
REPORT TITLE: **Affordable Housing Incentives Pilot Program 2021 Update and Results**

FROM: Janice Sheehy, Commissioner of Human Services

RECOMMENDATION

That, in accordance with section 110 of the *Municipal Act, 2001* and the Region of Peel's Municipal Housing Facility By-law 49-2020, site-specific by-laws be enacted, as described in the report of the Commissioner of Human Services, listed on the November 11, 2021 titled "Affordable Housing Incentives Pilot Program 2021 Update and Results", to permit the Region of Peel to enter into municipal housing project facilities agreements with:

- The Daniels Corporation, Daniels Choice Mount Pleasant Corporation, and/or any entity related to or affiliated with any of the foregoing, for the provision of municipal housing project facilities at the property located at 40 Lagerfeld Drive, Brampton, for use as affordable housing;
- United Property Resource Corporation, United Church of Canada and/or any entity related to or affiliated with any of the foregoing, for the provision of municipal housing project facilities at the property located at 4094 Tomken Road, Mississauga for use as affordable housing;
- Greenwin Corp., Sweeny & Co. Architects Inc., Elizabeth/George Holdings Inc., and/or any entity related to or affiliated with any of the foregoing, for the provision of municipal housing project facilities at the property located at 18-24, 28 Elizabeth Street North, 31-33 George Street North, and 25-27 Nelson Street West, Brampton for use as affordable housing;

And further, that the Regional Clerk be directed to provide written notice of the site-specific by-laws to the Minister of Finance in accordance with section 110(5) of the *Municipal Act, 2001*.

REPORT HIGHLIGHTS

- On July 9, 2020, Regional Council endorsed the framework for the Affordable Housing Incentives Pilot Program ("Pilot Program"), an action under Strategy 3 of the Peel Housing and Homelessness Plan, 2018-2028
- The Pilot Program Call for Applications was held between May 31 and July 12, 2021
- Staff have recommended that three projects receive funding in the amount of \$7,480,000 in total, to secure 130 affordable rental housing units for an affordability period ranging from 26-41 years
- Regional Council enacted By-law 49-2020 on July 9, 2020 to permit the Regional Corporation to enter into municipal housing project facilities agreements to create affordable housing

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- By-law 49-2020 requires that prior to entering into a municipal housing project facilities agreement, Regional Council must enact a by-law in respect of those facilities
 - As such, staff is seeking Regional Council approval to enact site-specific by-laws to permit the Region to enter into municipal housing project facilities agreements under subsection 110(1) of the *Municipal Act, 2001* for the provision of municipal housing project facilities for use as affordable housing
 - Staff will report back on the evaluation of the Pilot Program and proposed next steps in early 2022
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DISCUSSION

1. Background

a) Pilot Program framework

In 2018, Regional Council endorsed the Peel Housing and Homelessness Plan, 2018-2028 (PHHP). The PHHP identified that 2,000 affordable housing units per year will be required to meet emergency, low-income and middle-income housing needs, which should be provided by public, non-profit and private sectors, as appropriate.

The PHHP also introduced a series of strategies to help Peel residents get and keep housing, including Strategy 3: Provide incentives to build affordable housing.

In response to Strategy 3, the Region retained N. Barry Lyon Consultants to undertake background research, consultation and to provide recommendations for a Regional affordable housing incentives program. Based on the Region's housing needs and the analysis undertaken, Regional staff developed the framework for the Affordable Housing Incentives Pilot Program (Pilot Program).

Key objectives of the Pilot Program include:

- Increasing housing choice for Peel residents, by focusing on rental units for middle-income households requiring larger, family-sized units (complementing existing Regional programs and services focusing on low-income housing needs);
- Securing long-term rental housing affordability;
- Initiating collaborative relationships with the private and non-profit development industry;
- Collaborating with the local municipalities to seek opportunities to streamline a system of affordable housing incentives and leverage existing resources to advance shared housing affordability goals; and
- Supporting the development of complete communities.

The framework for the Pilot Program was endorsed by Regional Council on July 9, 2020 (Resolution 2020-549), along with a revised Municipal Housing Facility By-law (By-law 49-2020) to facilitate the provision of incentives. A total of \$7.5 million in one-time funding for the Pilot Program was approved through the 2019 (\$2.5 million) and 2021 (\$5 million) budget processes. This funding was to be made available in the form of capital grants through a competitive Call for Applications. Additional information about the Pilot Program implementation is provided as Appendix I.

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b) Implementation

The first Pilot Program Call for Applications was held between May 31 and July 12, 2021.

The Pilot Program was advertised to the development industry and non-profit housing providers through social media, the Region's website, industry newsletters, by leveraging existing committees, and hosting two information sessions. These sessions were attended by over 80 participants and were received positively.

Through this report, staff seek Regional Council approval to enact site-specific by-laws to permit the Region to enter into municipal housing project facilities agreements for the provision of affordable housing through this round of the Pilot Program.

2. Results of the 2021 Call for Applications

a) Application review process

The Region received 10 applications through the 2021 Pilot Program Call for Applications. Of these, four either did not provide complete applications, or did not meet the minimum program eligibility requirements. The remaining six applications were comprehensively evaluated through the review process.

A Project Team of technical Regional staff reviewed applications for eligibility, prepared the preferred evaluation criteria scoring, and met with local municipal staff to discuss planning considerations and the status of each eligible project. Final recommendations for funding were made by a Review Panel of senior Regional staff, representing divisions responsible for housing, planning and development. Compliance Advisors (represented by Legal Services) were present during all discussions to ensure the evaluation complied with the process as outlined to applicants in the Program Guidelines and Application Requirements, and Pilot Program Terms and Conditions.

b) Recommended projects

Staff recommend that Regional Council enact site-specific by-laws to permit the Region to enter into municipal housing project facilities agreements for the provision of affordable housing and funding for three projects identified in Table 1. The total funding allocation of \$7,480,000 for these projects will result in 130 affordable housing units for low and middle-income households with an affordability period ranging from 26 to 41 years. The number of units is in line with expected results, based on the background technical analysis and available funding. Proponents will be required to undertake income verification for prospective tenant households to ensure that only low/middle-income households are occupying these units. Project descriptions are available in Appendix II.

Table 1: Summary of recommended projects

Applicant organization/project location	Number of affordable units	Average depth of affordability¹	Duration of affordability	Recommended funding/per unit
The Daniels Corporation (Daniels Choice Mount Pleasant Corporation) <i>40 Lagerfeld Dr., Brampton</i>	12 affordable rental units	101% of median market rent	41 years	\$1,200,000 total; \$100,000 per unit

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United Property Resource Corporation (United Church of Canada) 4094 Tomken Rd., Mississauga	78 affordable rental units	101% of median market rent	41 years	\$4,680,000 total; \$60,000 per unit
Greenwin Corp./ Sweeny & Co. Architects Inc. (Elizabeth/George Holdings Inc.) 18-24, 28 Elizabeth St N & 31-33 George St N, 25-27 Nelson St. W., Brampton	40 affordable rental units	134% of median market rent	26 years	\$1,600,000 total; \$40,000 per unit

¹ maximum middle-income affordability - rents are no greater than 135% of local municipal median market rent, apartment units

3. Pilot Program next steps

a) Site-specific by-laws and funding agreements

The Pilot Program is being implemented through the Region's Municipal Housing Facility By-law (By-law 49-2020), which enables the Region to provide supports including capital grants for the provision of municipal housing facilities that meet the definition of affordable housing under the by-law. As required under the *Municipal Act, 2001* as well as under the Region's Municipal Housing Facility By-law, prior to a municipality entering into a municipal housing project facilities agreement, the municipality is required to enact a by-law in respect of those facilities. As such, through this report, staff is recommending that Regional Council enact site-specific by-laws to permit the Region to enter into municipal housing project facilities agreements under subsection 110(1) of the *Municipal Act, 2001* that will enable the Region to provide the applicable funding to the successful proponents for the provision of municipal housing project facilities for use as affordable housing.

Subject to Council passing the above noted site-specific by-laws, the Commissioner of Human Services and Director of the Housing Development Office have the delegated authority through Resolution 2020-549 to enter into and execute funding agreements, on financial terms satisfactory to the Chief Financial Officer and on legal terms satisfactory to the Regional Solicitor, to ensure the units remain affordable over the long term in accordance with the terms of the agreement.

b) Program evaluation and improvements

Subject to the enactment of the site-specific by-laws recommended in this report and execution of the necessary funding agreements, the Pilot Program will have supported the key objectives identified above, including increasing housing choice for Peel residents, securing new long-term affordable rental housing, building relationships with the development industry, and fostering partnerships with the local municipalities to support shared housing objectives. The units funded through the Pilot Program generally represent deeper housing affordability than what is currently observed in new purpose-built rental housing in Peel. Also taking into consideration the duration of affordability and unit mix favouring larger, family-sized units, it is unlikely that these affordable units in this form would have occurred, in the absence of the Pilot Program funding.

Regional staff is currently undertaking a comprehensive evaluation of the Pilot Program, and anticipate reporting back to Regional Council with the results in 2022. Staff will also continue

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to engage local municipal partners to seek opportunities to provide incentives for affordable housing, including stacking of local municipal incentives through the Pilot Program.

RISK CONSIDERATIONS

The affordable housing units committed through the Pilot Program are several years away from completion and occupancy, and therefore the Region will monitor the projects to ensure they are advancing in alignment with the terms of the individual funding agreements.

Given the length of time until completion and occupancy, there is the risk that projects, especially those earlier in the approvals process, may experience delays or other barriers to project advancement. Alternatively, applicants may decide not to proceed with accepting the Region's funding. These risks are mitigated by the fact that in most cases, funding would not advance until full building permits have been received. If this condition is not met, the Region's funding would not advance and could be put back in the Housing Reserve Fund for future program rounds.

FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report. Funding the affordable housing projects identified in this report will utilize \$7.48 million of the \$7.5 million in capital project already approved through the 2019 and 2021 budgets.

APPENDICES

Appendix I – Affordable Housing Incentives Pilot Program implementation
Appendix II – Summary of recommended projects (2021)

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