
REPORT TITLE: Housing Development Update 2024

FROM: Steve Jacques, MScPI, MCIP, RPP, Commissioner of Human Services

RECOMMENDATIONS

- 1. That the revised Peel Community Housing Development Program to include 13 projects as outlined in Table 1 of the report titled; “Housing Development Update 2024”, listed on the October 24, 2024 Regional Council agenda be approved; and**
- 2. That the Director, Housing Services be authorized to negotiate with the Canada Mortgage and Housing Corporation (CMHC) to make necessary amendments to the Credit Agreement as between Peel Housing Corporation, the Regional Municipality of Peel, and CMHC, together with any other ancillary documents and to execute such amendments and ancillary documents as may be required to receive and use the funding through the National Housing Strategy - National Housing Co-Investment Fund to support the implementation of the Peel Community Housing Development Program, provided such amendments and ancillary documents are on business terms satisfactory to the Commissioner of Human Services and the Chief Financial Officer and Commissioner of Corporate Services, and on legal terms satisfactory to the Regional Solicitor; and**
- 3. That the Chief Financial Officer and Commissioner of Corporate Services be authorized to realign the capital financing according to the revised Peel Community Housing Development Program using available funding as identified in Table 1 of the subject report; and**
- 4. That Peel Region continue its advocacy efforts to the Federal and Provincial governments to provide funding to support the full implementation of the Peel Community Housing Development Program as identified in Table 1 of the subject report.**

REPORT HIGHLIGHTS

- The Region increases the supply of shelters, community and supportive housing through a variety of programs including: the Peel Community Housing Development Program (PCHDP), the Non-Profit Housing Development Program, the Peel Affordable Rental Incentives Program (PARIP) and the My Home Second Units Renovation Assistance Program. Peel Region also participates in the federal Rapid Housing Initiative (RHI).
- Altogether, these programs are estimated to add over 2,100 new beds/units, contingent upon funding, to Peel’s community and supportive housing stock over the next 10 years,

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with six projects opening in 2024, providing shelter and/or affordable homes to 381 low-income, vulnerable or marginalized residents/households in Peel.

- In addition, a Request for Proposal for \$70M approved by Council in the 2024 budget, will be issued before the end of the year, seeking proposals for development projects from non-profit and co-operative organizations.
 - Securing sufficient funding from the province for housing development projects has been a challenge and this has created the need to re-negotiate the Region's existing credit agreement with the Canada Mortgage and Housing Corporation (CMHC). Staff is seeking Council approval to reduce the number of projects funded through the existing agreement from 16 to 9 projects, which will reduce CMHC funding received through this agreement by \$142.3M.
 - Staff will work to secure lost CMHC funding through other funding programs as opportunities arise.
 - The need for affordable housing, particularly amongst our community's most vulnerable – far exceeds available resources. Increasing the supply of affordable, community and supportive housing at a scale that more fully addresses our community's need cannot be funded through the property tax alone.
 - Regional Council and staff will continue to advocate to the federal and provincial governments to increase funding for community and supportive housing in Peel.
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DISCUSSION

1. Background

In 2018, Regional Council approved Peel's 10-year Housing and Homelessness Plan (PHHP). The plan includes several actions to increase the supply of affordable, community and supportive housing, through capacity building and the creation of new programs. These programs, which are now operational include: the Peel Community Housing Development Program (PCHDP), the Non-Profit Housing Development Program, the Peel Affordable Rental Incentives Program (PARIP) and the My Home Second Units Renovation Assistance Program. Peel Region also participates in the federal Rapid Housing Initiative (RHI).

This annual report provides Council with an update on the progress being made through these programs to increase the supply of shelters, affordable rental, community and supportive housing in Peel. Altogether, these programs, contingent on availability of funding, are estimated to add over 2,100 new beds/units over the next 10 years, with six projects opening in 2024, providing shelter and/or affordable homes to 381 low-income, vulnerable or marginalized residents/households in Peel.

2. Peel Community Housing Development Program (PCHDP)

The Peel Community Housing Development Program creates new shelters, transitional, community and supportive housing on lands owned by Peel Region and Peel Housing Corporation (PHC). It is the vehicle through which funded projects within Peel's Housing Master Plan (HMP) are built and operationalized.

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Regional Council approved the Housing Master Plan (HMP) in 2019. The plan contains 30 development opportunities with the potential to add over 5,000 units to the community housing system in Peel. When the plan was first approved, a portfolio of 18 projects was prioritized, and \$688.7M of an estimated \$1 billion of funding required to build the 18 projects was secured including:

- \$335.3M from Regional housing reserve contributions and development charges,
- \$276.4M in forgivable and repayable loans through the National Housing Strategy Co-Investment Fund, administered by the Canada Mortgage and Housing Corporation (CMHC), and
- \$77M of base federal-provincial housing program funding administered through the province.

Work on the prioritized projects began, as did advocacy to the provincial government to provide the \$311.3M required to fully fund all 18 projects.

Despite regular advocacy by the Regional Chair, Council and staff, the province has yet to commit the funding required to complete all 18 prioritized HMP projects. As a result, the number of HMP projects earmarked for development has been reduced to 13, as listed in Table 1 below. Once completed, these projects will add an estimated 1,684 new beds/units to the community housing stock in Peel.

Peel's 10-year capital plan has been updated to reflect this change. Staff will continue to seek funding for all 13 projects through the Region's budget process, while also optimizing the use of all available local, provincial and federal funding. Staff will continue to advance required feasibility and planning activities for unfunded projects, to maintain a robust development pipeline and a state of readiness, should new funding opportunities arise. A request for \$1.2M is included in the Housing Support 2025 proposed capital budget, to complete the planning approvals for three sites - Falconer, Mayfield West Phase 1 Family, and Emil Kolb Pkwy / King West.

a) Implications for the CMHC Agreement

When the Housing Master Plan was approved by Council in 2019, Peel Region negotiated a funding agreement with the Canada Mortgage and Housing Corporation (CMHC) for \$276.4 million of forgivable and repayable loans to fund the development of 16 of the 18 prioritized HMP projects by 2028.

This agreement with CMHC must be re-negotiated to reflect the updated portfolio of HMP projects earmarked for development through Peel's Community Housing Development Program, as described in this report. Staff is seeking Council approval to continue negotiations to amend the CMHC Agreement portfolio to include 9 projects as follows:

- 360 City Centre Drive (RoP owned, Affordable rental) – project completed
- 2420 Surveyor Road (RoP owned, Peel Family Shelter) – project completed
- Credit River Way (RoP owned, Affordable rental)
- 1358 Queen Street (RoP owned, Brampton Youth Shelter)
- East Avenue Redevelopment (PHC owned, Affordable rental)
- Chelsea Gardens (PHC owned, Affordable rental)
- Peel Manor Seniors Rental Apartments (RoP owned, Affordable rental/Supportive)
- Wilkinson Road Shelter (RoP owned, Men's shelter)

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- Brookvalley (RoP owned, Affordable rental)

Only projects that can be completed by the end of 2028 are able to be included in the re-negotiated portfolio agreement. Staff are hoping to drawdown CMHC funds for two projects this year: Peel Family Shelter (forgiveable loan of \$2.5M) and Credit River Way (\$13.9M repayable loan, \$6.2M forgivable loan). The Credit River Way project in Port Credit, Mississauga will open before the end of the year.

CMHC funding for all other housing development projects will be sought on a project-by-project basis.

Table 1 summarizes the status and funding sources for the 13 HMP projects currently being developed under the Peel Community Housing Development Program.

Table 1: Peel Community Housing Development Program (PCHDP) – Project Status

	Project	Type	Location	# of units	Current Status	Funding Status / Revised CMHC Agreement (Y or N)
1	360 City Centre Drive [RoP]	Affordable Rental	Mississauga	174	Completed – Dec 2020	Completed In CMHC agreement
2	New Peel Family Shelter Surveyor Rd [RoP]	Shelter	Mississauga	108	Complete – Opened Jan 2024	Completed In CMHC agreement
3	Brampton Youth Shelter Replacement [RoP]	Shelter	Brampton	80	Design in progress	Sufficient funding; In CMHC agreement
4	East Avenue Redevelopment [PHC]	Affordable Rental	Mississauga	150	Predevelopment in progress	Sufficient funding; In CMHC agreement
5	Credit River Way [RoP]	Affordable Rental	Mississauga	150	Construction in progress - opening this year	Sufficient funding; In CMHC agreement
6	Chelsea Gardens [PHC]	Affordable Rental	Brampton	200	Construction in progress	Sufficient funding; In CMHC agreement
7	Wilkinson Road Shelter Expansion [RoP]	Shelter	Brampton	150	Design in progress	Sufficient funding; In CMHC agreement *subject to CMHC approval
8	Brookvalley Site [RoP]	Affordable Rental	Caledon	80	Design in progress	Sufficient funding; In CMHC agreement *subject to CMHC approval
9	Peel Manor Seniors Rental Apartments [RoP] (Peel Manor A & B combined)	Affordable Rental/ Supportive	Brampton	198	Design in progress	Sufficient funding; In CMHC agreement
10	Mayfield West Phase 1 Family [RoP]	Affordable Rental	Caledon	50	Requires OPA and ZBLA	Requires funding, to be included in 2026-2035 capital plan, <i>Recommend off-ramp from CMHC Agreement</i>

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	Project	Type	Location	# of units	Current Status	Funding Status / Revised CMHC Agreement (Y or N)
11	114 Falconer [RoP]	Affordable Rental	Mississauga	82	Requires OPA and ZBLA	Requires funding, to be included in 2026-2035 capital plan, <i>Recommend off-ramp from CMHC Agreement</i>
12	Emil Kolb Pkwy + King West [RoP]	Affordable Rental	Caledon	62	Requires OPA and ZBLA	Requires funding, to be included in 2026-2035 capital plan, <i>Recommend off-ramp from CMHC Agreement</i>
13	Mayfield West Phase 2 Site [RoP]	Affordable Rental	Caledon	200	In early feasibility stage	Requires funding, to be included in 2026-2035 capital plan. <i>Will not be in CMHC agreement</i>
	Total Units			1,684		

3. Federal Rapid Housing Initiative (RHI)

New transitional, community and supportive housing is also created in Peel through the federal government's Rapid Housing Initiative (RHI). Peel Region has participated in RHI I, II, and III. To date, \$75.4M of federal and \$15.5M of Regional funding has been allocated to RHI projects, adding 174 units of transitional, community and supportive housing to Peel's community housing system. Table 2 below lists all RHI projects in Peel.

Table 2: Rapid Housing Initiative (RHI) Projects

	Project	Location	# of units / beds	Status
1.	Birch Place (RHI I)	Brampton	50 Affordable rental units, 17 youth transitional units	Complete, occupancy in March 2024
2.	Armagh House Expansion (RHI I)	Mississauga	10 transitional housing units	Complete, occupancy began in March
3.	Pathway Arbour Mill Expansion (RHI II)	Mississauga	6 affordable rental units	Construction in progress, occupancy expected Q4 2024
4.	Indwell Streetsville (RHI II)	Mississauga	40 supportive housing units	Completion and occupancy began in August 2024
5.	Indwell Clarkson (RHI III)	Mississauga	51 supportive housing units	Completion in 2026
	Total units		174 units	

4. Peel Affordable Rental Incentives Program (PARIP)

The Peel Affordable Rental Incentives Program (PARIP) offers incentives to private and non-profit developers to provide affordable rental housing for low and middle-income households through capital grant funding. Launched in 2021, the program has an annual budget of \$7.5M. To date, 5 projects, with a total of 175 affordable units have been approved.

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Regional staff continuously adapt how the PARIP program is administered, based on developer feedback and to efficiently 'stack' Regional incentives with those offered by the local municipalities. The cities of Brampton and Mississauga are pursuing affordable housing incentives programs, largely funded through the federal Housing Accelerator Fund. On August 1, 2024, the City of Mississauga Council passed a by-law to implement the Community Improvement Plan (CIP) for Affordable Rental Housing, which has a budget of \$44 M. The City of Brampton's CIP is also under development and aims to provide capital grants for affordable rental and ownership housing. In addition, the province passed Bill 23, '*the More Homes Built Faster Act*' in 2022 to make affordable housing developments eligible for relief from development charges and other fees. These changes came into effect on June 1, 2024.

Collaboration with the City of Mississauga has also resumed on Inclusionary Zoning (IZ), with access to affordable units created through IZ being administered by the Region. Staff will bring a report to Regional Council on IZ in 2025.

5. Non-Profit Housing Development Program

In July 2023, Council approved the creation of a new Non-Profit Housing Development Program, to increase the capacity of the non-profit sector to build and operate community and supportive housing in Peel. Through the 2024 budget process, Council approved \$70M to move forward with Phase One of this program, to build at least one community and/or supportive housing project in Peel.

An RFP will be issued before the end of the year, seeking proposals from non-profit and co-operative organizations. Staff will work with the local municipal, provincial, and federal counterparts to leverage other funding opportunities and supports.

Phase Two of this program, which will start to be designed in 2025, includes an assessment of the non-financial supports needed by the non-profit sector to increase their capacity for housing development, as well as an assessment of Regional and other public sector lands that could be made available to the non-profit sector for housing development.

6. My Home Second Units Program (MHSU)

The final program that the Region administers to increase the supply of affordable rental housing, is the My Home Second Units (MHSU) Program. This program was launched as a pilot program in October 2019 to assist homeowners with transitioning their existing, unregistered second unit into a legal, registered, affordable second unit.

Under the MHSU, homeowners are eligible to apply for a maximum of \$20,000 as forgivable loan to upgrade and legalize an existing second unit in their homes. Homeowners are allowed to receive an additional \$10,000 if they agree to rent to a tenant referred by Peel Region.

During 2019-2024, 92 applications were received. Of those, 21 applications were deemed not eligible upon receipt, 45 applications were withdrawn by homeowner or cancelled due to ineligibility during the review process. To date, 22 projects have been completed, with 20 in Brampton and two in Mississauga. The Pilot ended in June 2024 due to its limited uptake and success. The program is currently being evaluated and staff will bring recommendations to Council in 2025.

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RISK CONSIDERATIONS

While the Region funds and operates several programs to increase the supply of affordable rental, community and supportive housing in Peel, the need for affordable housing - particularly amongst our community's most vulnerable – far exceeds available resources. Staff have previously reported to Council that available resources from all levels of government meet just 34% of our community's need for affordable housing.

Increasing the supply of affordable, community and supportive housing at a scale that more fully addresses our community's need cannot be funded through the property tax alone. An all of government approach is needed, with significantly more investment from the federal and provincial governments in community and supportive housing. Focusing on market supply alone will not help to end homelessness and help our community's most vulnerable to become affordably housed.

In July 2023, and to build more community and supportive housing, Council approved staff's recommendation to increase the proportion of Regional funding allocated to housing development projects, moving away the model of 1/3 federal, 1/3 provincial and 1/3 Regional funding.

This has capital and operating budget implications for Peel.

Implementing the recommendations in this report and reducing the number of projects in the CMHC deal from 16 to nine, will result in an initial loss of \$98.6M Repayable and \$43.7M Forgivable CMHC loans. CMHC and Regional staff are working to revise the existing agreement and will seek to enter into new funding agreements as opportunities emerge.

If project development does not align with the CMHC agreement funding timelines, staff will return to Council with funding options and implications.

FINANCIAL IMPLICATIONS

The updates to the Peel Community Housing Development Plan (PCHDP), have both capital and operating budget implications.

a) Housing Support Capital Budget Implications

Staff are in the process of re-negotiating the existing CMHC agreement, so it includes nine projects instead of 16 projects, resulting in a loss of \$98.6M Repayable and \$43.7M Forgivable CMHC loans from the existing agreement. The loss of \$142.3 million is now included in the proposed 2025 10-year capital plan, to be funded by Regional capital reserves.

As per Table 1 above, the proposed 2025 10-year Capital Housing Support budget will continue to include 3 of the projects that will be removed from the existing CMHC agreement (Falconer Drive, Mayfield West Family and Emil Kolb Parkway/King Street) as well as 1 new project (Mayfield West Phase 2 site), at an estimated incremental cost of \$39.4 million. Staff will try and secure funding for these projects, including from CMHC, outside of the revised portfolio agreement.

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In addition, staff will be bringing forward a request for \$1.2 million through the proposed 2025 Housing Support Capital budget to undertake the planning approvals processes for three of these sites.

b) Housing Support Operating Budget Implications

Housing that is built, funded, owned or operated by the Region, Peel Housing Corporation and the non-profit or co-operative sectors creates homes for low-income households and our community's most vulnerable residents. Over 40 percent of the units built are offered at rent levels below 60 percent of median market rent (as per Rental Market Report published annually by CMHC). These projects create housing that is not delivered by the private sector. Increasingly however, and as previously reported to Council, ongoing rent subsidy is essential to assist households with greater financial needs, who are unable to afford even below-market rental rates.

Rental mix of the building, affordability levels, economic factors, and market conditions are some of the variables in determining the level of rent subsidy required. Currently, no federal or provincial funding commitment is available for operations of new builds. Operating impacts are included in budget projections and staff will bring forward subsidy funding requests to Regional Council through the budget process as projects come close to completion.

The total estimated impact of rental subsidy for projects developed through the Peel Community Housing Development Program is approximately \$0.4 million for 2026, \$0.7 million for 2027 and \$1.1 million for 2028 for projects completed in those years.

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CONCLUSION

As Service Manager of Peel's affordable housing system, the Region of Peel oversees the development of new community and supportive housing - housing that is not provided by the private sector.

This annual report provides Council with an update on the progress being made through various programs to increase the supply of shelters, affordable rental, community and supportive housing in Peel. Altogether, these programs are estimated to add over 2,100 new beds/units, contingent on funding, over the next 10 years, with six projects opening in 2024, providing shelter and/or affordable homes to 381 low-income, vulnerable or marginalized residents/households in Peel.

Despite this steady progress, available resources are estimated to meet just 34% of our community's need for affordable housing. As such, Regional Council and staff will continue to advocate to the federal and provincial governments to increase funding for community and supportive housing in Peel.



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