Town of Richmond Hill

Celebrating 130 Years

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Town of Richmond Hill

P.O. Box 300
225 East Beaver Creek Road
Richmond Hill, Ontario
Canada L4C 4Y5
(905) 771-8800
www.richmondhill.ca

October 1, 2003

REGION OF YORK
CLERK'S OFFICE

FILE No. - P37

Mr. Denis Kelly, Regional Clerk
The Regional Municipality of York
17250 Yonge Street
P.O. Box 147
Newmarket, ON L3Y 6Z1

Dear Mr. Kelly:

Re: Federal/Provincial "Community Rental Housing Program" - (SRCAO.03.23)

Richmond Hill Town Council, at its meeting on September 22, 2003, approved the following resolution:

> "That SRCAO.03.023 regarding the Region of York's participation in the "Community Rental Housing Program" and its associated request for local financial incentives, be received for information purposes, and
>
> a) That based on the intended mandate of this Program, the Town of Richmond Hill not formally participate at this time;
>
> b) That Staff be directed to continue discussions with the Region of York and monitor the on-going progress of this Program and if deemed necessary, report back to Council with respect to further details and direction;
>
> c) That a copy of SRCAO.03.023 be forwarded to the Region of York for information."

A copy of the report is attached for your information. Should you have any questions, please contact Jim Kotsopoulos at 905-771-8800 extension 5463.

Sincerely,

Robert C. Prowse
Town Clerk

/lc

c. J. Kotsopoulos, Manager of Corporate Research and Policy Development

Agenda Item 2.0

TOWN OF RICHMOND HILL

COUNCIL MEETING
September 22, 2003
SRCAO.03.23

Office of the Chief Administrator

SUBJECT: Federal/Provincial "Community Rental Housing Program"

PURPOSE:

The report informs Council about the Region of York's participation in the combined Federal/Provincial "Community Rental Housing Program (CRHP)" and the Region's request seeking support from the area municipalities in the form of local financial incentives to offset the overall costs of this program.

RECOMMENDATIONS:

That SRCAO.03.023 regarding the Region of York's participation in the "Community Rental Housing Program" and its associated request for local financial incentives, be received for information purposes and:

a) **THAT based on the intended mandate of this Program, the Town of Richmond Hill not formally participate at this time.**

b) **THAT Staff be directed to continue discussions with The Region of York and monitor the on-going progress of this Program and if deemed necessary, report back to Council with respect to further details and direction.**

c) **THAT a copy of this report be forwarded to the Region of York, for information.**

Contact: Jim Kotsopoulos, Manager of Corporate Research and Policy Development, Extension 5463.

Approved by:

~~Dave~~ **Weldon**
for **Chief Administrative Officer**

.../2

BACKGROUND:

On June 27, 2002 York Region Council adopted a Housing Supply Strategy (HSS) for The Region of York. This HSS established targets for the creation of affordable housing through both direct delivery of 100 units annually and an additional 100 units per year through partnerships with private and non-profit sectors. The production of these affordable rental housing units will serve to assist the Region in achieving its broader Growth Management goals such as increased density along nodes and corridors.

On December 6, 2002 the Provincial Government announced the policy framework for municipal delivery in Ontario through the formal introduction of the "Canada - Ontario Affordable Housing Program Agreement - Community Rental Housing Component". This particular policy initiative serves as the Ontario Government's share of the federal funding for affordable housing units originally introduced in the Federal Government's 2001 Budget.

In early July 2003, the Federal and Provincial Governments allocated more than $4.1 million to establish a total of eight (8) pilot projects throughout Ontario, as a component of the "Canada - Ontario Affordable Housing Program Agreement." The intent of these pilot projects is to hopefully "kick-start" the production of approximately 2000 affordable rental units in areas of the Province deemed to have the highest need for affordable rental housing, which includes the Region of York. This "first phase" funding initiative, for example, is anticipated to result in the construction of approximately 150 units in The Region of York and 287 units in The Region of Waterloo.

The CRHP has been designed by the Federal Government to operate on a 50/50 cost shared basis. This means that the Federal Government's contribution of $25,000.00 per unit will be required to be equally matched by the Provincial contribution of $25,000.00 per unit. However, the Ontario Government has indicated it is only willing to provide up to a maximum of $2,000.00 per unit in the form of waiving Provincial Sales Tax revenue. Consequently, the majority of Ontario's required contribution in this program, the remaining $23,000.00 per unit, will have to be realized through the combined efforts of the various participating municipalities, the private sector and community groups.

In this regard, one of the CRHP's policy statements actually includes, as a formal schedule, the following worksheet detailing the anticipated and expected "municipal contributions" to be made towards this program:

- Present Value of Property Tax Savings;
- Development Charges (waiver or reduction);
- Grants (to reduce capital costs);
- Low Interest Loans (value below market);
- Land (value of lease below market, or assessed value if title is transferred); and,
- Other (specify)

Therefore, the Region is now requesting that its local municipalities formally participate in this endeavour by providing local financial incentives to offset the overall costs and as such, ensure the success of the program within the Region of York.

POTENTIAL FINANCIAL IMPLICATIONS FOR THE TOWN BASED ON THE REGION'S PARTICIPATION IN THIS PROGRAM AND ITS REQUEST FOR LOCAL INCENTIVES:

As stated earlier, The Region of York has been permitted to create approximately 150 units (representing those "first phase" units allowed to be directly delivered by the municipalities) of its overall funding allocation under the recently announced Federal/Provincial eight (8) pilot project initiative. In conjunction with the above-noted funding provisions, the Region of York is making the following assumptions from a unit realization/delivery perspective:

- 75% of the units to be developed will be located in the Region's southern municipalities;
- the remaining 25% will be located within the Region's northern municipalities; and,
- 75% of the units to be constructed will be low-rise apartments while the remaining 25% will be in the form of ground oriented row housing.

Consequently, if The Town of Richmond Hill decides to formally participate in this program, the following scenario will represent the most likely form of an affordable housing unit development that would be facilitated based on the above-noted assumptions:

- Minimum Site Area Required: Ranging from 0.30 ha. (0.75 ac.) to 0.4047 ha. (1 acre);

- Total Units To Be Constructed: 40 (representing 75% of the 150 units to be divided on a one-third basis among The City of Vaughan, The Town of Markham and The Town of Richmond Hill);

- Approximate Gross Floor Area: 4,800 m^2 (51,670 ft^2); and,

- Form of Development: Low-rise Apartment (approx. four (4) storeys in height)

Based on the reasonable assumption that such a sit : is presently unavailable, particularly from an Official Plan and Zoning designation perspecti e, the following summary would represent approximately how much money the Town would have to commit in the form of potential local financial incentives:

PLANNING/BUILDING DIVISION APPLICA TION RELATED FEES:

Official Plan and Zoning By-law Amendment App ication Fees:	$1,115
Official Plan Amendment Processing Fee:	1,780
Zoning By-law Amendment Processing Fee:	1,175
Site Plan Application Fee:	585
Site Plan Application Processing Fee:	4,690
Building Permit Application Fee: (4,800 m^2 (51,670 ft^2) X $9.50 m^2)	45,600
Plumbing Fee: ($180.00 per unit (40 Units))	7,200
TOTAL PROCESS NG FEES	**$62,145**

OTHER DEVELOPMENT RELATED FEES:

Site Plan Registration Fee:	$100
Release Certificates:	1,498
Cash-in-lieu of Parkland:	83,184
Educational Development Charges *(1) :	105,120
Town of Richmond Hill Development Charges:	140,880
Area Specific Development Charges *(2) :	158,240
Municipal Property Tax Exemption (local portion nly):	7,500
TOTAL OTHER F ES	**$496,522**
	$558,667

***(1) Any waiver to be formally determined b York's Boards of Education**

***(2) For the purposes of this analysis, the ass mption has been made that a development of this type would typically locate in cl se proximity to a Regional Centre/along a Regional Corridor having easy acces to public transit and the appropriate amenities/services (ie. schools, communi y centres, and libraries). For instance, the Yonge-Crosby Development Area, havi g a current figure of $158,240.00 per net hectare, could serve as one potential are accommodating such a development.**
PLEASE NOTE: this financial impac would not be applicable if a particular development is able to be facilitated in a area of the Town not covered by an Area Specific Development Charge (ie. majori y of lands south of Major Mackenzie Dr.).

ADDITIONAL POTENTIAL FINANCIAL INCENTIVE:

A "Land In Kind" (Municipally owned) contribution could also serve as an additional potential financial incentive. Under such circumstances, it would not be unreasonable to assume that the value of such a property could be in the range of $350,000.00 to $500,000.00 per net acre.

OTHER ISSUES TO BE CONSIDERED:

In addition to the aforementioned financial impacts, there are also other land use/administrative related issues which must be carefully taken into consideration when a decision is being made to provide for the development of affordable housing units within a municipality. Some of the more prominent issues includes, among others, the following:

Housing strategy must be developed and implemented on a fair and equitable basis

Affordable housing should be provided on the basis of an overall Region of York wide strategy acceptable to all of the local municipalities. Such a strategy shall also ensure that there will be a fair and equitable distribution of this type of housing among all of the Region's Municipalities and among the Town of Richmond Hill's various communities, if the decision is to support such housing. As such, a strong and flexible working relationship will have to be implemented with the Region of York which fosters the ideals of effective cooperation and consultation in a partnership like setting, when it comes to the development and delivery of affordable housing.

It is noted that the Town of Richmond Hill's existing stock of affordable housing units serves as the Region of York's highest number of units on a per capita basis.

The development of such housing units must be sensitive to a municipality's local needs and it must be consistent with the goals and objectives of its Official Plan

The first priority when considering the development of this type of housing form should always focus on meeting the needs of local communities. It is essential that this housing form be consistent with the municipality's Official Plan's stated goals and objectives particularly in the areas of local growth management needs, urban design and overall social and economic long term objectives.

From a local growth management perspective, such housing form must be developed and provided in a socially responsible manner by being integrated into the overall community and not concentrated just in one area or areas of the municipality. Ideally, this type of housing should be primarily located in proximity to existing services such as transit, schools, libraries and community centres.

The design of this type of housing must be done in such a manner that it would allow it to be easily integrated into an existing community. Therefore, the issues of building height, massing, density and overall architectural style are paramount in this type of development. The effective consideration of the above-noted issues would permit this type of housing form to not only be easily integrated into an existing community, it would also have the effect of protecting and maintaining the existing character and housing stock of the immediate surrounding community.

Overall, an effective affordable housing program, having as its primary goal the idea of encouraging the development of affordable housing, must adequately include the philosophy of educating the public about affordable housing and promoting the effective integration of such housing by protecting and maintaining the municipality's existing housing stock.

Local financial incentives and potential impacts

The Region of York's request to provide local financial incentives to offset the overall costs associated with the CRHP should be carefully analysed and discussed in more detail. It is recommended that, as a minimum, such a request not be considered on a wholistic basis but rather on an individual affordable housing project basis primarily based on the conformity with the potential financial and land use/administrative issues identified in this report. For instance, if the Town agrees to waive the potential Development Charges as listed earlier on, those monies waived would have to be replaced from another source of funds. However, as the analysis indicates within this report, the value of the Development Charges component waived for a proposed 40-unit affordable housing development can be rather substantial. It is noted that the Region of York is proposing to offer relief from its Development Charges for this program by replacing the waived DC's with money from its Social Housing Reserve Fund. Since the Town does not have a Social Housing or similar reserve, any monies waived must be made up from the tax rate.

Secondly, it is inappropriate for the Provincial Government to continue its reliance on anticipating and expecting that the majority of Ontario's required contribution in the CRHP ($23,000.00 per unit) will be generated through the combined efforts of those participating municipalities, the private sector and the community groups. For instance, the issue of the approximate $14 million in taxes from within the Town as part of the Region of York's tax levy contributed annually towards the GTA Social Pooling initiative must be taken into consideration with this particular policy initiative. Therefore, the Province must reconsider this position and begin contributing a more equitable sum of money towards the fulfillment of its $25,000.00 per unit share. This issue should and must be discussed in further detail.

FINANCIAL/STAFFING/OTHER IMPLICATIONS:

For the purposes of this report, there are no financial, staffing or other implications. However, if the Town of Richmond Hill decides to formally participate in the CRHP, as per the Region of York's request, there will be certain financial impacts realized as a result of this participation.

RELATIONSHIP TO STRATEGIC PLAN:

The Town is demonstrating innovative and responsible municipal management by carefully evaluating the potential financial and land use impacts which could arise from the participation in this policy initiative.

CONCLUSIONS:

With the participation of both the Federal and Provincial levels of government, the opportunities for the construction of new affordable housing units over the next few years has been greatly enhanced throughout Ontario and the Region of York in particular. Although there may be a clearly defined need for more social and affordable housing in York Region, such a decision cannot be simply made without the careful consideration of potential local economic, social and land use related impacts. Undoubtedly, the overall success of any affordable housing program is contingent upon its ability to be adequately integrated into an existing community and as such, effectively accepted by the Council and residents of the said community.

It is felt that at this time, it would be premature for the Town to adequately participate, through the implementation of local financial incentives, in the Region of York's Community Rental Housing Program initiative. It is therefore recommended that further discussions occur with the Region in an attempt to satisfactorily address the various issues identified within this report, particularly involving the current Provincial Government's practice of contributing only $2,000.00 per unit towards its required overall contribution of $25,000.00 per unit.

APPENDIX CONTENTS:

"A" - Federal Housing Program - Community Rental Housing Program (CRHP) Staff Report: Region of York Community Services and Housing Committee Meeting, June 4, 2003

Appendix "A"
SRCAO.03.23

The Senior Management Group has reviewed this report.

4
FEDERAL HOUSING PROGRAM
COMMUNITY RENTAL HOUSING PROGRAM (CRHP)

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, May 23, 2003, from the Commissioner of Community Services and Housing, Commissioner of Finance and the Commissioner of Planning with the following additional recommendation:

6. That Regional Council request the Province to establish more reasonable deadlines for the Community Rental Housing Program that more closely reflect municipal approval processes.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council agree in principle to participate in the Community Rental Housing Program (CRHP) and set aside up to $7.5 million from the Social Housing Reserve for the years 2003-2005, to upfront the costs associated with matching Provincial and Federal funding, additional to previously approved contributions of reductions to the new multi-residential property tax rate and conditional grants to non-profit groups equivalent to the amount of regional development charges, subject to the successful negotiation of outstanding issues with the Province.

2. Regional Council authorize the Regional Chair or designate, in consultation with the Regional Solicitor, to enter into negotiations with the Province regarding the content of the agreements and the outstanding issues for the Community Rental Housing Program and report back to Committee in Fall 2003.

3. Regional Council authorize staff to issue a Request for Proposal (RFP) appropriate for York Region, that reflects the results of a consultation with area municipalities, to identify potential affordable rental housing projects to be funded under this program and report the results to Council in the Fall 2003.

4. This report be circulated to area municipalities in York Region formally requesting that they support the success of the CRHP and the Region's Housing Supply Strategy by providing local incentives such as the waiver of fees and charges to support affordable housing development and assist the Region in achieving the required matching of funds under the program.

5. Regional Council requests that the Province contribute additional funds to the Community Rental Housing Program to reflect a meaningful commitment to the Program.

2. PURPOSE

This report recommends that the Region participate in the Community Rental Housing Program (CRHP) subject to the successful completion of the negotiations with the Province. It also asks Regional Council to commit upfront funding to a maximum level and to endorse an RFP process to select suitable non-profit and private sector partners. As well, the report asks local municipalities to support the success of the program by providing local incentives to offset the overall cost of the program.

3. BACKGROUND

3.1 General

At the May 31, 2001 meeting of the Community Services and Housing Committee, Regional staff were directed to develop a Housing Supply Strategy to increase the supply of affordable housing across the Region, and in particular to increase rental housing opportunities in the private market.

On June 27, 2002 Regional Council endorsed a Housing Supply Strategy (HSS) for York Region. As part of the HSS, the Region set targets for the creation of affordable housing through both direct delivery of 100 units per year and seeking partnerships with private and non-profit sectors for an additional 100 units each year.

In support of its commitment to develop affordable rental housing, Regional Council has adopted the following measures:

- Established a new multi-residential property tax class with a ratio of 1.00;
- Established a policy of providing conditional grants in the amount of Regional development charges to non-profit groups developing affordable housing;
- Adopted a Municipal Housing Facilities By-law allowing private developers to receive benefits from the Region to assist them in developing affordable housing.

The CRHP provides an opportunity for the Region to further partner with other levels of government to meet its housing objectives. The program also contributes federal/ provincial funding towards the creation of a long-term public asset in affordable rental housing for the community and helps the Region achieve its broader Growth Management goals, such as increased density along nodes and corridors.

The CRHP was first proposed in the fall 2000 Liberal platform and was announced in early 2001. A Federal/Provincial/Territorial (F/P/T) Agreement, concluded on November 30, 2001, outlined the framework for the initiative, with multi-year funding confirmed in the December 2001 federal budget. Under the F/P/T Agreement, provinces were given wide flexibility in determining priorities, delivery arrangements, and matching funding.

On December 6, 2002 the Province of Ontario announced the framework for municipal delivery in Ontario of the "Affordable Housing Program – Community Rental Housing

Component", setting in motion the delivery of the Ontario share of new federal funding for affordable housing announced in the 2001 federal budget.

On May 30, 2002, the Federal Government and the Province of Ontario signed an agreement to provide $244.7 million in federal funding to Ontario, over the four fiscal years 2002/03 through 2005/06, with the main priority being new rental housing.

3.2 York Region Allocation

The first round of the CRHP involves the allocation of 4,000 units to 12 municipalities in high-growth or low-vacancy rental markets. York Region is one of these communities. The Region's share of this first phase of allocations is 300 units, which is equivalent to about $7.5 million in funding. It is understood that the total York Region allocation will be approximately 600 rental units and $15 million over a three-year period, although this is yet to be formally announced and confirmed.

The Province has confirmed that in order for funding under the CRHP to available to housing providers in an area, that the Service Manager must administer the program in their municipality.

Earlier information on this program was provided in a report from the Commissioner of Community Services and Housing and adopted at the Council meeting of June 19, 2002. A verbal update was provided to Committee at their December 11, 2002 meeting.

3.3 Pilot Program

The Province has recently announced a Pilot Program to deliver about 2000 units of housing as a component of the CRHP program. York Region is authorized to use about 150 units of its overall allocation of funding under the Pilot Program. The details of this Pilot Program are the subject of a separate report.

3.4 Request to Issue RFP

In anticipation of this Federal rental housing program, Regional Council on June 27, 2002, directed staff to prepare an RFP based on the framework proposed in this report so that the Region may identify affordable rental housing projects and seek partners to develop rental housing in York Region.

Recently the provincial government announced the program requirements for the delivery of the Federal housing program in the province. With Council's consent, an RFP can be issued that seeks to identify affordable rental housing projects and partners to deliver this program in the Region and report back to Council with the results.

4. ANALYSIS AND OPTIONS

4.1 Program Description

The CRHP has been structured by the Federal government to be 50% cost shared. The Federal Government's contribution will be $25,000 per unit. In the case of Ontario, the Province has indicated it will provide $2,000 per unit by way of foregone PST revenue. In order to match the total available funding, municipalities, the private sector and community groups will be required to contribute the additional $23,000.

Service Managers delivering the program may add additional requirements reflecting local housings needs, such as target groups, priority locations, rent supplement goals and development and design standards. A working committee comprised of Legal, Finance, Planning and Community Services and Housing staff will examine these requirements to ensure they conform to the Region's principles for housing development.

In order to qualify for funding, units must not initially rent for more than the last published CMHC average rents for the municipality in which they are located.

The Province has indicated that Service Managers must forward recommended projects arising from the requests for proposals by October 31, 2003.

4.1.1 Administration Cost Allowance

The Province will pay Service Managers an administration allowance of 3.27% of the funds they commit. Based on a full allocation of $15,000,000, this would equate to $490,500 or $163,000 for each year of the program. To the extent that Service Managers conduct RFP's but do not select successful proposals, they will receive a 1% administration fee based on their original allocation.

See *Attachment 1* for a detailed program summary.

4.1.2 York Region Program Targets

The CRHP allows municipalities to directly deliver up to 25% (150) of the total units allocated. As well, municipalities are strongly encouraged to allocate a further 20% (120) of their unit allocation to private non-profit groups. The remaining 55% (330) of the units are to be allocated to private developers. It is assumed that 75% of the units will be developed in the southern municipalities with the remaining 25% being developed in the northern part of the Region. It is also assumed that 75% of the units to be developed will be low-rise apartments, and the remaining 25% to be row houses.

Given the current high cost to produce high-rise apartment buildings, it is assumed that few, if any, will be built. Any high-rises proposed would likely have site specific circumstances/advantages that will enable them to be developed.

4.1.3 Outstanding Issues

There are several outstanding items to be negotiated with the Province that have arisen as a result of the Region's program and legal review. These issues have been raised with the Province in meetings and in letters from the Commissioner of Community Services and Housing dated February 7, 2003 and April 30, 2003. Staff are awaiting a response.

- The extent of indemnification by Service Managers to the Province in case of any loss by the Province.
- The calculation and timing of matched property tax reductions.
- The recognition of debenture financing on municipally owned projects.
- The willingness of the Province to recognize expenditures made to date by the Region, area municipalities, and the community in respect to affordable housing projects.
- The form of security to be taken by the province on regionally owned properties.
- The ranking of respective provincial and municipal mortgages used as security for contributions to projects.
- The willingness of the Province to move the date for municipalities to forward recommended projects beyond October 31, 2003.

These issues are for the most part common to all service managers who would consider participation in the program.

Although it is certainly disappointing that the province's financial participation is limited to the $2,000 per unit PST rebates, the opportunity to access funding from the CRHP is consistent with Region's goals as expressed in the Housing Supply Strategy (HSS).

4.2 Request For Proposals (RFP) Process

This RFP process provides Council with a transparent means of selecting projects for which the Region can partner with non-profit and private sector corporations to create new affordable rental housing. Regional Council will have the opportunity to approve any project proposed through the RFP process and any regional financial incentive or benefit being sought. The RFP process will require that proponents confirm their equity contributions to their proposal, as well as local municipal support such as financial incentives. Proposals will be favoured where the support from the Region is offset by support from area municipalities or other sources.

The RFP will be prepared in accordance with Regional Purchasing By-law No. A-0304-2002-031, the funding agreement between the Province and the Region, and in consultation with the Regional Solicitor. The RFP will also reflect the consultation with area municipalities.

See *Attachment 2* for a summary of the Major Components and the Evaluation Methodology of the RFP.

4.2.1 Principles of the RFP

The RFP will be premised on York Region's principles for housing investment, as outlined in the Housing Supply Strategy, namely:

- Integration of proposed project within existing neighbourhood, infrastructure, and community services.
- Long-term affordability of the proposed project. Projects that propose permanent long-term housing will receive a more positive evaluation.
- Focusing on a modest form of housing which helps to ensure long term affordability.
- Intensification of nodes and corridors in keeping with the Region's Transit and Growth Management Strategies.
- Linkages to transit, services and employment in keeping with the Region's Official Plan.
- Addressing social housing waiting list, especially in terms of client type (i.e. families, seniors) and bedroom requirements.
- Achieving local municipal support in terms of community support for the project, favourable planning status or approvals, equity contribution or concessions from the local municipality (i.e. waive or reduce fees or charges).
- Accountability to the community, Regional, Provincial and Federal partners are essential elements of proposals considered for public investment.

4.3 Benefits to the Region

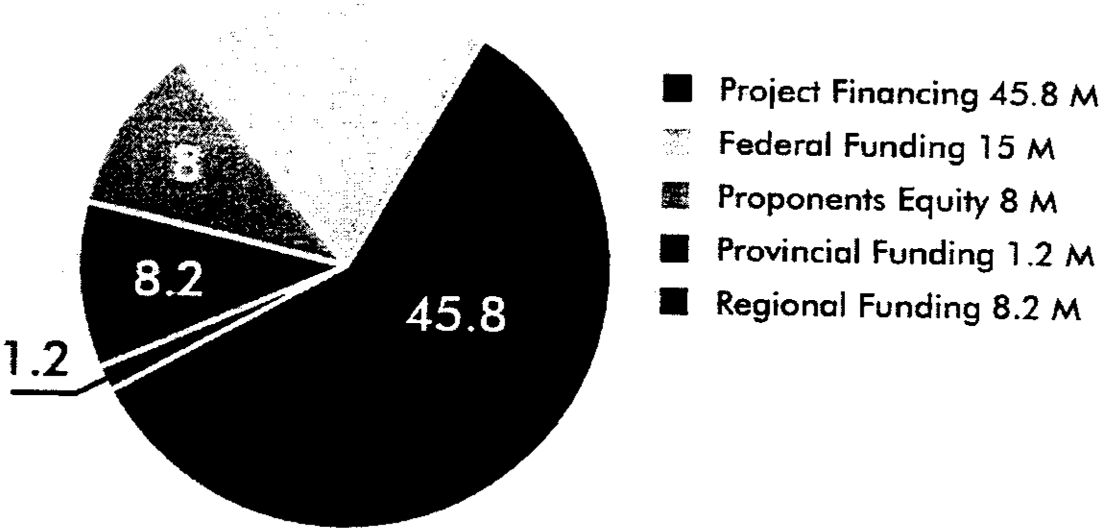
The construction of the proposed 600 units under the CRHP would enhance the Region's affordable housing infrastructure and bring significant benefits to the Community including:

- an increase to the property tax assessment base.
- significant construction employment and related economic spin-offs.
- reduction in the number of households on the Region's social housing waiting list.
- support the Region's transit and growth management strategies.
- labour force enhancement through the provision of affordable housing for employees so that businesses in the Region can attract and retain their workforce.

Chart 1 illustrates the possible impact that the Region's investment in this program may have in leveraging other sources of funding to achieve an estimated $80 million in new affordable rental housing infrastructure.

Chart 1

Estimated Financing and Equity Sources to Produce
Nearly $80 million of Affordable Housing under the CRHP



4.4 Financial Assessment

As shown in Table 1 it is estimated that subject to the negotiation of outstanding issues with the Province, the additional cost of participating in the CRHP would be approximately $7.5 million. It is proposed that the Region upfront these costs and seek to reduce its overall exposure by requesting that proponents seek financial support from other sources. This would allow housing proponents to receive fully matched funds of an average $25,000 available per unit from the Federal government.

It is recommended that this $7.5 million represent the maximum exposure of the Region under this program. The Region will attempt to reduce its financial exposure under the Program by asking area municipalities and proponents to contribute to the matching of Federal funding.

Table 1
Possible Cost of Regional Participation in CRHP
600 Low-Rise and Row Housing Units

Description	Per/unit Averages ($)	Total ($)
Federal Contribution	25,000	15,000,000
Funds Required to Match (1)		
Provincial Contribution	2,000	1,200,000
Property Tax Reduction (2)	4,958	2,975,000
Development Charges for Non-Profits Units (3)	1,467	880,000
Expenditures/Contributions to Date (4)	4,351	2,610,000
Total Possible Matched to Date	**12,776**	**7.665,000**
Additional Funds Required to Fulfil	12,224	7,335,000

Notes: (1) It is assumed that 75% of units will be built in the southern part of the Region, 25% in the northern part. It is also assumed that 75% of the units will be low-rise apartments and 25% of the units will be row-housing units
(2) The calculation of the matched property tax reduction has not yet been confirmed by the Province.
(3) Based on Regional Council approval on March 28, 2002 to provide conditional grants equal to the Regional Development charges paid by non-profit groups building affordable housing.
(4) Expenditures/Contributions to date represent Regional, area municipal, and community expenditures and contributions for Newmarket Health Centre, Sandford Street, and Habitat for Humanity. These contributions must be confirmed as eligible as matching funds by the Province.

Sources: Hemson Consulting Spreadsheets to Cost Federal Program and Department of Community Services and Housing York Region

The Region, area municipalities, and community groups have expended approximately $2.6 million on affordable housing projects in the past two years. The willingness of the Province to recognize these contributions as being eligible for matching funds will be established during negotiations. If the Province does not recognize these contributions or any part thereof, then additional funds will need to found by the project proponents, local municipalities or community groups.

Analysis based on market averages indicates that there may be some forms of housing, particularly high-rises that will require substantial equity in addition to the $50,000 per unit available under the program. As such the assumptions in the above Table do not include provision for the building of high-rises. Notwithstanding that it may be less expensive to develop low rise and row housing units, it is estimated that the non-profit and private developers developing these units under the program will require additional equity in addition to the financing they obtain and the funding available under the program. A small number of non-profits and developers have advised the Region that they have equity available in the form of land or other contributions and that they are anxious to apply under the program.

The costing framework used to determine the costs of the Region's participation in the program assumes market expenses, rates of return, and an assumed allocation of units by housing form in the north and south of the Region. Staff will report back to Committee after the results of RFP's are known to determine the adequacy of the funding under the program based on actual proposals.

4.4.1 Next Steps

- Circulate this report to area municipalities for their information and as a basis for future consultation.
- Negotiate the recognition of Regional expenditures to date as matching contributions to the program.
- Negotiate the terms of CRHP and Pilot Project agreements with the province and report back to Council.
- Concurrently issue an RFP to identify potential affordable rental housing projects to be funded under the CRHP program. RFP to reflect the results of consultation with area municipalities.
- Report back to Council with results of the RFP call.

5. FINANCIAL IMPLICATIONS

It is recommended that the cost of participating in the CRHP to the Region be capped at a maximum $7.5 million over the three-year period 2003-2005 in addition to previous commitments made by Council of an estimated $880,000 reflecting the policy to provide conditional grants to non-profit groups building affordable housing units in relation to units which could be built under this program. The actual cost is dependent upon receiving confirmation from the Province regarding the outstanding financial aspects of the program.

The Province will pay Service Managers an administration fee of 3.27% of the Federal funds committed. This fee amounts to $490,500 over the three years of the program which amount should be sufficient to cover the Region's administration costs.

All projects to be developed under this program will be considered on the basis that the Region's contribution is up-front capital only and that there is no ongoing operating subsidy with the exception of Rent Supplement.

The cost of this program was planned for and included in the approved 2003 Community Services and Housing Capital Budget on an estimated basis.

The Social Housing Reserve Fund had an approximate balance of $37.2 million at December 31, 2002. A ten-year financial strategy is presently being completed by

Hemson Consulting incorporating costs relating to this program, on-going commitments approved by Council in the Housing Supply Strategy, and possible replacement reserve requirements for projects in the current portfolio.

6. RELATIONSHIP TO VISION 2026

Participating in the CRHP supports the goals of Vision 2026, specifically Goal #5 Housing Choices for our Residents, and the action area that calls for production of housing that residents can afford to buy or rent.

7. LOCAL MUNICIPAL IMPACT

The capital grant available under the recently announced Community Rental Housing program will encourage the creation of badly needed new affordable rental housing in area municipalities. Area municipalities may choose to participate in the success of the program through their own incentive programs, which could include, fast-tracking development plan approvals, or foregoing revenue by waiving or reducing applicable fees and charges, or providing other incentives. This program will include a strong consultative component in order to ensure that program delivery is sensitive to local needs.

8. CONCLUSION

The Region through the adoption of its Housing Supply Strategy has committed to creating new affordable rental housing. The CRHP presents an opportunity for the Region to further its commitments under the Strategy by leveraging senior government dollars. If Council chooses to participate in the program, it is estimated to cost the Region $7.5 million, which could potentially create nearly $80 million worth of greatly needed affordable rental housing. This new affordable housing infrastructure would have a significant economic spin-off effect on the Region. The Region must participate in the Program in order for developers and non-profit groups to be able to access this Federal funding.

Therefore, it is recommended that Regional Council agree in principle to participate in the CRHP, subject to negotiations with the Province with a maximum contribution of $7.5 million in upfront funding from the Region, to be offset to the extent possible by contributions from area municipalities and other forms of equity.

The Senior Management Group has reviewed this report.

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council with the June 4, 2003 Community Services and Housing Committee agenda and a copy thereof are on file in the Office of the Regional Clerk.)