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**INVESTING IN ONTARIO ACT, 2008
OPPORTUNITIES TO CREATE NEW HOUSING STOCK
FOR HOUSING YORK INC.**

The Community and Health Services Committee recommends the adoption of the recommendations contained in the following report dated April 30, 2010, from the Commissioner of Community and Health Services.

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the issuance of a Request for Proposal, based on the framework proposed in this report so the Region may identify potential affordable housing projects to be owned and operated by Housing York Inc. and utilize the York Region Investing in Ontario funding, and/or any future federal and provincial funding earmarked to increase the supply of affordable housing.
2. Council authorize the Regional Chair and Chief Administrative Office to award contract(s) to the successful proponent(s) identified through the Request for Proposal process should an agreement(s) fulfilling the requirements of the Region and Housing York Inc. be reached and provided that the Regional equity required to purchase the project(s) does not exceed the \$35.3 million remaining in York Region Investing in Ontario funding.
3. The Commissioner of Community and Health Services be authorized to recommend successful projects identified through the Request for Proposal process to the Province for funding under the Canada-Ontario Affordable Housing Program Extension that meet the Provincial Program Guidelines and Regional requirements.
4. Staff report back to Council on project progress in early 2011.

2. PURPOSE

This report outlines a Request for Proposal process to identify and select potential housing development opportunities to increase the stock of affordable housing to be owned and operated by Housing York Inc. Authorities are being sought to ensure all opportunities to utilize Regional funding from the *Investing in Ontario Act, 2008* are maximized and to position the Region and Housing York Inc. to take advantage of any future federal and provincial funding opportunities.

3. BACKGROUND

The Region has many roles in the administration and development of affordable housing

As Service Manager, the Region has many roles in the delivery of affordable housing initiatives. The roles range from developer of affordable housing to owner/operator to administrator of federal and provincial programs.

As developer the Region manages the development process to create affordable housing communities. Upon completion, the affordable housing communities are transferred to the Region's housing corporation, Housing York Inc. to be owned and operated.

The Canada-Ontario Affordable Housing Program is a good example of the Region's role as an administrator of federal and provincial programs. The Region has the option of contracting with non-profit and private sector organizations to deliver newly built affordable housing units. The Region recommends eligible projects to the Province, administers the Program, flows funding, and provides advice and guidance to ensure the success of these projects.

When moving forward on development initiatives the Region must employ different strategies and processes to meet the varying needs of Housing York Inc. and non-profit and private sector organizations. This report addresses the process in procuring units to be owned and operated by Housing York Inc.

The demand for rental housing in York Region continues to increase

With one of the lowest vacancy rates in Ontario, a limited number of affordable housing units as compared to the Region's growing population, and approximately 6,800 households on the Region's Centralized Wait List, the Region is experiencing a significant demand for affordable rental housing.

Recent data on the Region's Centralized Wait List indicates a considerable demand for one-bedroom non-senior units in the southern municipalities. Individuals on the wait list for these units have been waiting since the early 1990's for a subsidized unit.

Since 2004, the Region has been actively working towards increasing the affordable housing stock. By 2012, the Region will have developed over 440 Regional owned affordable housing units which are owned and operated by Housing York Inc. and has assisted in the development of 299 community led affordable housing units, owned by private and non-profit providers. Over 70% of these units are located in the southern municipalities. However, based on the Region's growth much more is needed Region-wide.

As well as actively seeking development opportunities, the Region is investigating other avenues to increase housing affordability which will be discussed in the Region's Multi-Year Plan, which is anticipated to be released in June 2010. The Multi-Year Plan is expected to guide strategic housing planning efforts over the next five years including responding to the much-anticipated provincial affordable housing strategy, updating the York Region Housing Supply Strategy, investigating long-term care and seniors' housing needs, and launching the York Region Housing Strategy.

York Region received \$52.7 million from the *Investing in Ontario Act, 2008*

In the fall of 2008, the Region received \$52.7 million under the *Investing in Ontario Act, 2008* from the Province to fund regional infrastructure projects. Council directed staff to investigate options to increase the affordable housing stock in the Region using these funds.

A requirement of the *Investing in Ontario Act, 2008* is that municipalities must use the funding towards capital expenditures. As well, any facility constructed with the funding must be owned by the Region or its subsidiary.

The Region was successful in acquiring a new 140-unit apartment building in Richmond Hill

Through the Opportunities to Increase the Supply of Affordable Housing Request for Proposal issued in June 2009, the Region was successful in acquiring a 140-unit mixed use apartment building in Richmond Hill located in close proximity to the Yonge Street corridor.

The project will provide seniors, families and non-senior singles with rental affordability options. It is projected that approximately 50% of the households will be subsidized to offer affordable rents to those tenants with a lower range of incomes.

Region maximized funding opportunities to reduce the investment required from York Region Investing in Ontario funding

The Region received a Conditional Letter of Commitment in the amount of \$16.8 million from the Ministry of Municipal Affairs and Housing for capital grant funding under the Canada-Ontario Affordable Housing Program 2009 Extension. The funding allocation and the Region's ability to finance the project through tenant rents decreased the amount required from York Region Investing in Ontario funding to purchase the Richmond Hill property.

The combination of federal and provincial funding and financing through tenant rental revenue resulted in a reduced investment of \$12.4 million from York Region Investing in Ontario funding.

The remaining York Region Investing in Ontario funding of \$35.3 million is earmarked for new initiatives in social housing and homelessness

Council approved the commitment of *Investing in Ontario Act, 2008* funding to new initiatives in social housing and homelessness on April 22, 2010 through the adoption of Clause No. 6 of Report No. 4 of the Finance and Administration Committee. Table 1 outlines the Regional commitment of the York Region Investing in Ontario fund.

Table 1
York Region Investing in Ontario Funding Allocations

	Estimate (\$ millions)
York Region Investing in Ontario Funding	\$52.7
Richmond Hill Affordable Housing Project	(\$12.4)
Women's Homelessness Shelter	(\$5.0)
Remaining York Region Investing in Ontario Funding	\$35.3

Use of York Region Investing in Ontario funding was discussed at the Council Workshop held on January 28, 2010

At the Council workshop on January 28, 2010, several potential properties and uses for the York Region Investing in Ontario funding were presented and discussed. The discussion focused on the need for affordable housing and options related to the development of a women's homeless shelter, acquisition of land in Georgina for a future multi-purpose housing and long-term care campus, redevelopment of existing stock in Woodbridge and a request for proposal process to secure additional affordable housing units to be owned and operated by Housing York Inc.

4. ANALYSIS AND OPTIONS

An opportune time exists to position Housing York Inc. to utilize any potential funding opportunities

Although new federal and provincial funding initiatives have yet to be announced, historically funding has been geared towards projects that are well advanced in the development process and have the ability to be construction ready within a short period of time. Engaging the development industry and assessing opportunities for new affordable housing will better position Housing York Inc. to utilize any potential funding prospects, such as any future federal and provincial commitments under the Canada-Ontario Affordable Housing Program.

Engage the development industry through a detailed Request for Proposal process

Building on the success of the Opportunities to Increase the Supply of Affordable Housing Request for Proposal, the Region wishes to engage the development industry to secure additional projects.

Based on the experience gained and feedback received from the proponents during the Request for Proposal issued in the spring of 2009, the Region will conduct a more detailed Request for Proposal that identifies specific building elements, design features and performance standards to better meet the affordable housing needs of the Region and Housing York Inc.

Issuing a Request for Proposal Pre-Qualification will identify potential development opportunities

The first phase of the Request for Proposal will identify potential development opportunities and allow the Region to pre-qualify the proponents and customize the subsequent Request for Proposals to ensure the Region receives all information needed to evaluate proposals.

The Request for Proposal Pre-Qualification would require the following information from potential proponents:

- Proponent details – company profile and development experience.
- Project concept including site location, design considerations and level of municipal approvals.
- Preliminary cost estimates and capital budget.
- Commitment to build to Housing York Inc. standards as defined with a detailed outline specification.
- Estimated construction start and estimated date of occupancy.

Invitational Request for Proposal will be based on the results of the Request for Proposal Pre-Qualification and specific building design features and performance standards required by the Region and Housing York Inc.

The Region has established a list of features that clearly illustrate the product needed by the Region and Housing York Inc. These include:

- Multi-residential building between 120 to 180 units. Larger buildings may be considered if it is operationally feasible.
- Smaller buildings would also be considered, if it was deemed advantageous to Housing York Inc.
- LEED Silver certification.
- Mix of unit sizes, with a greater proportion of one-bedroom units.

- Modest features and finishes similar to products found in newly developed Housing York Inc. buildings. The Region will provide criteria indicating specific unit and building design expectations.

Along with building and design features, the following location criteria will also be incorporated in the evaluation process:

- Linking housing to transit, employment and proximity to services such as shopping and healthcare.
- Intensification along or within close proximity to Regional Centre and Corridors.

Pending a successful outcome from the Request for Proposal process, contract(s) could be awarded in the fall of 2010

Should Council approve the recommended approach, a request for proposals will be released in June 2010, the evaluation process would occur over the summer, with the potential for contract award in the fall of 2010.

Funding model will allow approximately 50% of residents to receive a rent subsidy

When considering new development, the Region structures the rents to include both a market and rent subsidy component. The use of York Region Investing in Ontario funding will allow for an equity write-down of the capital cost of the building in order to generate an internal subsidy pool and service long-term debt financing for the project. It is anticipated that approximately 50% of the households will benefit from some level of rent subsidy.

Projects identified through this Request for Proposal process could qualify for future federal and provincial funding

The Region has been successful in previous rounds of the Canada-Ontario Affordable Housing Program and is seeking authorization to recommend successful projects to the Province for any future federal and provincial funding allocations.

5. FINANCIAL IMPLICATIONS

With the possibility of securing federal and provincial funding, along with the ability to debenture finance, the Region is in a unique position to leverage York Region Investing in Ontario funding to produce a greater number of affordable housing units, while having no direct impact on the regional tax levy.

6. LOCAL MUNICIPAL IMPACT

The creation of affordable rental housing in our community contributes to the economic viability of the Region and provides stable housing for lower income households.

Municipalities will also benefit from the multiplier effects that rental housing construction has in a community, plus the benefit of increased property tax revenues.

7. CONCLUSION

As previously approved by Council on April 22, 2010 through the adoption of Clause No. 6 of Report No. 4 of the Finance and Administration Committee, there is a \$35.3 million commitment of York Region Investing in Ontario funding for affordable housing. This provides the Region with a unique opportunity to engage the housing development industry and identify potential affordable housing developments to be owned and operated by Housing York Inc.

The two stage Request for Proposal process allows the Region to assess the current market situation and qualify proponents based on the needs identified by the Region and Housing York Inc.

With prior authorization to award the contract and enter into necessary agreements, the Region is positioned to act quickly and move forward to ensure all funding opportunities are maximized.

For more information on this report, please contact Sylvia Patterson, General Manager of Housing and Long Term Care at Ext. 2091.

The Senior Management Group has reviewed this report.