

HS-A2-1

DATE: January 29, 2010

REPORT TITLE: **NEW AFFORDABLE HOUSING DEVELOPMENT PLAN UPDATE:
REALLOCATION OF UNITS AND FUNDING FROM 21 DIVISION
HOUSING PROJECT**

FROM: Janet Menard, Commissioner of Human Services
R. Kent Gillespie, Commissioner of Employee and Business Services

RECOMMENDATION

That participation by the Region of Peel in the Canada-Ontario Affordable Housing Program (AHP) Rental and Supportive component be modified to include the reallocation of 115 units of funding from the 21 Division Housing Project, to the Creditview Road and Eglinton Avenue Housing Project and 26 units to the Extended Royal Canadian Legion Housing Project;

And further, that the AHP funding allocated to the 21 Division Housing Project be reallocated as outlined in the Financial Implications of the joint report of the Commissioners of Human Services and Employee and Business Services, dated January 29, 2010, titled "New Affordable Housing Development Plan Update: Reallocation of Units and Funding from 21 Division Housing Project";

And further, that the unspent Development Charge funding of \$5,749,900 for the Capital Project 09-5032, Creditview Road and Eglinton Avenue Housing Project be returned to the Regional Development Charges Reserve;

And further, that the expansion of the Royal Canadian Legion Housing Project at 1133 Queen Street East in Brampton to include a phase II proposed additional 175 units and replacement space for the Royal Canadian Legion Branch # 608 be approved in principle;

And further, that staff be authorized to enter into direct negotiations with Martinway Contracting Ltd. and enter into phase II modified turn-key agreements on terms satisfactory to the Commissioner of Human Services and for the development of Affordable Housing at 1133 Queen Street East, in the City of Brampton, in accordance with Purchasing By-law 63-2008;

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And further, that the budget for the Royal Canadian Legion Housing Project be determined by Regional Council at a later date;

And further, that staff be authorized to negotiate with the Royal Canadian Legion with respect to the acquisition of the remainder of the Royal Canadian Legion site at 1133 Queen Street East in the City of Brampton for land for an additional 175 units and replacement space for the Royal Canadian Legion, Branch #608;

And further, that the Chief Financial Officer be authorized to finalize the financing plans for the Royal Canadian Legion Housing Project by combining it with the existing project at 1133 Queen Street East in the City of Brampton subject to financial market conditions;

And further, that staff report back to a future meeting of Regional Council on the financial details on the Extended Royal Canadian Legion Housing Project;

And further, that the Region's duly authorized signing officers be authorized to execute the Service Manager Contribution Agreements for the Creditview Road and Eglinton Avenue Housing Project together with such further agreements and documents that may be required for participation in and compliance with the Canada-Ontario Affordable Housing Program Rental and Supportive component;

And further, that the Region's duly authorized signing officers be authorized to execute an amendment to the existing Service Manager Contribution Agreement for the Royal Canadian Legion Housing Project, together with such further agreements and documents that may be required for participation in and compliance with the Canada-Ontario Affordable Housing Program Rental and Supportive component.

REPORT HIGHLIGHTS

- The timetable for development of the 21 Division Housing Project site will not meet required deadlines under the Affordable Housing Program (AHP).
- Staff reviewed site options and concluded that two locations have the best chance of meeting AHP deadlines.
- Reallocation of AHP and Provincial Infrastructure funding to these two projects, will ensure that some clients will be housed from the centralized waiting list and Human Services uses are planned for both sites.

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DISCUSSION

1. Background

At the end of 2008, Regional Council approved, in principle, incorporation into Peel's Affordable Housing Program (AHP) Delivery Plan of 141 units on the site of Peel Regional Police 21 Division, at 185 Central Park Drive in the City of Brampton, Ward 8. This was done in order to take up the full amount of AHP funding available from the Canada-Ontario Affordable Housing Program for Peel.

The approved AHP allocation to the site was \$9,649,900. Council also approved the allocation of \$29,300,000 from Provincial Infrastructure funding for the same site. The combined funding would have allowed the development of a total of 200 units.

As site review and feasibility continued on the former 21 Division lands, staff learned late last year that the Toronto Region Conservation Authority (TRCA) was going to apply new flood plain standards that could be problematic. Unsure of the implications, staff began looking for ways to redeploy the funding in November, 2009, but continued to work with TRCA toward resolution. However, at year end, the timelines for resolution were still undetermined and the potential restrictions on the site were such that few units could be developed to utilize the funding. Accordingly, preliminary negotiations ramped up on the only two sites which had been under active discussion and which had any chance of meeting AHP deadlines. While being proposed for funding redeployment; technical discussions are ongoing with TRCA and staff are optimistic that a developable area will result on the 21 Division lands. It is impossible for the site to meet AHP deadlines given that formal reviews have yet to be finalized.

2. Proposed Direction

As a result, two sites known to Regional Council from earlier approvals are being proposed for funding redeployment.

a) Development of Creditview Road and Eglinton Avenue, Mississauga Ward 6

Regional Council approved Capital Project 09-5032 on December 10, 2009 (Resolution 2009-1365) that includes 125 family units, 125 seniors units (a total 250 units of which 100 units will be rent-g geared-to- income) and approximately 6000 square feet of community space. The approved capital cost is \$52.6 million. Financing of \$30 million was to come from Provincial Infrastructure funding and \$12.6 million was to be an internal loan (comparable to a mortgage). Staff proposed two options for the outstanding \$10 million. The first was an application under an extension of the AHP. The second was a fallback option to advance the \$10 million from the Regional Development Charges Reserve for social housing. The latter meant the Reserve would have been largely unavailable for future use, but would have been necessary in order to achieve the immediate inclusion of rent-g geared-to-income (RGI) units to serve the neediest households on the waiting list.

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Council previously approved the \$52.6 million Capital Project 09-5032 known as Creditview Road and Eglinton Avenue. Financing of \$30 million was to come from Provincial Infrastructure funding and \$12.6 million was to be an internal loan (comparable to a mortgage). Staff anticipated that the remaining \$10 million would be funded through the AHP extension funding, however, that did not materialize and the fallback option for the remaining \$10 million was to advance the funds as a grant from the accumulating Region Development Charges Reserve per the collection for social housing. With the reallocation of \$5,749,900 in AHP funding, only \$4,250,100 of the originally proposed \$10 million in Region Development Charge funding is required which allows \$5,749,900 in Region Development Charge Funds to be returned to the Region Development Charge Reserve for future use.

These changes will not impact the negotiations with United Lands, the developer of this modified turn key project or on the expected construction start date or schedule.

b) Development of Royal Canadian Legion Bramalea Branch #608, 1133 Queen Street East, Brampton, Ward 3 (Extended Royal Canadian Legion Housing Project)

The north portion of this site is currently occupied by the Legion's Bramalea Branch #608 building. The south portion has already been approved by Council for development under the AHP, by Martinway Contracting Ltd. as the modified turn key developer, with 175 mixed family and seniors units, and an approved budget of \$40,710,000, including \$11,389,200 of AHP funding. Planning is virtually complete and an application for building permit will be made by March 31, 2010. An early part of the discussion with the Legion was the possibility of tearing down their existing building and integrating it into a new residential building. At the time, the logistics of municipal approvals, combined with the Legion's own internal approval process, created too much uncertainty given AHP deadlines. Nevertheless, the availability of this well located site and the prospect of a new agency partnership were attractive enough that the dialogue continued even after the decision was made to proceed with a building on the south portion of the site, with the land to be severed and transferred to the Region.

There have been successes elsewhere in Canada with similar shared uses between social housing and Canadian Legions, but two previous efforts in Peel on other Legion sites were ultimately stymied. The Bramalea Branch itself, as is the case with most Legions across the country, struggles with declining memberships and increasing costs, not helped by aging building systems and so forth. A development that could physically incorporate their space needs and market rent units for its aging members offers the prospect of improving the financial sustainability of the Branch, while creating shared spaces with some potential economies of scale in building and management.

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At the Queen Street site, the opportunities for community partnerships are further enhanced with the adjacency of St Leonard's Place immediately to the west. Having control over the entire site means that the Region of Peel will be able to work to enhance it's existing partnership with St. Leonard's in program delivery, and means that all three parties – the Legion, the Region, and St. Leonard's – will be able to work more effectively with the City of Brampton on larger scale site planning (St. Leonard's is in the midst of its own expansion plans), now compromised by more fragmented ownerships and the reality of the placement of the Branch building and its associated surface parking. This will make for a much improved Queen Street frontage, with safer internal vehicle and pedestrian traffic flows.

Given the recent turn of events with 21 Division staff is recommending that the Legion project proceed in two phases. An expanded proposal to include a second phase would still see a permit application proceed on the north, with zoning revised to encompass the entire site, consistent with the Official Plan. This has already been broached with Brampton Planning staff and the Ward Councillor. The intent is to negotiate with the Legion, allow the planning applications to proceed, and if the negotiations are successful, actually begin construction for the whole site, again for greater cost efficiency, not to mention less disruption on a continuing basis to the Branch users, for whom a temporary location would need to be found.

In addition to replacement space for the Branch, the proposed second building would also contain 175 units of seniors and family housing. The Branch has a "first refusal" on a number of seniors units in the south building currently, as part of the original purchase negotiations. It will be determined through the negotiation process if the Legion would prefer to include these units in the north building.

Martinway Contracting Ltd. is the developer for the housing project on the south side of the Royal Canadian Legion Land. They have knowledge of the site and existing relationship with the Royal Canadian Legion. There are very tight time frames for the use of the allocated AHP funds. The ability to directly negotiate will be more time efficient and less risky procurement of developer services for a project of this type with these time lines.

3. Next Steps

As noted, the Creditview Road and Eglinton Avenue Housing Project is proceeding according to anticipated schedules. This change in funding does reduce the amount of Regional funding, provides financial advantages and still ensures much needed RGI housing. The south Legion Project is likewise proceeding, and its approvals and ability to meet associated deadlines will not be impacted. However, the overall construction schedule would be extended to take into account the design and approval for the north building, temporary relocation of the Branch, demolition, and a much more extensive excavation and garage construction.

At the request of the Ministry of Municipal Affairs and Housing (MMAH), the Region was required to submit a detailed business case to reallocate these funds. The Region has been formally advised that our plan to reallocate for these purposes is acceptable, provided that there is strong adherence to stringent development schedules. Staff will be

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working diligently with our municipal partners and developer to ensure all deadlines are met.

Some rough Project costing, expected to be extrapolated from the south Legion building, will be used in submitting the formal request to the MMAH for funding. Of greatest importance is the requirement to sign the necessary Contribution Agreement for both the Extended Royal Canadian Legion Housing Project and Creditview Road and Eglinton Avenue Housing Project by March 31, 2010. MMAH has advised that there are no extensions permissible and if the agreements are not signed by this time the funding will be lost.

As much of this feasibility and planning work is currently underway, staff will present a detailed budget and overall Project plan to Council in the spring 2010.

While discussions with both the Legion executive and City staff are promising, Council should be aware that there is a risk that the north Legion building may not obtain its necessary approvals and be able to begin construction within the tight MMAH deadlines. While this may be unlikely, as the partners are committed to working closely together to ensure success, to preserve the Region's notional AHP allocation staff has proposed to treat the site as one entire AHP application.

MMAH staff is receptive to shifting the entire AHP funding allocation if only the south building is able to proceed in a timely way. The recommended shifting of AHP and Provincial Infrastructure dollars also maximizes use of the AHP dollars at Creditview-Eglinton and leaves more Provincial Infrastructure funding and greater flexibility, at the Legion.

FINANCIAL IMPLICATIONS

The proposed changes outlined below decrease the overall municipal contribution required by replacing previously approved municipal dollars of \$5,749,900 with AHP dollars.

21 Division Reallocation of Funds

The deferral of the 21 Division Housing Project will allow the reallocation of \$9,649,000 in AHP funding which was approved by the Ministry of Municipal Affairs and Housing (MMAH) and presented to Council in December 2008.

Therefore, staff recommends that the corresponding \$9,649,900 in AHP funding be reallocated, with \$5,749,900 to Capital Project 09-5032 Creditview Road and Eglinton Avenue Housing Project and \$3,900,000 to the Royal Canadian Legion Housing Project.

Creditview and Eglinton Reallocation of Funds

As previously noted, Council had approved the \$52.6 million Capital Project 09-5032 Creditview Road and Eglinton Avenue Housing Project. Financing of \$30 million was to come from Provincial Infrastructure funding and \$12.6 million was to be an internal loan (comparable to a mortgage). It was hoped that the remaining \$10 million would be funded through the AHP

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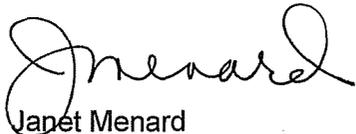
extension funding, however, that did not materialize and the fallback option for the remaining \$10 million was to advance the funds as a grant from the accumulating Development Charges Reserve per the collection for social housing. With the reallocation of \$5,749,900 in AHP funding, only \$4,250,100 of the originally proposed \$10 million in Development Charge funding is required which allows \$5,749,900 in Development Charge Funds to be returned to the Development Charge Reserve.

Extended Royal Canadian Legion Housing Project

As previously noted, staff will report to Council with the funding structure for the new Legion Project once the construction costs are confirmed.

CONCLUSION

The uncertainty associated with the development of the 21 Division site compromised the timely take-up of funding under the Affordable Housing Program. MMAH made it clear to the Region that without a redeployment of funding to another Project several million dollars of funding would be seriously compromised. To create the best chance of utilizing the funds allocated to the Region, the only two sites under active discussion where funding redeployment could be effective an expanded Project at the Legion site and the new Creditview Road and Eglinton Avenue Housing Project. While risk exists through the negotiation process, the prospect of losing significant AHP dollars is minimal, affordability of the proposed Projects will be maintained and the Region's own dollars for housing will be preserved for future use. Both Projects will ensure that some clients will be housed from the centralized waiting list and human service uses are planned for both sites as well, the expanded Legion Project, in collaboration with St. Leonard's and Canadian Legion Branch #608 provides unprecedented housing and program opportunities for residents.

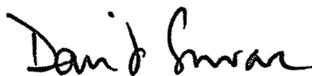


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Approved for Submission:



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