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Subject: **Recommendation Report:**
Implementation of Housing Catalyst Capital Project Phase 1

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Recommendations:

1. **THAT** the report titled **Recommendation Report - Implementation of Housing Catalyst Capital Project Phase 1** to the Planning and Development Committee meeting of September 12, 2022, be received;
2. **THAT** Council approve staff recommendation for Phase 1 funding support for the four proponents selected by the Selection Committee **(Appendix 2)**
3. **THAT** Commissioner of Planning, Building and Growth Management be directed to sign Memorandums of Understanding (MOU) and any Contribution Agreements between the City and the selected proponents; and
4. **THAT** staff utilize learnings from the implementation of the Phase 1 of the Housing Catalyst Capital Project in future phases of the project.

Overview:

- **Brampton's comprehensive Housing Strategy and Action Plan ("Housing Brampton") endorsed in May, 2021, aims to improve housing affordability, add more diverse types of housing to the City's housing stock and use innovative approaches to address housing needs.**
- **The Housing Catalyst Capital Project ("Catalyst Project") is a deliverable of Housing Brampton. It is designed to incentivize new housing options in Brampton by dispersing grants to private non-profits that can deliver projects that the City identifies as pilot ideas. The City benefits as it can use the pilots to establish innovative policy and other mechanisms.**
- **A 2021 budget amendment approved by Council (PDC066-2021) dedicated \$4M for Phase 1 of the project. This funding is meant to assist non-profits with upfront project costs associated with technical studies, design, construction costs etc.**
- **The Catalyst Project Phase 1 called for applications through an Expression of Interest ("EOI"- Appendix 1), with a defined project selection criteria for four Pilot Ideas that align with the intent of recent provincial initiatives in housing.**
- **A Selection Committee comprised of external housing experts and internal senior leadership reviewed four complete and qualified applications in detail, and then recommended appropriate allocation for each of the four proponents.**
- **With Council's approval of support to the selected proponents, staff will prepare memorandums of understanding (MOU) and contribution agreements for each of the selected applications.**
- **Staff will utilize the experience and lessons learned from the Phase 1 to inform future phases of the Catalyst Project.**

Background:

Housing prices are escalating at unprecedented rates. According to the latest (Jan 2022) GTA market data from the Toronto Regional Real Estate Board (TRREB), the average sale price for all types of dwellings combined soared by 40.1 per cent over the past 12 months in 2021. Rents are also rising, with vacancy rates at 3.0 percent (2021). Rapidly rising housing costs have placed pressures on all households in the low and medium income ranges in Brampton. Certain household typologies in the City are experiencing significant challenges in finding suitable housing- these include persons

living alone, lone parents, recent immigrants, at-risk youth, students, seniors and families with children.

“Housing Brampton”, Brampton’s comprehensive Housing Strategy and Action Plan endorsed in May, 2021, aims to improve housing affordability, add more diverse types of housing to the City’s housing stock and use innovative approaches to address housing needs.

Based on Housing Brampton’s direction, staff are working on a number of initiatives to help alleviate some of the affordability challenges. The Housing Catalyst Capital Project (“Catalyst Project”) is one such initiative. It addresses two of the six principles that will guide the City’s response to housing needs; ‘Collaborate with the non-profit sector’ and ‘Demonstrate innovation’. It also addresses a number of key action items identified under the ‘Big Moves’ in the strategy. Moreover, it is a deliverable of the action item ‘A framework of incentives’.

Current Situation:

Council motion PDC064-2021 on May 10, 2021 approved the establishment of the Catalyst Project with a total of \$8M budget approved in principle. Council motion PDC066-2021, on May 10, 2021, approved \$4M (out of the total \$8M) for Phase 1 of the Catalyst Project as a 2021 budget amendment. This funding will also assist non-profits in upfront costs associated with technical studies, design, etc. This project is based on the model of a competitive evaluation through a call for applications and selection of applicants from a pool of private, community based non-profit housing providers.

The Catalyst Project initiated a call for submissions through an Expression of Interest (EOI) on April 4, 2022. (Please refer to Appendix 1 for the EOI). The deadline for submission was June 3, 2022.

The pilot ideas that have been identified for Phase 1 are:

1. Single Room Occupancy housing (“SRO”s)

The SRO typology can provide affordable, purpose-built rental housing for single person households. SROs include compact individual micro units; and amenities such as communal food preparation areas are shared. SROs can be either standalone new buildings, integrated into new development, or repurposed from existing buildings. A pilot project for SRO’s can support affordable housing options for low-income single person households, specifically students, newcomers and seniors.

2. Affordable home ownership solutions

Through this pilot, the City wishes to encourage access to ownership for First-Time Buyers (FTB) and marginalized people through various unique home equity models

such as:

- Shared equity models with a non-profit lender holding a second “shared equity mortgage” payable at time of sale of the home;
- Land lease models that allow residents to own their home but lease the land, reducing costs;
- Rent-to-own approaches in which a portion of an occupant’s rent is used to build equity, which can be used as a down payment on their current unit or another market unit in the future, make it easier for renters to get on the path towards home ownership while renting;
- Models where the equity gain is shared between the homeowner and non-profit provider, such that the non-profit will always be able to buy the home back and sell it to another qualified buyer, thus retaining the home’s affordability from one homeowner to the next.

3. Affordable house-scale infill housing

The City is exploring optimization of its existing low density private dwelling stock by incenting conversions and house-scale infill in strategic locations. This includes new conversions of existing housing stock of single-detached houses to legal new housing forms such as triplexes, four-plexes, six-plexes, and other missing middle housing forms in areas with excellent transit connections, proximity to retail, amenities and institutions.

4. Flexible and incremental design approaches

Incremental and flexible housing can provide creative solutions to varying housing needs. Ideas may include flexible floor layouts that offer ‘bays’ that can be purchased over time to match unit size as household size increases, or condominium apartment unit layouts that include a rentable self-contained room that support mortgage payments.

A set of mandatory and preferred criteria were included in the EOI to assist in the evaluation of the proposals (**Appendix 1**). The City established a Selection Committee comprising of external housing and financial experts and internal senior leadership for the evaluation of EOI submissions. In total six applications were received and out of those four were considered to be complete as per the items outlined in the EOI. (Please refer to **Appendix 2** for the proposals submitted by the four applications).

Through the evaluation and selection process, the Selection Committee provided additional questions to each of the proponents for further clarification of their proposals. Individual meetings were organized with each proponent to clarify and fine tune the project scope, financial viability and to evaluate the optimum use of City funding. Other sources of funding for the projects were incorporated in the project proformas to determine the appropriateness of the ask for incentives under the Capital Project.

The following table captures the four applications with their specific financial asks from the City and the Selection Committee's recommendation on grant amount to be dispersed.

	Name of the proponent & partners	Brief description of project	Financial ask from the City	Selection Committee recommendation
1	Home Opportunities	82 - 140 ground oriented affordable units in a mix of one, two, three and four-bedroom units within Mt. Pleasant Secondary Plan 51-3 in Ward #6	\$1M For seed capital funding & down payment assistance to households with incomes below Decile 2.	\$1M
2	Golden Age Village for the Elderly (GAVE) in partnership with Mary Centre	99 affordable rental apartments for seniors and persons with developmental disabilities at 8950 McLaughlin Road S in Ward# 5	\$1.5M To ensure sufficient capital funding and support the long-term financial sustainability of the project.	\$1.5M
3	Sheridan College and Algoma University with a number of local community partners (Toronto Metropolitan University, Dutch Canadian Circular Alliance, Ontario Gurdwara Committee and International Sikh Student Association)	Affordable student housing opportunity assessment, public consultation, market research, feasibility analysis, and business case development for preferred solutions for student housing on Sheridan Davis campus in Brampton, in Ward# 4. Includes leverage for off-campus housing where a site exists.	\$300,000 Open to cost sharing structure between the City and potential partners	\$150,000
4	Indus Community Services (INDUS)+ 4 Nonprofit agencies (Punjabi Community Health Services, Roots Community Services, Boys and Girls Club Peel and Bramalea Christian Fellowship Church)	Provide affordable housing with design flexibility to accommodate a range of housing needs – from SRO to family units. No definite site has been selected but hoping to get the projects in Major Transit Station Areas (MTSA).	\$1M	\$1M

Project Details - Selected Applications:

A financial grant to **Home Opportunities** will result in affordable home ownership options for over 100 families. Home Opportunities will incorporate a non-profit co-operative

corporation, comprised of future owners/residents who will retain the services of Home Opportunities to implement its unique model of affordable ownership housing for incomes as low as \$32,000 a year with a chance to own their home that does not require any grants or subsidies from any level of Government. This grant will create a revolving seed capital and down payment assistance pool that will lead to the production of hundreds of low-income ownership opportunities every year in Brampton. Home Opportunities are currently in the process of signing an agreement of purchase and sale with Argo TFP developer group to own a parcel of land in Mount Pleasant Secondary Plan #51-3 in Ward# 6 and develop this project.

A grant to **Golden Age Village for the Elderly (GAVE)** will assist in supporting the creation of 99 independent, affordable single room occupancy rental units for seniors and persons with developmental disabilities within a fully integrated Campus Of Care including a Cultural Centre at 8950 McLaughlin Road S in Ward# 5. While the focus of the residence will be for Vietnamese seniors, it will be available to all members of the wider community. The grant will help ensure sufficient capital funding is available to meet project capital costs, provide the level of affordability required to meet CMHC's Co-Investment Funding criteria and support the long-term financial sustainability of the project.

The partnership between **Sheridan and Algoma University** will lead to collaboratively develop solutions to current and future student housing needs in Brampton. Along with an industry leading advisory and innovation team consisting of Sheridan's Architectural Technology Faculty, Toronto Metropolitan University's City Building Institute, the City, and the Dutch Canadian Circular Alliance and other local community partners the proponent is forming partnerships to bring together globally renowned experts in housing, sustainability, and affordable housing to incubate ideas, generate solutions, and provide a multi-institutional approach to student housing in Brampton. The financial grant of \$150,000 will assist Sheridan to retain the services of professional architects, engineers, cost consultants, constructors, and planners to complete the scope of work based on a cost sharing approach with the City and other partners. An opportunity sites scan across Brampton for student housing will be a key deliverable of the project.

Financial support to **Indus Community Services (INDUS) +4 non-profit agencies** will assist in creating affordable housing units with design flexibility to accommodate a range of housing needs, and will include SROs. Once the proponent acquires a site, preferably in a Major Transit Station Area, the \$1M funding will be utilized for background studies, costing, engagement work, and preliminary architectural drawings leading to planning approvals.

Next Steps

With Council direction, staff will work with legal to prepare memorandums of understanding (MOU) and contribution agreements with each of the proponents as per **Recommendation #3** of this report. The Commissioner of Planning, Building and Growth Management or their designate will have the authority to sign the agreements. The content will be approved by the Director of City Planning and Design or their designate.

Recommendations for program improvements were identified but were minor in scope and primarily limited to process adjustments/clarifying information requested through the Expression of Interest. Staff would implement the changes through the Phase 2 of the Housing Catalyst Project as per **Recommendation #4** of this report.

The Catalyst Project Phase 1 has been successful in attracting innovative ideas by leaders in the non-profit housing sector. Beyond the pre-approved Phase 2 with a budget of another \$4M, this project may benefit from continued City investment as there is strong interest from the non-profit sectors to avail this grant and supply the much needed housing to residents in need in Brampton. Staff is exploring funding options to continue this project, such as the upcoming Community Benefits Charges regime.

Corporate Implications:

Financial Implications:

Funding of \$3,650,000 is available in project #217932 – 001 – Housing Catalyst Project to fund the four proposed applications per the Selection Committee’s recommendation.

Project	Budget Approved	Budget Available	Commitment in this report	Remaining Balance
#217932 – 001 Housing Catalyst Project	\$4,000,000	\$4,000,000	\$3,650,000	\$350,000

Phase 2 of the Catalyst Project will seek funding of an additional \$4M through the 2023 budget process, pending Council approval. This will bring the total budget to \$8M to meet the requirement of Council motion PDC064-2021 on May 10, 2021.

Other Implications:

There are no other implications in this report. The implementation of Housing Catalyst Capital Project will provide financial supports to private non-profits that can deliver pilot projects identified in “Housing Brampton.”

Term of Council Priorities:

This report directly aligns with the Council Priority to “Create Complete Communities”.

Conclusion:

The Catalyst Project is a deliverable of Housing Brampton, which is a Council endorsed plan to tackle Brampton’s housing needs. The project aims to incentivize new housing options in the City of Brampton by providing financial supports to private non-profits that can deliver pilot ideas identified in Housing Brampton.

Phase 1 of the project has generated robust proposals and staff seeks Council direction to implement the Phase 1 and disperse funding. This aligns with the principles of housing equity by gearing incentives specifically towards housing needs of vulnerable populations in Brampton.

The next Phase 2 of the Catalyst Project will seek funding of an additional \$4M through the 2023 budget process, pending Council approval. A separate EOI process will be implemented by the City for Phase 2 in 2023.

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Attachments:

1. Appendix 1- Expression of Interest (EOI)
2. Appendix 2- Selected proposals