
REPORT TITLE: 958-960 East Avenue Affordable Housing Redevelopment Update

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

That East Avenue capital project 175033 be increased by \$35,089,400, from \$54,910,600 to \$90,000,000, by transferring \$33,589,400 from Housing Master Plan capital project 215030, and by transferring \$1,500,000 from Climate Change & Energy Management capital project 197201.

REPORT HIGHLIGHTS

- The East Avenue site is owned by Peel Housing Corporation. The redevelopment of the East Avenue site is one of 31 projects in the Region of Peel's Housing Master Plan.
- To date, approximately \$54.9 million has been secured for the redevelopment of East Avenue, which will provide 150 affordable rental units into Peel's housing stock.
- Staff is seeking Council approval to increase East Avenue's affordable housing redevelopment capital budget from \$54.9 million by approximately \$35.1 million to the upset limit of \$90 million.
- Several factors have led to an increase in the cost of the project:
 - Design enhancements to achieve the CMHC National Housing Co-Investment Fund requirements
 - The inclusion of underground parking
 - Inflation
 - Other cost escalations associated with COVID-19 supply chain challenges
- No new capital is being requested. Staff is seeking Council approval to re-allocate funds within the Council approved Housing Master Plan funding envelope and the Climate Change and Energy Management capital project.
- Upon Council approval of this report, staff will issue a Request For Proposal (RFP) to three prequalified vendors awarded through RFPQ # 2022-235PQ.

DISCUSSION

1. Background

In early 2016, Peel Housing Corporation retained a consultant to undertake preliminary planning studies to identify plausible design concepts at 958-960 East Avenue, Mississauga.

Three development options were considered: a mid-rise building, two mid-rise buildings, and stacked townhouse units.

After reviewing the options presented and considering the site's constraints, the costs, and the neighbourhood's character, a single mid-rise building was recommended as the

958-960 East Avenue Affordable Housing Redevelopment Update

preferred development. The architectural design presented at that time is consistent with East Avenue's final overall schematic design today.

On September 26, 2019, Regional Council approved Peel's Housing Master Plan. The Housing Master Plan is a key action of the Peel Housing and Homelessness Plan, supporting the strategy to build more community housing. Included in the Housing Master Plan is a total of 31 projects on Region of Peel and Peel Housing Corporation sites. The East Avenue Project is one of the 31 projects in the plan.

To date, approximately \$54.9 million has been secured for the redevelopment of East Avenue. The Capital Project 175033 (958-960 East Avenue Redevelopment) budget is currently comprised of:

▪ Regional Reserve	\$ 10,815,834
▪ Investment in Affordable Housing (IAH) Extension Year 6	\$ 6,060,484
▪ Ontario Priorities Housing Initiative Phase 2	\$ 9,910,600
▪ Ontario Priorities Housing Initiative Phase 3	\$ 7,287,500
▪ Canada Mortgage and Housing Corporation (CMHC) repayable loan	\$ 14,433,446
▪ Canada Mortgage and Housing Corporation (CMHC) forgivable loan	\$ 6,402,736
Total	\$ 54,910,600

An additional financial commitment of \$1.5 million has been notionally allocated to the East Avenue redevelopment to support the achievement of near-net-zero-carbon operations, a requirement of the Region's Climate Change Master Plan.

Since the East Avenue project budget was first established, the project has been impacted by supply chain issues and inflationary pressures. In addition to the rising costs due to market forces, the East Avenue redevelopment design had undergone changes to include one level of underground parking, improved accessibility and energy performance, and minimized greenhouse gas emissions.

As a result of these pressures, additional funds are required to complete the project. This report seeks Council's approval to increase East Avenue's redevelopment capital budget within the Housing Master Plan envelope by approximately \$35.1 million to the upset limit of \$90 million.

2. Redevelopment of 958-960 East Avenue, Mississauga

The East Avenue site is owned by Peel Housing Corporation, the Regional Municipality of Peel's not-for-profit housing provider.

Presently the East Avenue site consists of two two-storey walk-up buildings, built-in 1967, with 30 units. The buildings have been vacated, and tenants re-housed to prepare for development. The redevelopment proposes to remove the existing structures to accommodate 150 affordable rental apartment units in a 7-storey building with one level of underground parking.

The development has progressed and is currently in active procurement to secure a design-builder. Staff released and closed the request for prequalification for the design and

958-960 East Avenue Affordable Housing Redevelopment Update

construction services of the East Avenue affordable housing project. The submissions have been evaluated, and three (3) bidders have been prequalified to move on to the next phase.

To proceed with the next phase of the procurement process, the East Avenue capital budget must be increased to cover the updated project costs.

The primary reasons for the cost increase are included in the table below.

Cost Drivers (Not Reflected in the Original Estimate*)	Estimated Cost
Meeting CMHC National Housing Co-Investment Fund Requirements <ul style="list-style-type: none">• 21% of the units are fully barrier-free and a universal design for the entire project.• the project must achieve a 41% decrease in energy consumption and greenhouse gas emissions	\$4.9M
Change to underground Parking Garage	\$5.8M
Inflation	\$22.9M
Design changes to achieve near-net-zero-carbon operation – Climate Change Pacesetter Project	\$1.5M
Total	\$35.1M

*The original cost for East Avenue was developed in 2017 prior to the application for the CMHC National Co-Investment Fund.

As a result of the above, staff is requesting Council approval to increase the East Avenue capital budget to an upset limit of \$90 million.

RISK CONSIDERATIONS

Financial Risk – To mitigate additional risk, staff will enter into a Canadian Construction Documents Committee (CCDC) 14 – 2013 Design-Build Stipulated Price Contract with a Design-Builder. The Design-Builder will conduct the work under the contract for a pre-determined fixed price.

Operational Risk due to COVID-19 – Staff is mindful of the impact of COVID-19 on the delivery of construction projects and will work with the selected Design-Builder to remain attentive to market conditions and ensure safety protocols are met according to Regional policies.

s.275 of the *Municipal Act, 2001*, as amended Risk – If the current Council is subject to s.275 of the *Municipal Act, 2001*, as amended (i.e., *Lame Duck*), restrictions will be applied, limiting Council's authority. Staff is seeking Council approval to an upset limit to allow staff to proceed with the procurement of a design-builder. Staff is mindful of communicating the upset project budget during the procurement of a design-builder and will institute measures within the upcoming request for proposal to ensure fair and competitive pricing.

958-960 East Avenue Affordable Housing Redevelopment Update

FINANCIAL IMPLICATIONS

Staff is recommending that East Avenue capital project 175033 be increased by \$35,089,400, from \$54,910,600 to \$90,000,000 within the Housing Master Plan funding envelope.

The increase in cost will be funded by transferring \$33,589,400 from the Housing Master Plan capital project 215030 and \$1,500,000 from Climate Change & Energy Management capital project 197201 to the East Avenue capital project 175033.

No new capital is being requested through this report as the allocation of funds will occur within the Council approved Housing Master Plan funding envelope and the Climate Change and Energy Management capital project.

It is anticipated that operating costs will be included in the project's future year operating budget and funded by the project's operational revenue. As outlined in the Housing Master Plan, projects within the Housing Plan are to be operationally viable.

CONCLUSION

The 958-960 East Avenue site was identified as an asset that is presently underutilized with 50 year-old infrastructure. Council's endorsement to reallocate funding within the Peel's Housing Master Plan will enable Peel Housing Corporation to advance the redevelopment of East Ave and create much-needed net new affordable housing units.

Authored By: Marwan Kassay, Project Manager, Housing Services

A handwritten signature in black ink, appearing to read 'Sean Baird', is written over a horizontal line.

Sean Baird, Commissioner of Human Services