

# Staff Report



Financial Services Department

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**REPORT TO:** Committee of the Whole

**DATE OF MEETING:** July 15, 2024

**SUBMITTED BY:** Ryan Hagey, Director of Financial Planning & Asset Management,  
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**PREPARED BY:** Ryan Hagey, Director of Financial Planning & Asset Management,  
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**WARD(S) INVOLVED:** All Wards

**DATE OF REPORT:** July 9, 2024

**REPORT NO.:** FIN-2024-327

**SUBJECT:** Building Faster Fund – 2024 Investment Plan

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## RECOMMENDATION:

That the CFO be delegated authority to submit an Investment Plan to the Building Faster Fund for:

- **Bramm Yards Remediation**
- **Sandrock Creek – Meadowlane Park Stormwater Improvements**
- **Land Acquisition for Future Housing**

## REPORT HIGHLIGHTS:

- The purpose of this report is to get approval on the projects to submit to the Building Faster Fund based on the eligibility criteria and timelines to complete the project.
- The key finding of this report is that the Bramm Yards Remediation, Sandrock Creek – Meadowlane Park Stormwater Improvements, and Land Acquisition for Future Housing are the recommended projects.
- The financial implications are that \$14M of Building Faster Funds will be used for these projects instead City-source funding.
- This report supports the delivery of core services.

## BACKGROUND:

The Building Faster Fund (BFF) was announced in August 2023 as a Provincial funding stream available to municipalities that meet their housing targets. On their website the Province says:

*“The Building Faster Fund will provide \$400 million in new annual funding for three years to municipalities that are on target to meet provincial housing targets by 2031. Municipalities that reach 80 per cent of their annual target each year will become eligible for funding based on their share of the overall goal of 1.5 million homes. Municipalities that exceed their target will receive a bonus on top of their allocation.”*

Kitchener exceeded its housing targets in 2023 and was notified in April 2024 that it will receive \$14M from BFF. There are still two more years of BFF availability, but whether Kitchener is successful in receiving future funding depends on housing starts in 2024 and 2025.

Eligibility criteria for BFF were published in June 2024 and are very narrow in scope. The four potential uses for BFF include:

1. Capital expenditures on housing-enabling core infrastructure (e.g. roads, bridges, water and wastewater, stormwater) and site servicing to accommodate **future residential development** including new construction, reconstruction and rehabilitation/repair of existing infrastructure.
2. Operating or capital expenditures that support the creation of net new **affordable housing**.
3. Operating or capital expenditures that support the creation of net new **attainable ownership housing**, including through modular construction.
4. Capital expenditures for **homelessness services centers**.

Further, eligible expenses for BFF include:

- Soft costs (planning, studies, and permits),
- Hard costs (construction, labour, and materials)
- Land costs

The Ministry of Municipal Affairs and Housing requires municipalities to submit an Investment Plan by July 19, 2024, that shows how BFF will be used prior to March 31, 2026.

#### **REPORT:**

For a project to qualify for BFF it must:

- Enable housing development/reduce homelessness
- Be complete by March 31, 2026, which essentially means one construction season (2025)

The eligibility criteria and timelines severely restrict the projects that could be put forward for BFF, as funds cannot be used for community amenities (e.g. recreation facilities) or for projects that are beyond spring 2026. BFF is also very housing-driven, so staff have focused on outcomes that would enable more housing development over investments in local infrastructure. Based on the eligibility criteria, staff are recommending the following projects for submission to BFF:

#### ***Bramm Yards Remediation***

The Bramm Yards is one of the most significant City-owned land holdings comprising 3.2 hectares (equivalent to 8 acres) in downtown Kitchener. The City has been considering the future use of this former municipal works site for several years and recently developed a vision for the site which reads:

*To develop a leading-edge mixed use suburban business park that becomes the central gathering point of the growing Innovation District and surrounding neighbourhoods. The business park would include significant health-innovation focused employment with **new and affordable housing**, centred around vibrant streetscapes and high-quality public spaces. All built using leading sustainability practices.*

Before the Bramm Yards can be developed, environmental assessment work must be completed. These “soft” costs are eligible under BFF and will help move the property closer towards sale and a future use including housing. At the same time, the City can also begin work to explore the potential of installing a district energy system to service the Bramm Yards and other properties in downtown Kitchener.

An allocation of \$1M from BFF would cover the majority of the estimated cost for this work. Any remaining costs/ineligible costs would be funded from the Environmental Remediation capital account.

### ***Sandrock Creek – Meadowlane Park Stormwater Improvements***

Planned work for this project includes improvements to the stormwater facilities, safety measures, grading alterations, and park elements. The planned stormwater pond with a forebay will help mitigate flooding risks, accommodate increased runoff from intensification, and significantly enhance water quality by removing 70% of suspended solids from runoff over the long term. An 1800-millimeter storm sewer collects runoff from 170 hectares, which is currently untreated for water quality.

Improvements to stormwater facilities are needed across the City to help mitigate flooding risks. Increases in storm frequency/severity as a result of climate change and additional runoff as a result of new development requires improvements to be made to the City’s stormwater assets. These improvements are necessary to accommodate future residential housing across Kitchener.

An allocation of \$3M from BFF would supplement the \$4.7M budgeted for the project in 2024-2025 and put the City comfortably within the most current cost estimates of \$6.5M - \$8.5M. The remaining costs/ineligible costs would be funded from the Stormwater Utility. Capital projects within the City’s stormwater utility have seen a significant increase in costs over the past few years. Allocating BFF funding to this project will help to keep stormwater utility rates affordable for residents by reducing the amount that will be needed in future years to address the City’s existing infrastructure needs.

### ***Land Acquisition for Future Housing***

Land costs are a financial barrier to creating new housing, especially new affordable/attainable housing. The City can purchase land that could lead to future housing development, in accordance with BFF guidelines.

An allocation of \$10M from BFF could be added to funds available from the Housing Accelerator Fund (HAF) to secure land for housing development.

### ***Other Options Considered***

Staff considered other projects to submit to BFF, but believe the recommendation is the best use of BFF at this time. Other projects considered include:

- Road reconstruction projects
  - Approximately three of Water Infrastructure Program (WIP) utility funded projects could be funded by BFF. Examples from 2025 include:
    - King: Stirling to Ottawa (\$5.0M)
    - Frederick: Bruce to Ottawa (\$5.3M)

- Chapel/Melrose (\$4.9M)
  - Using BFF instead of WIP utility funding would guard against future price inflation and lessen the impact of future WIP rate increases
  - The tie between replacing aging infrastructure and new development in those neighbourhoods is minimal.
- Hidden Valley Pumping Station
  - The majority of this \$19M development charge (DC) funded project could be funded by BFF
  - Using BFF instead of DC funding could lessen future DC rate increases/DC cashflow issues
  - New growth related infrastructure is 100% fully funded/recoverable from DCs so using BFF for this purpose is not recommended
  - Completing this project by March 2026 is unlikely

**STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

**FINANCIAL IMPLICATIONS:**

\$14M of BFF will be disbursed to the City over two instalments:

- 70% once the Investment Plan has been approved the Ministry
- 30% after the City has completed its year-end report.

**COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City’s website with the agenda in advance of the council / committee meeting.

**PREVIOUS REPORTS/AUTHORITIES:**

- DSD-2024-240 Bramm Yards Master Plan

**APPROVED BY:** Jonathan Lautenbach, CFO