



Report of the General Manager

Potential Development Projects for Housing York Inc.

Recommendation

1. Subject to funding approval under the federal Rapid Housing Initiative, the Board of Directors approve moving forward with developments on Housing York Inc. properties located at:
 - a) 55/57 Orchard Heights Boulevard, Town of Aurora
 - b) 48 Wilsen Road, Township of King
2. The Board of Directors approve moving forward with a development, funded under the provincial Social Services Relief Fund Phase Two, on a Housing York Inc. property located at:
 - a) 18838 Highway 11, Town of East Gwillimbury

Summary

This report requests approval of the Board of Directors to move forward with developments on three Housing York Inc. (HYI) properties, contingent on funding from the Canada Mortgage and Housing Corporation (CMHC) Rapid Housing Initiative or the Province of Ontario's Social Services Relief Fund Phase Two.

The projects submitted for the Rapid Housing Initiative include approximately 43 units on three existing HYI properties, as well as 70 units on three existing Region-owned properties, with a total funding request to CMHC of \$34,923,708. Work must be completed within 12 months of signing the agreement with CMHC. CMHC will notify applicants of approved projects in February 2021.

The capital portion of the proposed project in the Town of East Gwillimbury will be completely funded from the Province of Ontario's Social Services Relief Fund Phase Two; therefore, the Region will not be required to make a capital contribution. This project was also submitted as part of the Region's Rapid Housing Initiative application and has since been removed. Work must be completed by December 31, 2021. The project has been included in this report to inform the Board and secure Board approval to move forward with the development.

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, the Board 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 prefabricated 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 (household is paying less than 30% of gross income on housing costs) to targeted 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 to the Project Stream.

Rapid Housing Initiative application was submitted in December 2020 by the Region

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 60 sites were considered as part of the review.

Analysis

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

Each of the nearly 60 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 – prefabricated 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 to occupy within 12 months

Operating impacts were also considered in assessing which projects to propose

Operating costs for the affordable units funded through the Rapid Housing Initiative are expected to be recovered through rent as well as existing Housing Services programs. The units funded through the Social Services Relief Fund Phase Two will be transitional housing units, with operating costs expected to be recovered through rent. Options to identify ongoing operating dollars are being explored further. Blue Door is located on the Town of East Gwillimbury site as the emergency housing provider for the Region.

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 Region's application includes 113 new affordable housing units in six 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 prefabricated housing projects. A map of each location is included in Attachment 1.

Table 1
Summary of Potential Development Projects

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
Total		113

**Project removed from Rapid Housing Initiative application as it is to be funded from the Social Services Relief Fund Phase Two*

The site located at 18838 Highway 11, Town of East Gwillimbury will be funded from the Province of Ontario's Social Services Relief Fund Phase Two, and CMHC has been contacted to remove the project from the Region's application. The site was included in the Rapid Housing Initiative application, in the event that the project was not approved as part of the Social Services Relief Fund Phase Two.

Three of the six sites are existing Housing York Inc. 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. In January 2021, the Region approved moving forward with development on the HYI properties listed below.

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, and presentations were also made to the municipalities' Mayors and key management. 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 prefabricated 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 prefabricated 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 prefabricated 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 prefabricated 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.

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, by providing an objective evaluation including cost and technical merit. In January 2021, Council approved flexibility with procurement to expedite the process to meet program timelines. As these projects are developed by the Region, and then operated by HYI, there are no approvals required by the HYI Board for a flexible procurement process. In accordance with section 7.3 of the Shareholder Direction, at the January 2021 meeting, Council also approved moving forward with these development project.

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 Housing York Inc.'s Strategic Plan

On [November 4, 2020](#), HYI approved "[Building Better Together: Housing York Inc. 2021 to 2024 Strategic Plan](#)," which includes a strategic priority to expand the housing portfolio. The development of prefabricated housing units will directly contribute to this priority through the provision of new permanent affordable housing stock.

Financial Considerations

Funding provides up to 100% capital contribution and existing Regional programs will support affordable rents

The Rapid Housing Initiative and the Social Services Relief Fund Phase Two 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. These are in kind contributions, with no impact on the capital budget. 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
Total	113	\$34,923,708	\$18,001,066

**Project removed from Rapid Housing Initiative application as it is to be funded from the Social Services Relief Fund Phase Two*

Operating funds are not provided through the Social Services Relief Fund Phase Two. Operating costs for these affordable housing units is expected to be recovered through affordable rents. The property will be maintained by HYI and clients will receive support through Social Services programs. Combined with zero capital costs, this will help ensure achievement of the program affordability requirement of households paying less than 30% of gross income on housing costs for units funded by the Rapid Housing Initiative

Local Impact

The need and demand 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 through HYI and the Regions 44 other housing providers. These projects provide the opportunity to expedite delivery of housing initiatives for HYI and the Region.

Local municipalities are critical partners in increasing the supply of affordable housing and will be instrumental in providing timely approvals for these developments.

Conclusion

Through the Rapid Housing Initiative and the Social Services Relief Fund Phase Two, York Region has an opportunity to provide new affordable housing units by 2022 to serve the Region's communities and local municipalities, with capital cost funded through the federal and provincial programs. Flexibility with contracts is required to enable the delivery of these projects within program timelines.

For more information on this report, please contact Josh 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: Kathy Milsom
General Manager, Housing York Inc.



Approved for Submission: Katherine Chislett
President, Housing York Inc.

February 3, 2021
Attachment (1)
12385785