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CITY OF VAUGHAN—HOUSING DEVELOPMENT OPPORTUNITY VAUGHAN CIVIC CENTRE CAMPUS—UPDATE

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, August 30, 2006, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. The Region enter into a Memorandum of Understanding (MOU) with the City of Vaughan which sets out the terms and conditions for a long term ground lease of a building site, to accommodate approximately 85 units, owned by the City of Vaughan, located within the Vaughan Civic Centre Campus at Major Mackenzie Drive and Keele Street.
2. The Region procure the services of a project architect, in accordance with the Region's Purchasing By-law and the Regional Chair and Regional Clerk be authorized to execute the agreement with the successful architect, subject to prior review of Legal Services.
3. Interim costs of up to \$450,000 be funded from the Social Housing Reserve Fund for the development of this project until such time as a permanent financing mechanism is selected and approved by Council.
4. The Commissioner of Community Services, Housing and Health Services be authorized to execute the MOU and any documents and ancillary agreements with respect thereto, including any Contribution Agreement with the Minister of Municipal Affairs and Housing, subject to prior review by Legal Services.
5. The Regional Clerk send a copy of this report to the City of Vaughan Council.

2. PURPOSE

This report seeks Council approval of an MOU between the City of Vaughan and the Region for a ground lease in order to develop and build up to 85 affordable rental housing apartments within the Vaughan Civic Centre Campus (*see Attachment 1*). The report also seeks approval to proceed with issuance of a Request for Proposal (RFP) to select a project architect to proceed with the design and development of this project and establishes an interim funding mechanism for the project.

3. BACKGROUND

In mid-2005, representatives from the City of Vaughan advised Regional staff of a development opportunity on a site as part of the planned Vaughan Civic Centre campus. The City of Vaughan Non-Profit Housing Corporation has a 31 unit seniors building which is immediately adjacent to the existing Civic Centre and as part of the overall campus plan the City wishes to relocate this facility. The City has indicated that it no longer wishes to remain in the housing business and that it would be their preference that the Region, through its housing corporation, Housing York Inc., be the owner and operator of the new facility.

The City has offered a building site based on a long-term ground lease agreement between the City of Vaughan and the Region at no cost. Funding for the construction project is to be the responsibility of the Region.

In December 2005, the Region retained the professional architectural services of Kuwabara Payne McKenna Blumberg Architects (KPMB) to carry out a pre-development study that included design options for the building and an estimate of the land area required to accommodate a four storey building of approximately 85 units within the 24 acre site. KPMB Architects is the firm overseeing the overall redevelopment of the Vaughan Civic Centre Campus.

In April 2006, the City of Vaughan Non-Profit Housing Corporation submitted a business case to the Region for the redevelopment of Maple Manor. The business case details the proposed demolition of Maple Manor, the approvals process from the various levels of government in terms of legal agreements, the financial viability of the municipal non-profit, and the relocation plan for the tenants of Maple Manor to the new apartment building. The submission is under review and will be forwarded in the near future to the Ministry of Municipal Affairs and Housing (MMAH) requesting a Ministerial Consent. A concurrent report to Regional Council seeking the required approvals for Ministerial Consent has been prepared.

Regional staff continue to work with staff from the City of Vaughan to ensure development of the proposed low rise building is in keeping with the development and construction schedule for the overall Vaughan Civic Centre site.

4. ANALYSIS AND OPTIONS

4.1 Terms of the MOU

The project is described as an affordable rental housing development of approximately 85 units in a four storey building layout of approximately 82,000 square feet. The City of Vaughan is to contribute the subject land to the project at no cost. The building site, to be provided by the City, is to accommodate a building up of to 85 units including the required tenant parking at grade and meet all municipal planning requirements. The

Region will be responsible for the costs related to the development, construction and operation of the new apartment building and property. The visitor parking for the project may be made available in the general parking area east of the apartment building, for the duration of the lease, at no cost to the tenant.

4.2 Description of the Development Project

The design options completed by KPMB Architects were reviewed by Region and Vaughan staff.

The recommended design option is a low rise, four-storey building designed in keeping with limiting the visual impact for the overall architectural plan for the site. Parking would be at grade. The proposed building of up to 85 units would be designed to focus on seniors, but may, as well, accommodate singles who are under age 60 and persons with disabilities.

The terms of reference for the design options study highlighted the importance to plan sustainable design principles for the benefit of the environment and residents of the Region and accessibility for those with disabilities.

The Region typically would also consider the appropriateness of this new housing development for community partnerships such as Alternative Community Living (ACL) through Long Term Care, or leasing of space to other community agencies to provide supportive housing. Staff will report back to Council at a later date when opportunities have been identified. Part of this plan will also look to a strategy to manage the issues related to Maple Manor within the overall approach.

4.3 Sources of Funding

4.3.1 City of Vaughan

The MOU between Vaughan and the Region stipulates the City is contributing the project site, at no cost, by way of a long term (99 year) ground lease.

The City will also be asked to consider waiving various municipal fees and charges to help reduce the overall capital cost of this project.

4.3.2 The Region

The Region has planned for a contribution from the Social Housing Reserve Fund to this project in its Capital Plan for housing.

The pre-development costs, such as the architectural services contract, will be funded through the Social Housing Reserve Fund until permanent financing is approved.

Regional staff will provide development and project management services to the project, including the analysis of financing options and capital and operating costs.

4.3.3 Federal/Provincial Government

On April 29, 2005, the federal and provincial governments signed a new Canada-Ontario Affordable Housing Agreement. Under the Affordable Housing Program (AHP) the Region has received an allocation of \$25.9 million for an average of \$70,000 per unit. The Region has reserved 135 units or \$9.450 million for projects that it may develop including the Vaughan Civic Centre affordable housing development. An AHP application for project specific funding in the amount of \$5.95 million is being prepared by staff for submission to MMAH.

4.4 Preliminary Cost Estimates

Based on tender bids for the Blue Willow Terrace apartment and industry averages for typical forms of non-combustible construction provided by a quantity surveyor, it is estimated the total development and construction cost for an 85 unit, four storey apartment building to be in the range of \$16 to \$17 million.

The cost estimates are preliminary and will be refined as the details of the concept drawings and draft specifications become available. Staff will explore ways of reducing the capital cost of this project as it proceeds through the development process.

4.5 Next Steps

The following steps are essential to continuing with the project at this time:

- Signing of the MOU between the Region and the City of Vaughan.
- Hiring a project architect, in accordance with the Region's Purchasing By-law, to further develop the concept drawings from the preferred design option, prepare elevations and outline specifications for the purpose of establishing a capital cost estimate for the project.
- Continuing to explore potential funding partners.
- Reporting back to Council on the above matters.

5. FINANCIAL IMPLICATIONS

It is recommended that interim costs of up to \$450,000 for the development of this project be funded from the Social Housing Reserve Fund until such time as a permanent financing mechanism is selected and approved by Council.

The design work outlined above must be completed to determine the financial impact of the proposed affordable housing project. The financial implications will be presented to Council as the project plans are developed.

This project will, like all other housing projects, also require rent supplement funding in order to create affordability for low income households. Currently, the Region has some funding which could be directed to this site, however this funding will diminish over time unless new provincial or federal dollars are provided. Ongoing funding for Rent Supplement Programs will continue to be a pressure for the Region to consider.

The Housing Services 2007 Capital Plan includes preliminary capital cost estimates and funding sources as well as operating impacts related to this project.

6. LOCAL MUNICIPAL IMPACT

The creation of the proposed affordable rental housing development of up to 85 units in the City of Vaughan will enhance affordable housing options for residents in the City of Vaughan and across the Region, as well as support the City in meeting its overall objectives for the Civic Centre Campus site.

The City of Vaughan will be asked to consider waiving various municipal fees and charges to reduce the capital cost of the project.

7. CONCLUSION

The success of the Region's Housing Supply Strategy relies on investigating new opportunities for much needed affordable rental housing with the assistance of our partner local municipalities. This proposal is an illustration of how local contributions can support affordable housing development while meeting other local objectives. There is also an opportunity to leverage other funding sources such as the Canada-Ontario Affordable Housing Program to reduce the overall capital and operating costs to the Region.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the September 13, 2006 Committee meeting.)