial support directly to community housing projects is crucial. While there are a number of funding programs available to assist with housing projects, they often present coordination issues for community housing proponents. Using these resources creates a need to manage different, and sometimes conflicting, timelines and milestones for when various pools of money are unlocked and paid out. As a result, community housing projects can fail despite having substantial funding potential, because they cannot overcome cashflow issues during periods where funds are not yet unlocked. The ability to easily and quickly access cheap, short-term financial support in order to smooth out cashflow and sustain project development through lean phases would significantly improve the success rate of affordable and community housing

projects, but it is not a form of support that can be provided at the municipal level. Fredericton should advocate for the Province to provide this support instead.

More broadly, Fredericton should partner with other municipalities and the Province to explore the possibility of reforming the existing approach to allocating grant and subsidy programs for affordable housing. Currently, individual project proponents apply and negotiate with the Province on a case-by-case basis to secure affordable units in market-rate housing projects. This approach can result in low program uptake as it introduces an additional approval process into the project which is uncoordinated with planning and building approvals, is unpredictable and opaque for applicants, and generally takes too long relative to other project development timelines. As the form of government closest to the creation of new housing, municipalities could play a more direct function in securing affordable housing through provincial programs. For example, if given committed funding and dwelling unit quotas from the Province, municipalities could take over the role of project-specific negotiations as an integrated part of the development approvals process.

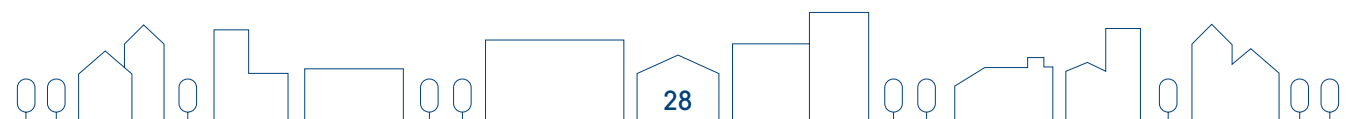


## RECOMMENDATION #11 Request legislative changes to enable affordability agreements with private parties.

Current provincial legislation provides few tools for municipalities to use in support of affordable housing development. The only municipal housing agreements currently permitted by New Brunswick legislation are those between municipalities and senior levels of government. This limits Fredericton in its ability to offer incentives and apply other policies strategically in exchange for affordable housing because there is no tool available to enforce affordability requirements going forward. This is not the case across Canada, for example Section 483 of British Columbia's Local Government Act enables municipalities to enter into housing agreements with private parties which give them the ability to define how housing is provided in terms of tenure, price, management, and reservation of dwelling units for identified classes of persons.

## RECOMMENDATION #12 Advocate for enhanced renter protections.

The provincial government maintains jurisdiction over residential tenancies. Renter households have been disproportionately impacted by housing need for decades, and are the most impacted by current escalation of costs in the housing market. Longstanding issues, such as discriminatory leasing practices which exclude households with children, keep vulnerable populations in housing insecurity. Though some positive actions have recently been taken by the Province, the ongoing housing shortage has amplified the impact on households and undoubtedly plays a role in the increasing rate of homelessness. Fredericton should advocate for greater renter protections to address these challenges in the short term, and engage with tenant advocates and housing providers continually over time to advocate for further changes to tenancies legislation and processes that improve the stability and security of housing for renters and those that manage rental housing.



## RECOMMENDATION #13 Collaborate with other municipalities on shared priorities

Given conditions across the province and country, many municipalities are exploring and engaging with housing issues at the local level. Collaboration with other municipalities has already been suggested on some specific recommendations, but Fredericton should regularly engage and partner with other communities to share insights, identify issues, work together on solutions, and advocate more forcefully to senior levels of government.

At the time of writing, the City of Moncton has an affordable housing plan and is working on its implementation, the City of Fredericton is finishing its strategy, and the City of Saint John is starting to develop its own. These communities should engage with each other frequently to identify opportunities to combine efforts. For example, the idea of a rental registry to track available vacancies for renters and provide better market information to the municipality was identified during stakeholder consultation for this strategy. Such a system is not feasible at the scale of Fredericton, but Moncton's 2019 affordable housing plan calls for the creation of a similar database, and Saint John's forthcoming plan may as well. Together, such a resource may become feasible, or with combined advocacy, a New Brunswick-wide system may be established in collaboration with the provincial government.

## 4 IMPLEMENTATION

In addition to the specific recommendations of this strategy, there are several factors to keep in mind overall as the municipality moves forward with successful implementation:



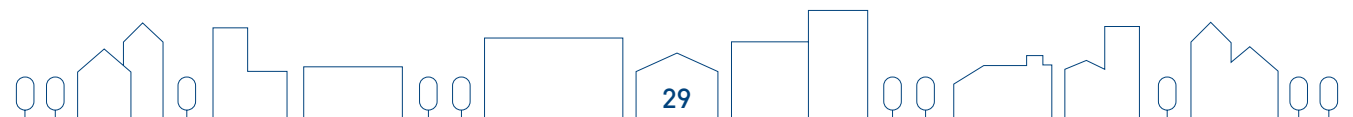
### Stakeholder Consultation & Further Analysis

These recommendations are a starting point, but most require additional information and consultation to finalise their details and move to implementation. Additional consultation on housing issues generally, and on specific initiatives of the strategy is expected and required for effective outcomes. For example, the early stages of establishing a housing entity should include outreach to similar existing groups in Canada to gain a detailed understanding of the opportunities and challenges, and help identify the best path forward. Consultation with local community housing groups is required to flesh out the details of various support initiatives envisioned for that sector. Development industry stakeholders can provide valuable insights into specific incentive programs or policy or regulatory changes. And overall, public engagement and additional analysis and expertise from consultants will likely be required to support reviews of existing policy tools, and the design of newly enabled ones.



### Advocate, Educate, Champion & Defend

Solutions take time to work so there needs to be a sustained public support for their implementation over the long term. Beyond the specifics of this strategy, Fredericton should seek to maintain an active dialogue about housing issues in the community, and provide resources to inform the community on the necessity and benefits of affordable housing. As the municipality designs and implements various initiatives, there is likely to be concern or opposition from various parties. Within the context of a fair and democratic process, Fredericton should actively champion and defend the affordable housing initiatives it undertakes.



## Be Mindful of Overhead

Creating and maintaining housing is a complex activity, and affordable housing projects are more complex due to the number of funding arrangements and partnerships involved. As Fredericton seeks to improve affordable housing outcomes, it should make a point to minimise the additional overhead its interventions create for all housing providers. In particular, the duplication of application or approval requirements is a common challenge for projects, taking attention and resources away from core development activities. Fredericton should always look for opportunities to rely on material that has already been prepared, or approvals provided under other programs, in rendering its own decisions. Overall, the intent should be to minimise the burden on those working to improve housing affordability and availability in the city.

Similarly, housing providers often find themselves in a challenging situation where multiple support programs are available, but require some manner of existing support as a risk-management strategy. This creates frustrating catch-22 situations where funding support from multiple programs is withheld from a project because no one wants to be the “first money in”. To the maximum extent possible, Fredericton should not hold the approval or participation of others as a prerequisite for its own interventions. In supporting initiatives and projects on their merits alone, the municipality can even help alleviate these challenges by being the initial demonstration of support that unlocks others.

## Prioritization

This strategy provides a targeted list of recommendations that together form a coordinated approach to supporting affordable housing in Fredericton. It is not a laundry list of pro-housing ideas, and therefore implementation of all recommendations is important. However, some recommendations must be acted on first to support those that follow, and some are more important than others in terms of their impact. To guide the order of operations and decisions on resourcing, the following table provides a high-level overview of each recommendation’s impact in the short term, and the scale of contribution it will make towards an affordable housing ecosystem in Fredericton over the long term.

RECOMMENDATION	SHORT TERM IMPACT	LONG TERM IMPACT
#1 Add Staff Position	HIGH ▶▶▶	HIGH ▶▶▶
#2 Revise Bylaw Definitions	MEDIUM ▶▶	LOW ▶
#3 Regulations to Enable More & Faster Housing	LOW ▶	MEDIUM ▶▶
#4 Density Bonusing & Inclusionary Zoning	LOW ▶	MEDIUM ▶▶
#5 Support Community Housing Organisations	LOW ▶	HIGH ▶▶▶
#6 Support Community Housing Projects	MEDIUM ▶▶	MEDIUM ▶▶
#7 Provide Land	MEDIUM ▶▶	LOW ▶
#8 Housing Entity	LOW ▶	HIGH ▶▶▶
#9 Property Tax Changes & Tools	HIGH ▶▶▶	MEDIUM ▶▶
#10 Request Financial Support	HIGH ▶▶▶	HIGH ▶▶▶
#11 Legislative Changes for Affordability Agreements	LOW ▶	MEDIUM ▶▶
#12 Enhanced Renter Protections	HIGH ▶▶▶	MEDIUM ▶▶
#13 Collaborate with Other Municipalities	LOW ▶	LOW ▶



## Monitor Conditions and Strategy Progress

It is important to monitor the initiatives of this strategy for progress, successes, and challenges as they are undertaken. It is also important to monitor conditions in the housing ecosystem over time as the strategy is implemented. This will allow staff and Council to monitor the effectiveness of their efforts, and identify when adjustments are required due to changing conditions or unforeseen issues. This will also keep the municipality accountable to the public and demonstrate the value of its efforts.

Monitoring activities can be undertaken by the dedicated housing staff position, and should include reporting of measurable program outcomes and other housing data (e.g. CMHC Rental Market Survey) alongside the current practice of reporting development permit statistics.

The municipality should plan to update its housing needs assessment, ideally scheduled to correspond closely to the release of new data. This would suggest a complete reassessment in the fall of 2027 to account for insights from the 2026 census, and perhaps an abbreviated update to the current needs assessment in the next 2 years to provide updated figures from the 2021 Census on key metrics like projected population growth and rates of core housing need.

Overall, the timing of updates is less important than ensuring the updates happen in the first place. To encourage a systematic approach, review and update of the needs assessment and housing strategy should be connected to broader planning processes, such as reviews of the Municipal Plan. In establishing the requirements to undertake municipal housing needs assessments, the Province of British Columbia directed that they be updated on a 5-year cycle, and crucially, linked the ability to update official community plans to the existence of an up-to-date assessment.

## 5 APPENDIX

**In addition to the specific recommendations of this strategy, there are several factors to keep in mind overall as the municipality moves forward with successful implementation:**

### 5.1 MISSION-DRIVEN HOUSING ENTITY CASE STUDIES

The formation of a municipally-associated housing entity for the purposes of developing affordable housing options is not unprecedented. A few examples are provided below to highlight existing organisations that reflect the end goal of this recommendation and illustrate the variety of structures and financial models that exist for consideration in Fredericton.



ORGANIZATION	RISING TIDE COMMUNITY INITIATIVE INC. (MONCTON)
Website	TBD
Age	0
Governance	One non-profit established in 2020 as a result of the Community Action Plan for Affordable Housing. Partners for establishment included: Moncton business community; Greater Moncton Homelessness Steering Committee Harmonized Assessment Review Team. Volunteer Board of Directors
Main Activities	Supply 160 in the next three years (2023) through renovations (acquisition) or new construction
Funding	Municipality: \$6,000,000 – from reserves and/or delay of capital projects as approved by Council Province: \$6,000,000 Federal government: \$3,400,000
Comments	Moncton Community Implementation Plan for Affordable Housing (2019) lists ‘preparing a business case for the establishment of a Moncton housing entity with a core mandate of stimulating the development and sustainability of affordable housing throughout the City’ as an action. Moncton received \$45,000 from the Community Housing Transformation Centre Local Project Stream to establish the governance framework for Rising Tide Community Initiative. Rising Tides plans to partner with community service providers such as the YWCA and Harvest House to provide on-site supports for tenants.

ORGANIZATION	CITY OF ST. JOHN’S NON-PROFIT HOUSING DIVISION
Website	<a href="http://www.stjohns.ca/living-st-johns/city-services/non-profit-housing">www.stjohns.ca/living-st-johns/city-services/non-profit-housing</a>
Age	40 years, created in 1982
Governance	Division of the municipal government
Main Activities	Responsible for the management of 476 residential rental units throughout the city. Houses and apartments vary in size from one to four-bedroom units and are available for rent to low-income earners based on family net income.
Funding	Municipal Capital and Operating: approximately \$12.7 million allocated for operation, maintenance, and administration in Budget 2021.
Comments	Partners with other levels of government to access land and develop affordable housing.

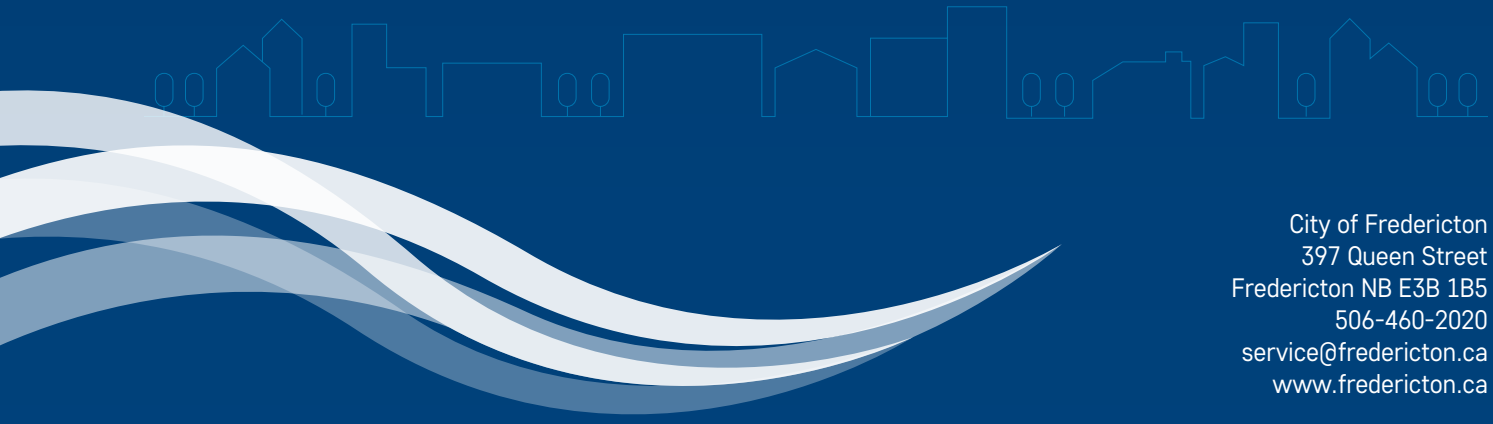




ORGANIZATION	OTTAWA COMMUNITY HOUSING CORPORATION (OCH)
Website	www.och-lco.ca
Age	20 years, formed in the 2000s, amalgamation of two organisations, City Living and Ottawa Housing Corporation
Governance	Arm’s-length organisation owned by the City of Ottawa. The City of Ottawa is the sole shareholder in OCH. Organisation has a BOD comprised of city Mayor and Councillors, and community representatives
Main Activities	Be a leader in providing safe and affordable homes to enable OCH tenants to fully participate in the socio-economic opportunities of the City. Supplies approximately 15,000 homes to over 32,000 tenants.
Funding	Subsidies and grants represent 42% of total OCH revenue. Rental income represents 53% of total revenue. In 2008 OCH signed Operating agreement with the City of Ottawa to stabilize operational budget. In 2021 capital reserve constructions were an estimated \$14.9 million. \$14 million was contributed by the City of Ottawa (stipulated in operating agreement).
Comments	Second largest social housing provider in Ontario. In 2002 Council voted to transfer assets from City Living to what is today known as OHC to transition to a single City-owned housing corporation. Through the Ontario Business Corporations Act the City through unanimous shareholder agreement can direct the OCH board. It is the cities sole publicly-owned housing corporation. A shareholder document between PHC and the City of Ottawa clearly defines both parties’ relationship to each other.

ORGANIZATION	TOFINO HOUSING CORPORATION (THC)
Website	https://tofinohousingcorp.ca
Age	Incorporated in 2005, but dissolved in 2012. Reinstated in 2017
Governance	Private corporation owned in full by the District of Tofino
Main Activities	Housing development, funding, communications, advocacy.
Funding	The THC receives annual project revenues from the District through an agreement for Municipal and Regional District Tax funds. The amount is in the range of \$250,000 to \$275,000. Additional revenue comes from government grants and loans. The THC business model currently also depends on District-owned land donated to the THC for housing.
Comments	The THC is owned and controlled by the district. The majority of their Board of Directors are comprised of District representatives, but at an arm’s length from Council. After 7 years, the district dissolved the THC in 2012 due to lack of progress and activity. Current business model: <ul style="list-style-type: none"> <li>• THC – land steward/housing facilitator</li> <li>• Catalyst Community Developments Society – third party, non-profit housing developer</li> </ul> Most developments are still supported largely by BC Housing capital grants. Tofino is building their rental portfolio, but is also focused on affordable ownership.





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