

Date: 2022-05-09

Subject: **Region of Peel Affordable Housing Development (5 Rutherford Road) – Requesting Relief from Parkland Dedication**

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Report Number: Corporate Support Services-2022-517

Recommendations:

1. That the report titled: **Region of Peel Affordable Housing Development (5 Rutherford Road) – Requesting Relief from Parkland Dedication**, to the Committee of Council meeting on May 25, 2022, be received.

Overview:

- At its meeting on March 9, 2022, Committee of Council received correspondence from the Region of Peel requesting a grant-in-lieu of cash-in-lieu of parkland for their development at 5 Rutherford Road South.
- The Region is converting the existing hotel property into 67 affordable housing units, of which 17 units will be designated as youth transitional housing.
- This report outlines the financial and legal implications of providing the requested grant.
- The report also advises of potential next steps should Council wish to provide a grant-in-lieu of cash-in-lieu of parkland due at building permit issuance.
- Should Council wish to provide the full requested amount of \$543,675 in financial relief, staff recommend that the amount is made available through internal borrowing against Reserve #2 – Cash in lieu of Parkland to be repaid through a 10 year tax levy of approximately 0.01% on the City's portion of the tax bill.

Background:

The federal government, through the Canada Mortgage and Housing Corporation (CMHC) established a \$1 billion program to create 3,000 new affordable rental or transitional housing units across the country in 12 months or less. In the fall of 2020, \$30.4 million was allocated to the Region of Peel to create affordable rental housing through the Cities Stream of the Rapid Housing Initiative (RHI). The built form of the housing was limited to modular / prefabricated construction as well as the conversion of non-residential buildings to residential use. The funding is a 20-year forgivable loan conditional on achieving units ready for occupancy in 12 months.

In November 2020 Region of Peel staff identified an existing hotel site in Brampton at 5 Rutherford Road South that would successfully meet the criteria of the program. In April 2021, the owner accepted the Regional offer and the Region took ownership of the property on November 1, 2021.

The CMHC RHI funding requires that all units must serve and be affordable to targeted populations who are vulnerable and who are also, or otherwise would be, in severe housing need, or people experiencing or at high risk of homelessness. The affordable housing units must be rented at a maximum of 30 per cent of the tenants' gross income and must remain affordable for 20 years.

The Region intends to convert the existing two-storey hotel building to provide 67 residential units:

- 50 affordable rental units (bachelor and 1-bedroom); and
- 17 residential units for youth (bachelor).

The Region will operate the affordable rental units and units for youth as two separate and self-contained entities. The 17 units for youth will be located in the north wing and the 50 affordable rental units across the south of the building. Each wing will have dedicated entrances and lobbies, laundry rooms, and outdoor amenity areas. The Youth Housing will provide additional programming and service supports that will enable residents aged 16 to 24 years with life skills to live fully independently.

At its meeting on March 9, 2022, Committee of Council received correspondence from the Region of Peel requesting a grant-in-lieu of cash-in-lieu of parkland (CIL Parkland) for their development at 5 Rutherford Road South. Council referred the matter back to staff for review. Subsequently, a report was brought forward to the March 30 Committee of Council meeting, in which Committee adopted motion CW123-2022 which stated, "That Council direct staff to continue with a case-by-case basis evaluation of requests consistent with a Council endorsed Protocol for Evaluation of Requests for Incentives as an interim approach, until a City-wide CIP for Housing is established as per Council direction from the City's housing strategy 'Housing Brampton'". Housing Brampton, the City's newly endorsed housing strategy and action plan, identifies a city-wide need for a range of housing choices and tenure, including purpose-built rental housing, affordable rental housing and affordable ownership housing. The strategy recommends various financial and non-financial supports for housing that meets these needs.

Current Situation:

There is no legal basis to waive the payment of CIL Parkland as the payment of this fee is applicable law under clause 8 (2) (a) of the *Building Code Act, 1992* as defined in *O. Reg. 332/12*. As such, in order to provide the Region of Peel with any financial relief in respect of the aforementioned fee, a grant equal to the fee must be made using the grant power under section 107 of the *Municipal Act, 2001*.

City Council has discretion to authorize a grant to provide relief from CIL Parkland if Council is satisfied that it would be unreasonable to require payment of CIL Parkland due to the merit of this project, and in furtherance of the development of affordable housing objective articulated in the Official Plan.

As the Region of Peel is not a manufacturing business nor other industrial or commercial enterprise, City Council does not need to be concerned about the bonusing prohibition in section 106 of the *Municipal Act, 2001* in considering providing the Region of Peel with relief from CIL Parkland.

Corporate Implications:

Financial Implications:

At present day land valuation, the estimated impact of providing financial relief for the Region of Peel request is \$543,675.

The CIL Parkland is payable at the time of permit issuance. It should be noted that the CIL Parkland is based on a land valuation exercise completed on January 18, 2022 and its valuation is in effect until July 18, 2022. Depending on the timing of when the Region of Peel will be pursuing the building permit, this CIL Parkland payable may change.

Should Council wish to provide the Region of Peel with the requested financial relief, staff would recommend that the grant initially be funded through Reserve #2 – Cash in lieu of Parkland and replenished through internal borrowing over a 10 year period at an interest rate consistent with the rate of return on the City's investment portfolio, which is currently 2.3%. This internal loan would require an annual repayment amount of approximately \$61,000 in the 2023 budget submission, subject to Council approval, which is equivalent to a tax levy of approximately 0.01% on the City's portion of the tax bill.

Term of Council Priorities:

This report achieves the Term of Council Priority of Brampton as a Well-run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial revenues.

Conclusion:

Should Council decide to provide the Region of Peel with financial relief from CIL Parkland associated with the developments at 5 Rutherford Road South, staff have prepared the following resolutions for consideration:

1. *That Council authorize a grant to the Regional Municipality of Peel in an amount equal to the payment of the Cash-in-lieu of Parkland in respect of the Region's proposal for development of 67 affordable housing units at 5 Rutherford Road South. The amount of the grant shall be funded through a draw from Reserve #2 – Cash in lieu of Parkland (CIL Parkland) on a unit by unit basis prior to the issuance of building permits, once the Region of Peel has obtained all required planning and building approvals for its project;*
2. *That the grant be funded from internal borrowing from the CIL Parkland with repayment terms of 10 years at a rate of return consistent with the City's investment portfolio, currently at 2.3% interest;*
3. *That the annual internal loan repayment amount of approximately \$61,000 be included in the 2023 budget submission, subject to Council approval.*

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Attachments:

Appendix A Region of Peel Correspondence from March 9, 2022 Committee of Council Meeting

Appendix B Presentation by Region of Peel's Architectural Firm to Highlight Accessibility Features of the Building