

Clause 16 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 22, 2016.

16

Investment in Affordable Housing for Ontario (2014 Extension)
Program Capital Funding Award to Markham Interchurch
Committee for Affordable Housing

Committee of the Whole recommends adoption of the following recommendations contained in the report dated August 17, 2016 from the Commissioner of Community and Health Services:

1. The Commissioner of Community and Health Services be authorized to execute a Contribution Agreement for \$4.8 million with Markham Interchurch Committee for Affordable Housing (MICAH) and to sign all related agreements and documents required under the Investment in Affordable Housing (2014 Extension) Program for the development of 32 new affordable housing units.
2. Council authorize conditional grants of approximately \$600,000 equal to the amount of Regional development charges payable by MICAH, which shall be paid from the Social Housing Development Reserve Fund, subject to confirmation by the Commissioner of Community Health and Services that the project has received all necessary municipal approvals and meets the criteria outlined in this report.
3. The Commissioner of Community and Health Services be authorized to execute a Contribution Agreement, a Municipal Housing Project Facilities Agreement and any other ancillary documents, including security documents, to give effect to the above recommendations.
4. The Regional Clerk, forward a copy of this report to the City of Markham.

Report dated August 17, 2016 from the Commissioner of Community and Health Services now follows:

1. Recommendations

It is recommended that:

1. The Commissioner of Community and Health Services be authorized to execute a Contribution Agreement for \$4.8 million with Markham Interchurch Committee for Affordable Housing (MICAHA) and to sign all related agreements and documents required under the Investment in Affordable Housing (2014 Extension) Program for the development of 32 new affordable housing units.
2. Council authorize conditional grants of approximately \$600,000 equal to the amount of Regional development charges payable by MICAHA, which shall be paid from the Social Housing Development Reserve Fund, subject to confirmation by the Commissioner of Community Health and Services that the project has received all necessary municipal approvals and meets the criteria outlined in this report.
3. The Commissioner of Community and Health Services be authorized to execute a Contribution Agreement, a Municipal Housing Project Facilities Agreement and any other ancillary documents, including security documents, to give effect to the above recommendations.
4. The Regional Clerk, forward a copy of this report to the City of Markham.

2. Purpose

In its capacity as Service Manager, this report seeks Council authority to allocate funding for the creation of more affordable housing by entering into a Contribution Agreement with MICAHA in the amount of \$4.8 million. The Region had previously identified funding in the Council approved Program Delivery and Fiscal Plan to assist an independent affordable housing provider.

This report also requests the enactment of a by-law to permit the Region to enter into a Municipal Housing Project Facilities Agreement with MICAHA to the agreement is necessary to provide a conditional grant of approximately \$600,000 for Regional development charges applicable to MICAHA's development.

3. Background

In 2014, York Region received \$45.5 million in Federal and Provincial funding through the Investment in Affordable Housing for Ontario (2014 Extension) Program

In July 2014, the provincial government announced an extension to their existing Investment in Affordable Housing for Ontario Program. The Investment in Affordable Housing for Ontario (2014 Extension) Program allocated funds to be distributed over a six-year period (2014-2020).

This program provides federal and provincial funding for the development of new affordable rental housing and housing allowances for low-income households.

Funding has been allocated to the Region over a six-year period on a 'use it or lose it' basis by December 31 of each fiscal year. Uncommitted funds cannot be carried forward to future program years.

The funding criteria for the Rental Housing component will allow for up to \$150,000 per unit for the development of new affordable rental housing.

Council Approved the Region's Project Delivery and Fiscal Plan

The Investment in Affordable Housing for Ontario (2014 Extension) Program Delivery and Fiscal Plan was approved by Council on March 26, 2015. The plan, which was submitted to the Ministry of Municipal Affairs and Housing, outlined planned financial commitments by year and funding stream for the duration of program.

A summary of funding by component is included in Table 1. This report deals specifically with the Rental Housing, Non-Profit Housing Provider component.

Table 1
Approved Investment in Affordable Housing for Ontario (2014 Extension)
Program Delivery and Fiscal Plan

Investment in Affordable Housing (2014 Extension) Component	Amount (\$)
Rental Housing – <i>York Region</i>	38,800,000
Rental Housing – <i>Non-Profit Housing Provider</i>	4,172,400
Housing Allowance	1,783,500
Homeownership	750,000
Total	45,505,900

\$4.17 million in Investment in Affordable Housing funding has been allocated to assist community affordable housing providers

York Region, as the Service Manager, has a responsibility to support non-profit and co-operative housing providers in the Region. To meet this goal, the approved Program Delivery and Fiscal Plan identified \$4.17 million of the Rental Housing Component of the Year Four funding allocation to support other housing providers to develop an affordable rental housing project in York Region.

Council has funded conditional grants equal to Regional development charges for non-profit housing groups to assist with affordable housing development

On March 28, 2002, through the adoption of Clause 2 of Report No. 3 of the Finance and Administration Committee, Regional Council approved a policy of providing conditional grants equal to Regional development charges for non-profit groups that build affordable housing in York Region.

The current Municipal Housing Facilities By-Law, enacted on April 22, 2010, outlines in detail the conditions that applicants must meet to receive financial or other assistance from the Region with respect to building affordable housing.

These conditions include, but are not limited to:

1. The length of the agreement
2. The definition of rent affordability
3. The Region's right to register the agreement on title

To receive conditional grants equal to the development charges, the by-law requires the execution of a Municipal Housing Project Facilities Agreement with the Region. The Contribution Agreement is a prerequisite to advance federal and provincial funding under the Investment in Affordable Housing Program

Request for prequalification was issued to identify eligible affordable housing providers to be funded

In January 2016, the Region issued a Request for Prequalification to identify housing providers interested in developing new affordable housing who were able to meet the development requirements of the Investment in Affordable Housing for Ontario (2014 Extension) Program. Six organizations picked up the Request for Prequalification document and representatives from eleven organizations attended the information session.

4. Analysis and Options

MICAH was the only organization to respond to the Request for Prequalification

MICAH, with support from Water Street Non-Profit Homes Inc. and 360°kids, submitted a proposal to create an additional affordable housing building on an existing property. The proposal was reviewed and passed the evaluation criteria to proceed to the next level of submission.

As MICAH was the sole eligible proposal received, there was no need to issue a Request for Proposal. The Region requested MICAH submit a proposal to ensure the project meets the Region's requirements.

MICAH has experience developing affordable rental housing

MICAH has acted as the Development Board for several past social and affordable housing projects. In 2010, they facilitated the development of Tony Wong Place, a \$25 million project comprised of 120 units owned and operated by East Markham Non-Profit Homes. MICAH was the founding organization for East Markham Non-Profit Homes which was incorporated as a separate corporate entity from MICAH in 2006.

The Region provided capital funding through the Affordable Housing Program, as well as relief from Regional Development charges. Tony Wong Place also receives funding through the Region's Rent Assistance Program.

This development proposal will be the first of its affordable rental projects to be owned and operated by MICAH.

32 new affordable rental units in Markham are proposed which will house seniors, people with disabilities and youth

MICAH's development proposal is seeking Investment in Affordable Housing for Ontario (2014 Extension) funding to construct a five-storey, 32-unit apartment building. The building will be developed and owned by MICAH and located on a portion of the site currently occupied by Cedarcrest Manor located at 20 Water Street, Markham as indicated in Attachment 1. Cedarcrest Manor is a 25-year old, 150-unit senior's apartment building that will continue to be owned and operated by Water Street Non-Profit Homes Inc. In order to facilitate the development, MICAH will secure the property by a ground lease with Water Street Non-Profit Homes Inc.

360°kids is a non-profit organization that offers supports to at-risk youth, families and young children through programming, counselling, training, and housing. 360°kids will occupy seven of the units at this location and provide housing for persons with physical disabilities and youth who are transitioning to permanent housing.

This collaborative project will be led by MICAH, an umbrella organization, representing different churches from diverse denominations. It was established to facilitate the formation of independent non-profit corporations that provide affordable housing to serve low-income individuals in the City of Markham.

\$4.8 million in Investment in Affordable Housing funding to MICAH will support the development of affordable housing

MICAH's proposal requested \$4.8 million to support their development. The initial Investment in Affordable Housing funding set aside \$4.17 million to assist community housing providers. The additional \$630,000 requested will be redistributed from the Rental Housing Component of IAH funding and is made possible by the additional Investment in Affordable Housing funding the Region recently received.

Waiver of Local and Regional Development Charges and leveraging the existing property are required for project viability

MICAH has asked for relief from the payment of Regional development charges on their project. Development Charges are payable upon the issuance of a building permit. The Development Charges will be paid to the Region after which the group will be reimbursed for these charges through a grant from the Region.

Development Charges for this project are estimated to be approximately \$600,000. This amount is an estimate and may change, as the fee is based on the Development Charge rate in effect at the time of issuance of the building permit.

A financial review of the proposals operating and capital proforma indicate that the development will be sustainable over the long-term. Like other Investment in Affordable Housing projects, this development will not require rent subsidies from the Region and adequate contributions have been identified to their capital repair reserve.

Based on Canada Mortgage and Housing Corporation Average Market Rents for York Region, MICAH has planned its budget at 80 per cent Average Market Rent for all 32 of its proposed units. The total project cost is estimated to be \$8.2 million and will receive approximately \$5.4 million in Regional contributions that include Investment in Affordable Housing for Ontario (2014 Extension) funds as well as a development charge grant. The remainder of the project cost will be mortgaged over 40 years.

A long-term lease with the existing housing development is required to facilitate the site's redevelopment

The new housing development is an intensification of the existing Cedarcrest Manor property which is owned and operated by Water Street Non-Profit Homes Inc.

MICAH will be the developer and owner of the new housing development and take responsibility for all project costs. Water Street intends to enter into a land lease agreement with MICAH for the section of its existing property that will be the site for the new development. However, Water Street Non-Profit needs the Region's consent to encumber its property with this land lease. Acting as the Service Manager on behalf of the Region, the Commissioner of Community and Health Services has been delegated the authority to approve such encumbrances. Assurances that rents remain at an affordable level for both the leased and owned timeframes will be included in the agreements permitting any related encumbrances.

MICAH is taking measures to minimize the risk of potential delays and cost overruns

Through a competitive Request for Proposals process, MICAH has procured a design-builder to ensure their project adheres to a fixed project. The design-builder is expected to lead and obtain all municipal approvals within prescribed timeframes. MICAH has had preliminary meetings with City of Markham Planning staff and many members of Markham Council provided letters of support for the project which were included as part of MICAH's submission. They will continue to engage residents during the public approval process required for the rezoning of the site.

Link to key Council-approved plans

The Region's 10-Year Housing Plan encourages the development and continued growth of healthy communities through goals and policies that encourage the provision of a variety of housing choices for the diverse residents of York Region. This initiative also fits into the goal of the Housing Plan to increase the supply of rental housing as well as supply of government-funded units and rent subsidies in York Region.

Federal infrastructure funding programs support the "Liveable Cities and Complete Communities" theme areas in Vision 2051. They also support the objective to "support healthy communities through a broad range of housing choices and supports to meet the diverse needs of residents" priority area in the 2015 to 2019 Strategic Plan.

5. Financial Implications

\$4.8 million is 100 per cent funded through Investment in Affordable Housing funding

The proposed allocation of \$4.8 million to MICAH is 100 per cent funded through the federal/provincial Investment in Affordable Housing for Ontario Program (2014 Extension) Program funding and has no tax levy impact.

As the new housing development will be owned by MICAH, this initiative is not included as a project in the Region's capital budget.

The Regional Development Charges for this project are estimated to be approximately \$600,000. The conditional grants equal to Regional Development Charges for this project will be funded from the Social Housing Development Reserve.

6. Local Municipal Impact

There is a growing need for new affordable housing across York Region. MICAH's development proposal presents an opportunity to address this growing need in the City of Markham, a municipality with one of the highest demands for affordable rental housing with approximately 9,300 households waiting for subsidized units, of which, approximately 5,000 are seniors.

7. Conclusion

Through a competitive process, as well as stringent evaluation criteria, the Region has selected MICAH as the successful non-profit housing provider to develop a five-storey, 32-unit building on an existing social housing property owned by Water St. Non-Profit Homes Inc.

This project will increase the affordable housing units in Markham and provide housing for persons with physical disabilities. Committing the Investment in Affordable Housing for Ontario (2014 Extension) Program Year Four funding allocation to MICAH meets the Region's objective to increase the supply of rental housing in York Region.

This report also asks Regional Council to provide a conditional grant equal to the development charges to MICAH new affordable housing projects that will be funded by the Region under the Investment in Affordable Housing (2014 Extension). If Council agrees, a site-specific by-law pursuant to the Region's Municipal Housing Facilities By-Law is required.

For more information on this report please contact Rick Farrell, General Manager, Housing Services at ext. 72091.

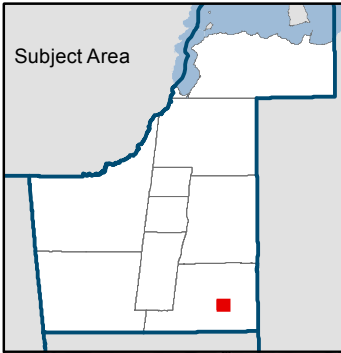
The Senior Management Group has reviewed this report.

August 17, 2016

Attachment (1)

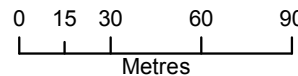
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Accessible formats or communication supports are available upon request



Location Map- 20 Water Street, Markham

Investment in Affordable Housing for Ontario
 (2014 Extension) Program Capital Funding
 Award to Markham Interchurch Committee for
 Affordable Housing September 8, 2016



Legend

- New Building Location
- 20 Water Street
- Minor Road
- Railway
- Municipal Boundary



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