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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioners of Planning and Economic Development, Finance, Social Services and Works
Report: #2023-COW-13
Date: March 22, 2023

Subject:

Recommendations for Eligible Projects Under the At Home Incentive Program for Affordable Housing, File: D19-11

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That the following, highest ranking applications for affordable rental housing projects be recommended for approval under the At Home Incentive Program (AHIP):
- i) Riverbank Homes Limited to build 75 units of affordable rental housing at 109 Colborne Street West in the City of Oshawa (Attachment 1); and
 - ii) Kindred Works to build 13 units of affordable rental housing at 1066 Dunbarton Road in the City of Pickering (Attachment 2).
- B) That the Region provide upfront capital-funding in the amount of \$5,500,000 to Riverbank Homes Limited to support the development and construction of the proposed affordable rental housing project, with financing to be provided from the At Home Incentive Program Reserve Fund (AHIPRF), and advanced based on the following key construction milestones:
- 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - 40 per cent at confirmation of fully enclosed building.

- 10 per cent at confirmation of occupancy.
- C) That the Region provide an additional \$2 million of top up funding, as recommended through the 2023 Business Plans and Budgets process to be transferred to the AHIPRF, with upfront capital-funding in the amount of \$1,950,000 to be provided to Kindred Works to support the development and construction of the proposed affordable rental housing project, and advanced based on the following key construction milestones:
- 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - 40 per cent at confirmation of fully enclosed building.
 - 10 per cent at confirmation of occupancy.
- D) That the Region enter into a Municipal Capital Housing Facilities and Contribution Agreement with both parties to: i) maintain affordable rents for the specified affordability period; ii) continue to use the eligibility requirements for tenants to enable the use of capital grants for eligible purpose-built affordable rental housing projects; and iii) provide accountability and reporting requirements; and
- E) The Regional Solicitor be directed to prepare the necessary by-laws.
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Report:

1. Purpose and Background

- 1.1 In March 2022, Regional Council endorsed a new At Home Incentive Program (AHIP) to actively encourage the creation of new purpose-built affordable rental housing projects in Durham. The Program is implemented under a Regional Municipal Housing Facilities By-law.
- 1.2 The purpose of this report is to summarize the evaluation process and identify the proposed developments that will make the best use of available AHIP funding to maximize the value of the Region's investment in affordable housing.
- 1.3 The AHIP provides Regional funded capital incentives for the development of new purpose-built affordable rental housing projects. The program provides an opportunity for the Region to support the construction of new housing for low-income households, including households on the Durham Access to Social Housing (DASH) wait list, and to grow the supply of safe, adequate and affordable rental housing.

- 1.4 Consistent with Regional Council’s direction, the “At Home Incentive Program Reserve Fund” (AHIPRF) was established to enable funding for new purpose-built affordable rental housing projects approved under the At Home Incentive Program, and includes the following sources of funding:
- i) An initial level of \$5 million of seed funding that was transferred from the Regional Revitalization Program; and
 - ii) Base funding of \$500,000 annually, which is included in the Business Plans and Budget.
- 1.5 On September 22, 2022, a Call for Applications was released for a 90-day period, as an invitation for qualified proponents to apply for Regional financial assistance to develop affordable housing units under the AHIP. The application period closed on December 21, 2022.
- 1.6 In total, nine proposals were received for projects located in Pickering, Oshawa, Scugog and Clarington. A summary of the proposals is presented in Attachment 3.

2. Evaluation Process

- 2.1 Eligible projects were reviewed through an open and transparent process, with special attention paid to the highest needs for affordable rental housing within the Region at the time of the selection process.
- 2.2 An interdepartmental committee consisting of staff from Planning and Economic Development, Social Services – Housing Services and Finance reviewed the applications. The eligible proposals were evaluated based on the following criteria:
- a) community need, including but not limited to, targeted groups, unit size and geographic location;
 - b) period of affordability;
 - c) depth of affordability;
 - d) cost per square foot;
 - e) number of units and percentage of units in the project that will be affordable;
 - f) proximity to transit, community amenities and services;
 - g) extent to which the project reduces greenhouse gas intensity;
 - h) extent to which the project meets accessibility standards with respect to barrier-free designs, elevators and other accessibility features; and

- i) proponent experience with rental housing development and management.
- 2.3 The proposals that best satisfied the criteria of the program and presented making the best use of available AHIP funding to maximize the value of the Region's investment in affordable housing were selected.
- 2.4 Selected applications were further assessed by an independent consultant for financial viability of the proposed project, as well as the financial capacity of each proponent. The results of the evaluation were favourable, based on the methodology and financial information provided by the proponents.

Riverbank Homes Limited, Oshawa

- 2.5 The proposal by Riverbank Homes Limited (Riverbank) is located at 109 Colborne Street West in the City of Oshawa (Attachment 2). Riverbank has requested \$5.5M to build 75 units within a six-storey building.
- 2.6 The project would provide a mix of one and two-bedroom units for low- and moderate-income households. Depth of affordability for approximately 25 per cent of the units would be enhanced through a partnership with the Canadian Mental Health Association (CMHA) for select tenants in receipt of benefits under the Ontario Disability Support Program (ODSP).
- 2.7 Riverbank is led by Tim Neeb (President and Director), who has extensive experience in developing and managing affordable housing. Some examples of recently completed projects include 1658 Ritson Road North in Oshawa and 1505 Bowmanville Avenue in Clarington.
- 2.8 The site is designated as Regional Centre in the Durham Regional Official Plan. The site is within the Downtown Oshawa Urban Growth Centre of the Oshawa Official Plan. The current R6-D zoning would permit an apartment building up to 30m in height with a density of 300 dwelling units per hectare.
- 2.9 The proposal addresses the needs of applicants on the Region of Durham social housing waiting list, including seniors and persons with disabilities, for a minimum of 35 years of affordability. 109 Colborne is located in close proximity to transit and support services including mental health support services provided through CMHA.
- 2.10 20 per cent of the units will be fully accessible including automatic door openers, barrier free kitchens, and wider doorways. Two elevators will be provided in the building. Features in these units would exceed Building Code requirements for accessibility and will meet CMHC requirements. All units will be large enough to

provide for flex design as needed. All units (fully barrier free or not) will have grab bars.

Kindred Works, Pickering

- 2.11 Kindred Works, a faith-based group, has requested \$1,950,000 to develop 41 rental units that will include 13 affordable units and 28 market rent units at 1066 Dunbarton Road in the City of Pickering. Kindred Works is an independent company established by the United Church of Canada to provide a way to repurpose their properties and respond to Canada's housing crises.
- 2.12 The site is currently used as a community and worship space. This project one of the initial housing developments that would form part of the Affordable Housing Innovation Fund - a commitment between the United Church of Canada and Canada Mortgage and Housing Corporation (CMHC) to build 5,000 new affordable units by 2037.
- 2.13 The site is within the Living Area designation of the Durham Regional Official Plan which would allow for the proposed development. The site is within the Low Density Urban Residential Area designation of the Pickering Official Plan. The Zoning is I(C)-DN which permits institutional uses, such as a place of worship.
- 2.14 The land use designation in the Durham Regional Official Plan would permit the proposal from Kindred Works, although zoning permissions will likely be required to from the City of Pickering to allow medium density residential development.
- 2.15 For this development, 20 per cent of the units would be fully accessible and it will target equity seeking groups including racialized LGBTQ2S, Indigenous peoples, recent immigrants, and people with disabilities.
- 2.16 The buildings will be constructed with components made in a pre-fabrication facility at Six Nations that will build wall panel, floor and roof components. The proposal seeks to spend 80 per cent of construction with local labour and prioritizing Indigenous procurement. Additionally, 10 per cent of all labour hours during construction will be new employment opportunities for equity-seeking groups.
- 2.17 The development will meet passive house standard, and it targets using 65% less energy than building code minimum requirements. It also includes landscaping with native species designed for minimal water need.

3. Financial Implications

- 3.1 In order to actively encourage the creation of new purpose-built affordable rental housing projects in Durham Region, it is recommended that the following highest ranking applications for affordable rental housing projects be recommended for approval under the At Home Incentive Program (AHIP):
- i) Riverbank Homes Limited to build 75 units of affordable rental housing at 109 Colborne Street West in the City of Oshawa; and
 - ii) Kindred Works to build 13 units of affordable rental housing at 1066 Dunbarton Road in the City of Pickering.
- 3.2 Riverbank Homes Limited has requested \$5,500,000 (or \$73,333 per affordable rental unit) in Regional funding and Kindred Works has requested \$1,950,000 (or \$150,000 per affordable rental unit) in Regional funding to support their proposed affordable rental housing projects.
- 3.3 New changes to the Development Charges Act, 1997 (DCA) under the Province's Bill 23, More Homes Built Faster Act, include exemptions from development charges (DCs) for non-profit housing developments as defined in the DCA. The project by Kindred Works may satisfy the definition of non-profit housing development¹, in which case it would be exempt from paying development charges applicable to their proposed affordable rental housing project.
- 3.4 The changes from Bill 23 also provide DC discounts for rental housing projects. Therefore, since the recommended project by Riverbank Homes Limited is considered rental housing, this development would receive the following DC discounts:
- i) 20% discount for two-bedroom apartment units (23 units)
 - ii) 15% discount for one bedroom and smaller apartment units (52 units).
- 3.5 In addition, Riverbank Homes Limited would pay DCs over five years (six payments) with the first payment due at occupancy and the remaining five payments due on the anniversary date of occupancy.

¹ Kindred Works acts as a service provider on behalf the United Church of Canada to deliver the project as well as the ongoing management. The Ownership of the project remains within the United Church of Canada, which is a charity/non-profit.

- 3.6 In addition, it is recommended that the Region provide upfront capital-funding in the amount of \$5,500,000 to Riverbank Homes Limited to support the development and construction of the proposed affordable rental housing project, with financing to be provided from the At Home Incentive Program Reserve Fund, and advanced based on the following key construction milestones:
- 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - 40 per cent at confirmation of fully enclosed building.
 - 10 per cent at confirmation of occupancy.
- 3.7 Further, it is recommended that the Region provide an additional \$2 million of top up funding, as recommended through the 2023 Business Plans and Budgets process to be transferred to the AHIPRF, with upfront capital-funding in the amount of \$1,950,000 to be provided to Kindred Works to support the development and construction of the proposed affordable rental housing project, and advanced based on the following key construction milestones:
- 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - 40 per cent at confirmation of fully enclosed building.
 - 10 per cent at confirmation of occupancy.
- 3.8 The Region will need to enter into a Municipal Capital Housing Facilities and Contribution Agreement with both parties to maintain affordable rents for the specified affordability period and continue to use the eligibility requirements for tenants to enable the use of capital grants for eligible purpose-built affordable rental housing projects and to provide accountability and reporting requirements.

4. Previous Reports and Decisions

- 4.1 Several reports have been prepared that provide background information related to this report:
- On November 13, 2019 Commissioners Report [#2019-COW-25](#) summarized the Region's five-year review report of At Home in Durham, the Durham Housing Plan 2014-2024, including a commitment to initiating the development of 1,000 new affordable housing units over five years.

- On December 11, 2019 Commissioners Report [#2019-COW-35](#) authorizing a Comprehensive Review for the Design of a Proposed Community Improvement Plan for Durham Region.
- On June 9, 2021 Commissioners Report [#2021-COW-16](#) provided an update on the implementation of At Home in Durham.
- On March 9, 2022 Commissioners Report [#2022-COW-7](#) approved the AHIP, and recommended that it be implemented through the establishment of the AHIPRF, AHIP Guidelines and an update to the Region's Municipal Housing Facilities By-law.

5. Relationship to Strategic Plan

5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a) Revitalize community housing and improve housing choice, affordability and sustainability.
- b) Revitalize existing neighbourhoods and build complete communities that are walkable, well-connected, and have a mix of attainable housing.
- c) Leverage Durham's prime geography, social infrastructure, and strong partnerships to foster economic growth.
- d) Build awareness and community capacity to address poverty.

6. Conclusion and Next Steps

6.1 The At Home Incentive Program provides up-front capital funding for purpose-built affordable rental housing. The Program will advance the delivery of rental housing for low and moderate income households, and support the Region's commitment for the initiation of 1,000 new affordable rental units by 2024.

6.2 The AHIP received many applications in the first year of the program, and the number and quality of submissions exceeded expectations. There is a clear opportunity to continue with the program given the number of submissions and initial interest in the program.

6.3 These projects will provide quality affordable housing to Durham residents, while advancing Regional housing objectives. Furthermore, both sites support Regional objectives that encourage intensification and provide for creative use of lands.

- 6.4 Given the quality of the two selected proposals, and the significant opportunity presented, it is recommended that additional funds be provided beyond the original start up funds to permit both opportunities to proceed.
- 6.5 The proposal submitted by Riverbank Homes Limited for 75 new affordable rental units ranked highest through the AHIP evaluation process. This proposal would fully utilize the \$5.5M that was allocated for the 2022 AHIP.
- 6.6 The proposal submitted by Kindred Works represents a unique opportunity to develop affordable housing in Pickering, through a partnership with the United Church and CMHC. It is recommended that this proposal be supported with upfront Regional capital funding in the amount of \$1,950,000, with an additional \$2 million of top-up funding to be transferred to the AHIPRF as recommended through the 2023 Business Plans and Budgets process.
- 6.7 As per the AHIP Guidelines, up-front Regional capital funding payments will be provided to the recommended projects based on key construction milestones to ensure accountability and reporting obligations.
- 6.8 As the program continues for subsequent years, it's important to leverage commitments from other levels of government and the private sector to maximize effectiveness of the AHIP program. The Region will continue to advocate for long-term, sustainable funding commitments and legislative and policy changes from upper levels of government, to support the proposed At Home Incentive Program and affordable housing in Durham.

7. Attachments

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| Attachment #1 | Map of 109 Colborne Street West in the City of Oshawa |
| Attachment #2 | Map of 1066 Dunbarton Road in the City of Pickering |
| Attachment #3 | 2022 At Home Incentive Program: Summary of Proposals |

Respectfully submitted,

Original signed by

Brian Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development

Original signed by

Nancy Taylor, CPA, CA
Commissioner of Finance

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Original signed by

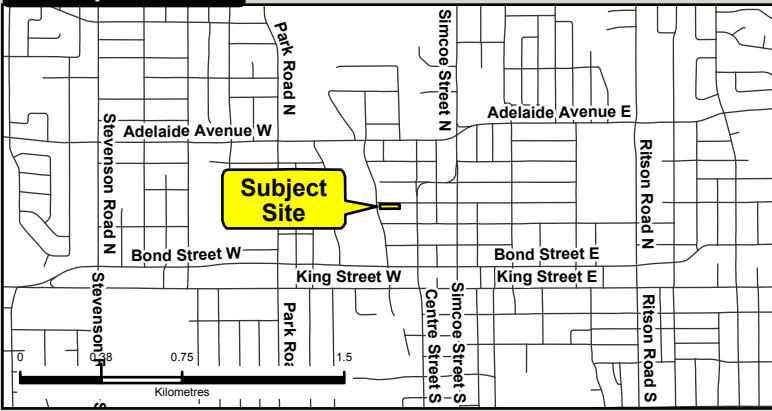
John Presta, P.Eng., MPA
Commissioner of Works

Recommended for Presentation to Committee

Original signed by

Elaine Baxter-Trahair
Chief Administrative Officer

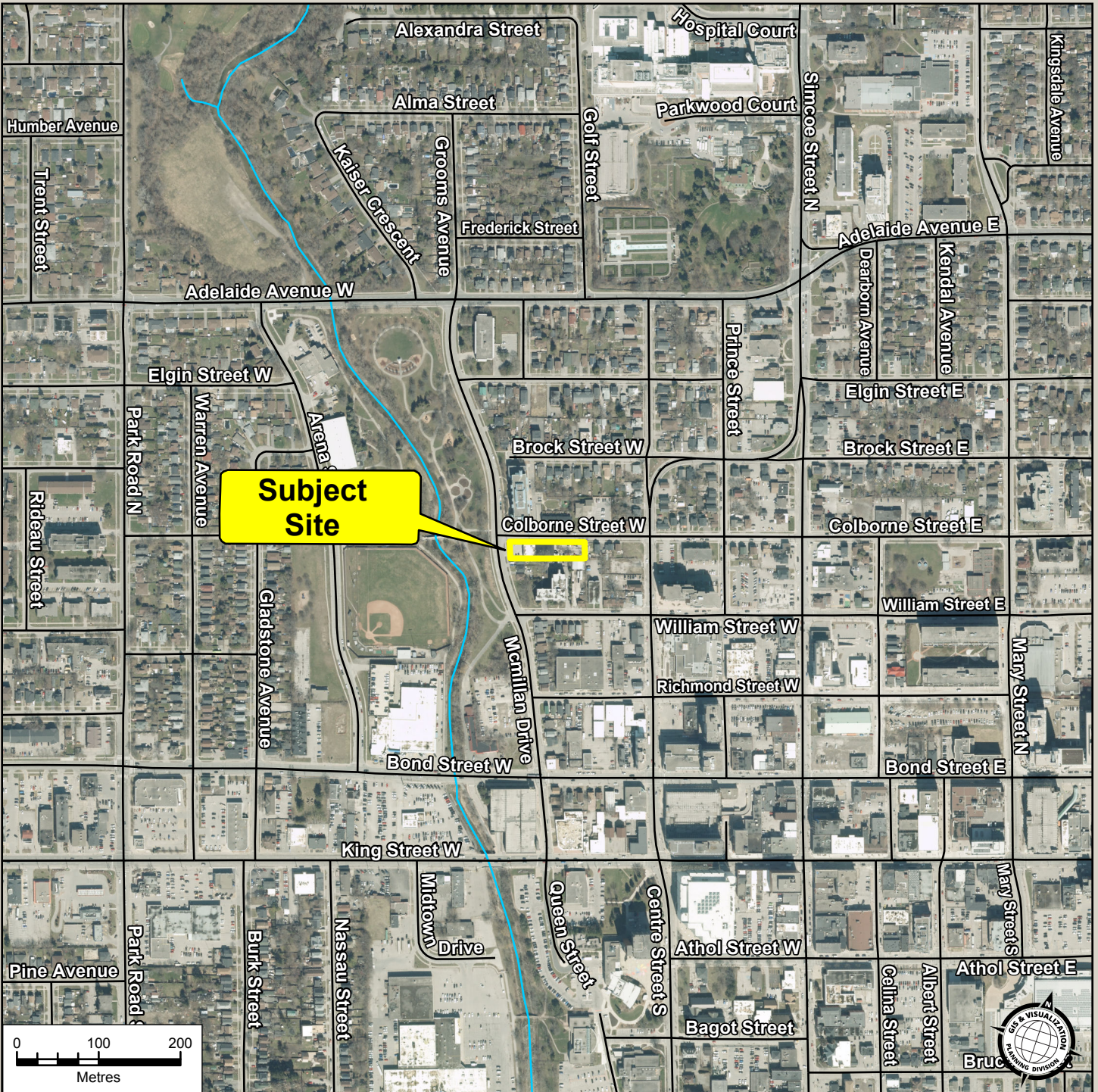
Municipal Context



Attachment #1
Commissioner's Report: 2023-COW-13
Applicant: Riverbank Homes Limited
Address: 109 Colborne St. W., Oshawa

Legend

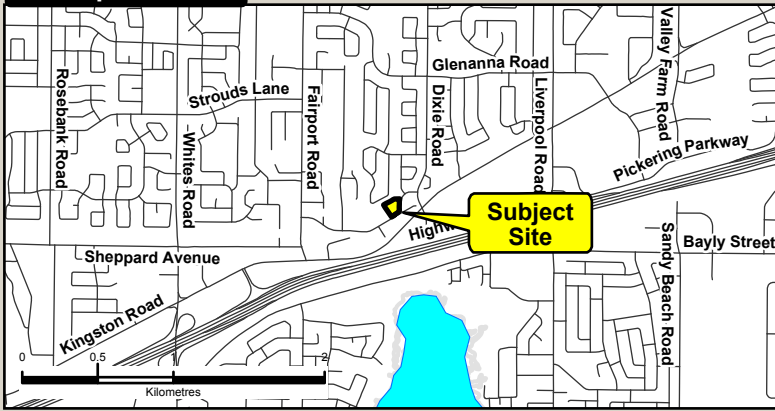
-  Subject Site
-  River or stream



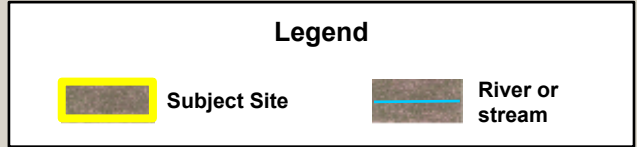
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Municipal Context



Attachment #2
Commissioner's Report: 2023-COW-13
Applicant: Kindred Works
Address: 1066 Dunbarton Rd., Pickering



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2022 At Home Incentive Program: Summary of Proposals

Applicant	Address
Brent Foley	184 Bond Street West, Oshawa
Brent Foley	371 King Street West, Oshawa
Kindred Works	1066 Dunbarton Road, Pickering
Borelia Co-operative Homes Inc.	10 Borelia Crescent, Port Perry
Durham Region Non-Profit Housing Corporation, Clarington	200 Baseline Road West, Bowmanville
Durham Region Non-Profit Housing Corporation, Conant Place	1050 Simcoe Street South, Oshawa
Goodyear Village	45 Raynes Avenue, Bowmanville
Muslim Welfare Centre	1589 - 1603 Regional Hwy 2, Courtice
Riverbank Homes Limited	109 Colborne Street West, Oshawa