

# **The Regional Municipality of York**

Committee of the Whole  
Community and Health Services  
January 14, 2021

Report of the Commissioner of Community and Health Services

## **Rapid Housing Initiative – Projects Submitted for Funding and Authority for Agreements**

### **1. Recommendations**

1. The Commissioner of Community and Health Services be authorized to award direct purchase contracts in order to expedite rapid construction of development projects approved for funding under the Federal Rapid Housing Initiative at a total cost not to exceed funding amounts.
2. Council approve moving forward with the proposed developments on Housing York Inc. properties located at:
  - a) 55/57 Orchard Heights Boulevard, Town of Aurora
  - b) 18838 Highway 11, Town of East Gwillimbury
  - c) 48 Wilsen Road, Township of King
3. Council endorse moving forward with the proposed developments on York Region properties located at:
  - a) 7085 14th Avenue, City of Markham
  - b) 7955 Ninth Line, City of Markham
  - c) 17780 Leslie Street, Town of Newmarket
4. The Commissioner of Community and Health Services be authorized to execute all necessary documents required under the program.
5. The Commissioner of Community and Health Services be authorized to adjust funding, and direct any additional funding, as required to maximize use of funds.
6. Council approve 2021 interim Capital Spending Authority of \$34,923,708 for Rapid Housing Initiative capital projects, fully funded from federal funding.
7. The Commissioner of Community and Health Services be directed to report back on the completed projects by June 2022.

8. The Regional Clerk circulate this report to local Members of Parliament, Members of Provincial Parliament, and local municipalities, to encourage working together to expedite the required approvals in order to complete the development projects within the 12-month program deadline.

## 2. Summary

Canada Mortgage and Housing Corporation (CMHC) is delivering a \$1 billion program called the Rapid Housing Initiative to support creating up to 3,000 new affordable rental homes across Canada, to be ready for occupancy by spring 2022. An application for funding was submitted on December 23, 2020.

Key Points:

- The Region applied for six projects totalling \$34,923,708 million to create 113 affordable housing units through the CMHC Rapid Housing Initiative
- CMHC will notify applicants of approved projects in February 2021
- The capital work must be completed within 12 months of signing the agreement with CMHC
- Authority is requested for staff to enter into contracts in order to meet the funding deadline for any projects approved under the Rapid Housing Initiative
- Council approval is required for this method of procurement to expedite the rapid construction of Rapid Housing Initiative funded projects and to ensure the project timelines can be met
- Approval is required from the Region to proceed with development or redevelopment projects on Housing York Inc. (HYI) properties
- Collaboration with local municipalities to expedite approvals is necessary to meet funding deadlines

## 3. Background

### **The federal government is investing \$1 billion to quickly create affordable housing through Canada Mortgage and Housing Corporation's Rapid Housing Initiative**

In [December 2020](#), Council was informed of the Region's upcoming funding application for the Rapid Housing Initiative. The program will provide capital funding to successful applicants to facilitate the rapid and efficient construction of new permanent affordable rental units to help address urgent housing needs. The \$1 billion investment is intended to:

- Support creation of up to 3,000 new permanent affordable housing units

- Cover the cost of construction of modular housing, as well as the acquisition of land, and the conversion/rehabilitation of existing buildings to affordable housing

All funds are to be committed for approved projects by March 31, 2021. The housing must be available within 12 months of the funding agreements being made. All units must be affordable, meaning the household is paying less than 30% of gross income on housing costs. The initiative is targeted to people and populations who are vulnerable and who are also, or otherwise would be, in severe housing need or people experiencing or at high risk of homelessness.

The program offers two streams of funding to support new affordable housing:

- Municipal Stream - \$500 million in allocations to 15 pre-selected municipalities (in Ontario, these are the City of Toronto, City of Ottawa, Region of Peel, City of Hamilton, City of Waterloo and City of London)
- Project Stream - \$500 million for proponents to be selected on a project by project basis. Applications must be submitted by December 31, 2020, and projects must be completed by spring 2022

York Region submitted an application for the Project Stream.

### **Rapid Housing Initiative application was submitted in December 2020**

The program was announced October 27, 2020 and applicants were required to submit proposals by December 31, 2020. Staff reviewed potential projects to determine what could be completed within the program deadlines. In addition to projects on HYI and Region-owned lands, the review of potential projects included consultation with a range of partners such as local municipalities, community housing providers and non-profit agencies to determine if they had viable projects that could be proposed. Nearly sixty sites were considered as part of the review.

## **4. Analysis**

### **Criteria were established to review potential opportunities, primarily whether construction could be completed within one year**

Each of the nearly sixty sites considered for inclusion in the application was reviewed based on the following criteria:

- Land use approvals required – approvals be limited and likely to be obtained on time
- Impact on future development opportunity – modular development is not anticipated to impact future development potential on the site
- Size of the development – number of units accommodated on site
- Location – proximity to existing programs and services

- Expediency – projects must be able to be completed and ready for occupancy within one year

Potential locations were reviewed in all municipalities. Based on the review, six sites were identified that could accommodate the program requirements.

### **Operating impacts were also considered in assessing which projects to propose**

Operating costs for the affordable units are expected to be recovered through rent as well existing Housing Services programs.

Four of the proposed sites are on, or adjacent to, existing HYI properties. As property management services are already conducted by HYI on these sites, the additional operating costs to manage the new housing units would be minimal. The other two proposed sites are not anticipated to have any extraordinary operating costs.

### **The Region’s application includes 113 new affordable housing units on six sites**

The application consists of six modular housing projects on lands owned by York Region or by Housing York Inc. The projects identified are those that best met program requirements. The application includes projects in the Town of Aurora, Town of East Gwillimbury, Township of King, Town of Newmarket and City of Markham. The application does not include purchasing lands or properties given the limited opportunities and short development timelines.

Table 1 summarizes the proposed modular housing projects. A map of each location is included in Attachment 1.

**Table 1  
Summary of Projects Submitted for Modular Housing**

Location	Property Owner	Number of Units
55/57 Orchard Heights Boulevard, Aurora	HYI	8
18838 Highway 11, East Gwillimbury	HYI	15
48 Wilsen Road, King	HYI	20
7085 14th Avenue, Markham	Region	25
7955 Ninth Line, Markham	Region	25
17780 Leslie Street, Newmarket	Region	20

Location	Property Owner	Number of Units
<b>Total</b>		<b>113</b>

**Three of the six sites are existing HYI properties; the other three are existing Regional properties**

For the HYI properties, the Region’s Shareholder Direction to HYI requires the Region to authorize substantive development or redevelopment projects on HYI property (Section 7.3). As the three Regional sites will remain under Regional ownership, Council approval to use the lands for housing purposes is not required.

**Local municipal staff are supportive of moving forward with the projects**

Discussions were held with planning staff from the local municipalities as part of the review of potential sites. The application included letters of support from all municipalities, with the exception of the Township of King as staff are interested in first receiving more detailed information, which will not be completed until the application is approved by CMHC.

Collaboration with the local municipalities to expedite approvals will help ensure the units can be implemented by the program deadline. For each project, an engagement and communications plan will be developed for residents and the broader community, with outreach to the neighbourhood early in the process to help them understand the plans for the sites.

**Flexibility with contracts will help facilitate efficient delivery of these projects**

The program is specifically promoting the use of modular construction and/or retrofit of existing buildings rather than traditional new purpose-built building, using standard wood or concrete construction methods. Staff have engaged with modular home vendors to review their products and ability to deliver units within the timelines. Given the demand that the industry is experiencing as a result of other Rapid Housing Initiative recipients creating modular housing, there may be a limited number of entities reasonably capable of providing the deliverables and it will be important to contract quickly to obtain vendors, and to maximize the time available to complete the projects. Multiple modular home vendors will likely be required to meet the timelines.

A procurement of this nature through established processes could take several months, putting the projects and funding at risk. Council approval to permit direct purchases for the modular homes will enable delivery of the projects in accordance with the short timelines.

It is in the best interest of the Region to use alternative methods of procurement to ensure that project timelines can be met. Staff will endeavor to obtain the best value for deliverables purchased without the full formality of a call for bids, but still provide an objective evaluation including cost and technical merit. Under the circumstances, Council approval is required under Section 18.1 of the Purchasing Bylaw. Council may authorize the requested

procurements under Section 3.3 of the Purchasing Bylaw whereby it would be in the best interests of the Region.

## **Notification of approved projects is anticipated in February 2021**

CMHC is completing a comprehensive review of each application and project. Applications will be ranked based on factors such as expediency, financial viability, affordability, energy efficiency, accessibility and targeted populations.

## **The program supports the Region’s Housing and Homelessness Plan, Official Plan, Housing York Inc.’s Strategic Plan and the York Region 2019 to 2023 Strategic Plan**

The Region’s Housing and Homelessness Plan “[\*Housing Solutions: A Place for Everyone\*](#)” includes a goal to increase the supply of affordable and rental housing. Housing York Inc.’s *Building Better Together: Housing York Inc. 2021 to 2024 Strategic Plan* includes a strategic priority to expand the housing portfolio. The Rapid Housing Initiative directly contributes to these priorities through the provision of new, permanent affordable housing stock.

This funding supports the Healthy Communities priority set by Council in the York Region 2019 to 2023 Strategic Plan. The Healthy Communities priority in the 2019 to 2023 Strategic Plan focuses on the health, safety and well-being of the Region’s residents through delivering and promoting affordable housing. In addition, the Region’s Official Plan directly supports the creation of new affordable housing.

## **5. Financial**

### **Funding program provides up to 100% capital contribution, existing Region programs will support affordable rents**

The Rapid Housing Initiative will provide up to 100% in capital contribution funding to cover eligible residential construction costs for approved projects.

The application process requests applicants to indicate the amount of contribution they will make towards the project. The Region’s application included HYI and Region-owned land as the Region’s capital contribution (estimated at \$12.57 million), as well as the value of Development Charge exemption from the Region and local municipalities (estimated at \$5.43 million) as municipal facilities. In addition, local municipalities will be requested to consider relief of parkland dedication requirements, and cash in lieu of fees where possible.

The remaining funds are requested as a capital contribution from CMHC, as indicated in Table 2.

**Table 2**  
**Summary of Requested Funding and Region Contribution**

Location	Number of Units	Requested Funding	Region and Local Municipal Contribution
55/57 Orchard Heights Boulevard, Aurora	8	\$2,564,605	\$1,075,140
18838 Highway 11, East Gwillimbury	15	\$4,824,931	\$1,519,230
48 Wilsen Road, King	20	\$5,801,252	\$2,109,950
7085 14th Avenue, Markham	25	\$8,038,947	\$5,473,373
7955 Ninth Line, Markham	25	\$8,038,947	\$4,043,373
17780 Leslie Street, Newmarket	20	\$5,655,026	\$3,780,000
<b>Total</b>	<b>113</b>	<b>\$34,923,708</b>	<b>\$18,001,065</b>

Operating funds are not provided through this program. Operating costs for these affordable housing units will be recovered through rents. The operating costs will also be supported by existing Housing Services programs, which combined with zero capital costs, will help ensure achievement of the program affordability requirement of households paying less than 30% of gross income on housing costs.

## 6. Local Impact

The need for affordable housing remains high across the Region. At the end of 2019, there were over 17,400 households on the wait list, with less than 300 new households being housed each year. If approved, these projects will provide 113 new affordable housing units.

Local municipalities are critical partners in increasing the supply of affordable housing. Local municipalities will be instrumental in providing timely approvals for these developments. The projects completed through this funding will provide additional affordable, longer-term housing options to serve the Region's residents.

## 7. Conclusion

Through the Rapid Housing Initiative, York Region has an opportunity to provide new affordable housing units by 2022, with capital costs funded through the program. Flexibility with contracts will help facilitate efficient delivery of these projects, which will provide additional affordable housing options to serve the Region's communities and local municipalities.

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For more information on this report, please contact Joshua Scholten, Director, Housing Development and Asset Strategy, at 1-877-464-9675 ext. 72004. Accessible formats or communication supports are available upon request.

Recommended by: **Katherine Chislett**  
Commissioner of Community and Health Services

Approved for Submission: **Bruce Macgregor**  
Chief Administrative Officer

January 12, 2021  
Attachment 1  
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