

Number 2023-005

To Consider An Affordable Housing Project by Habitat for Humanity

Under the authority of Part VI.1 of the *Municipal Act, 2001*, Sections 284.9 and 284.10, the Mayor may require Council to consider a matter at a Council meeting, if the Mayor is of the opinion that considering a particular matter could potentially advance a prescribed provincial priority.

I, Patrick Brown, Mayor of the City of Brampton, hereby propose the following matter for consideration at the Brampton City Council meeting of October 18, 2023, in accordance with Sections 284.9 and 284.10 of the *Municipal Act, 2001*:

Subject: **Consideration of Habitat for Humanity's Request for Assistance to Provide 27 New Affordable Housing Units in Brampton - 25 William Street Project and 1524 Countryside Drive Project**

Date: October 16, 2023

To: City Council

Wards: Ward 5 and Ward 9

Recommendations:

The Mayor recommends that:

1. Council review the submission by Habitat for Humanity
2. Council support their request for funding

Overview: Habitat for Humanity GTA is Greater Toronto's most recognized provider, and advocate, of solutions that tackle our region's housing crisis. As a not-for-profit, Habitat help bridge the affordability gap for people who need alternative pathways to a home of their own, especially working families.

Background: Habitat for Humanity submitted a proposal to build 12 townhomes at 25 William Street and 15 unit project at 1524 Countryside Drive.

Current Situation: Construction costs have skyrocketed since the start of the pandemic. Interest rates have increased three-fold. The market value of these homes has increased. This, in turn, has pushed up the costs of HST that we as Habitat for Humanity pay, thus increasing our overall costs of delivering affordable homes.

Strategic Focus Area: Affordable Housing

Conclusion: The Habitat GTA homeownership program that they deliver today is designed to achieve two purposes: first, to help working families build stability and financial independence through their own home; and second, to enable Habitat GTA to be able to repurchase and resell homes to other income eligible families when initial homeowners are in a position to move to market housing.

Dated at Brampton, this 16th day of October 2023.

Original signed by

Patrick Brown
Mayor

Attachments: Habitat for Humanity Submission from Ene Underwood, CEO

October 13, 2023

Office of the Town Clerk
City of Brampton
2 Wellington Street West, Brampton, ON L6Y 4R2
[Delivered electronically]

Dear Mayor Brown and Esteemed Members of Brampton City Council

RE: Realizing the Opportunity for 27 New Affordable Housing Units in Brampton

I am the CEO of Habitat for Humanity GTA. I am writing on behalf of Ghulam and Munira, a husband and wife, who have been counting the days to when they will move into their new Habitat for Humanity home in Brampton about one kilometer north of here at 25 William Street.

They have been counting the days for over four years.

GHULAM AND MUNIRA – WHY THIS MATTERS

Ghulam and Munira are among the 12 families we are determined to help become homeowners at our 25 William Street townhome project, about one kilometer north of here. Ghulam and Munira are the backbone of a three generation household that, when they were approved for this William Street project, included themselves, Ghulam's parents, and their two young children. Ghulam and Munira both work full-time at Ricoh in Mississauga at hourly rates of less than \$20. When they were approved in early 2019, we anticipated that construction would start later that year and that they would be able to move into their home before the end of 2020.

Then the pandemic hit. Along the way, notwithstanding all the efforts of City planning staff and our team at Habitat, we encountered a number of complications resulting in the approval process taking longer than planned. Then, just as the approval process was nearing a conclusion, one of the neighbours to this project filed an appeal with the Ontario Land Tribunal. Their concern was that the traffic arising from these 12 new homes would create too many problems for the existing 15 homes on this quiet dead end street. That appeal cost the project almost a year in lost time.

Finally, this summer, we were able to start site servicing on the project while working in parallel with City staff for the final steps in the process to issue the above ground build permit.

Throughout this extended process, Ghulam and Munira have waited patiently for their home. They have gone above and beyond in putting in their 500 volunteer hours which are a pre-requisite for Habitat homeownership. They have put off replacing their aging family car so as not to put their credit rating for their first mortgage at risk. Their rental apartment isn't always comfortable. Nor does it have enough space for their growing family – but they make it work while they wait. Munira is pregnant with their third child. Ghulam's father, who had been so proud that his son was finally realizing their shared Canadian dream of homeownership, never got to see the dream come true. He died last year – two years after our originally targeted completion date for this project.

I am writing you and requesting to speak before you – because I cannot bear to tell Ghulam and Munira – and the other families who have been approved for this project – that without help from Brampton Council, we can no longer afford to build these homes.

HABITAT FOR HUMANITY GTA’S AFFORDABLE HOMEOWNERSHIP MODEL

Communities thrive when they include a diverse array of housing in all forms, for all household types, and at all affordability levels. Similarly, a healthy affordable housing continuum thrives when there are options for households to move up to as their household incomes grow.

Within this continuum, Habitat for Humanity GTA is Greater Toronto’s most recognized provider, and advocate, of solutions that tackle our region’s housing crisis. As a not-for-profit, we help bridge the affordability gap for people who need alternative pathways to a home of their own, especially working families.

Our programs are designed to bridge the gap between home costs and what a family can afford, through tailored mortgages and financing.

When a homeowner chooses to sell, they have the assurance of retaining their investment, plus earning a guaranteed fixed rate of appreciation.

Habitat GTA reinvests any other gains to support more GTA families – and, as much as possible, to keep Habitat homes affordable from one eligible homeowner to the next. This cycle of affordability ensures more people can achieve the security of their own home for generations to come.

WHY ARE WE HERE? WHY CAN’T HABITAT AFFORD TO COMPLETE THESE PROJECTS?

Construction costs have skyrocketed since the start of the pandemic. Interest rates have increased three-fold. The market value of these homes has increased. This, in turn, has pushed up the costs of HST that we as Habitat for Humanity pay, thus increasing our overall costs of delivering affordable homes. Collectively, these factors have increased the cost of the William Street homes by close to \$300,000 per home since we started planning for them. In parallel, the interest rate increases have decreased the proceeds to Habitat from family 1st mortgages by close to \$70,000. So – much higher costs. Much less money to mitigate them.

Having undertaken a careful review of the financial pro forma for this project, we have come to the heartbreaking realization that we simply can no longer afford to proceed with this project.

The financials for this project worked when we thought we would be building in 2019 and 2020. We had lined up funding from the Region of Peel and CMHC. We knew we would be able to count on proceeds from homeowner 1st mortgages and from donors who will come and help us build these homes. Regrettably, the change in the financials with the project now starting in 2023 and ending in late 2024, is just too big of a funding gap for us to bridge.

What is doubly heart-breaking is that this project is one of two Brampton projects that have been hurt by pandemic and other delays and the significant cost increases during this timeframe.

Our second Brampton project at 1524 Countryside Drive is a 15 unit project in the northeastern part of Brampton. The original plan was for construction start in late 2020 and occupancy by the end of 2021. After various challenges during the pandemic, city staff and our Habitat GTA team are now well on the way to completing site plan approval. This would enable us to begin building in spring 2024 and have families moving in during the first half of 2025. Sadly, these 15 homes are victims of the same economic forces and headwinds that have imperilled the 12 townhomes at 25 William Street.

If we are unable to bridge this funding gap, we will have no alternative but to sell these two properties on the market, most likely at a loss versus the money we have already spent. As an affordable housing charity, this outcome is the opposite of where we want to be and the opposite of what we know Brampton needs. However, Habitat for Humanity GTA just does not have the financial capacity to fund the financial gap for one of these projects, let alone for both of them.

WHAT WILL IT TAKE TO BUILD THESE 27 HOMES?

The combined funding shortfall for these two projects would require a \$5 million contribution from the City of Brampton. In addition, we need confirmation that the City and Region will waive \$2.7 million in Development Charges as per the exemption provision in section 4.2 of the Development Charges Act (based on amendments arising from Bill 23).

On behalf of our team at Habitat GTA and in the interest of families like Ghulam and Munira's, we are appealing to you as City of Brampton Council to help us deliver these 27 affordable housing units in Brampton by bridging this funding gap.

In making this funding request, we want to underscore our commitment to keeping as many of these 27 homes affordable for generations to come. As described earlier in this letter, the Habitat GTA homeownership program that we deliver today is designed to achieve two purposes: first, to help working families build stability and financial independence through their own home; and second, to enable Habitat GTA to be able to repurchase and resell homes to other income eligible families when initial homeowners are in a position to move to market housing. This means that an investment in these 27 homes will have an impact that will extend well beyond the 27 families who will be the initial owners of these homes. Rather, **this is an investment that will build two new affordable communities in Brampton that will remain affordable for generations to come.**

* * *

Habitat GTA is proud of our partnership with the City of Brampton. Since our amalgamation in 2014, we have worked hard to increase the number of affordable housing opportunities we can deliver. Between our 2014 amalgamation and today, we have made homeownership possible for 37 families in Brampton and another 10 families in Caledon (as well as many more families in Toronto, York Region and Durham).

We have a proven track record in bringing projects like William Street and Countryside to life. We know how to support families in preparing them for the demands of homeownership. We know how to build homes. We build projects like this in a way that mobilizes volunteers and ignites community spirit. We can be a high profile and tangible demonstration of the City of Brampton's commitment to affordable housing and to creating pathways towards market housing for people who are being left behind.

We are passionate about continuing our partnership with you in delivering these 27 new affordable housing units here in Brampton.

In closing, we want to recognize the dedicated efforts of City of Brampton planning and engineering staff in getting us where we are today. With your help, we can turn all of these efforts into a brighter future for 27 families and another step forward in Brampton's efforts to deliver the affordable housing solutions that your citizens so justly deserve.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ene Underwood". The signature is fluid and cursive, with a long horizontal stroke at the end.

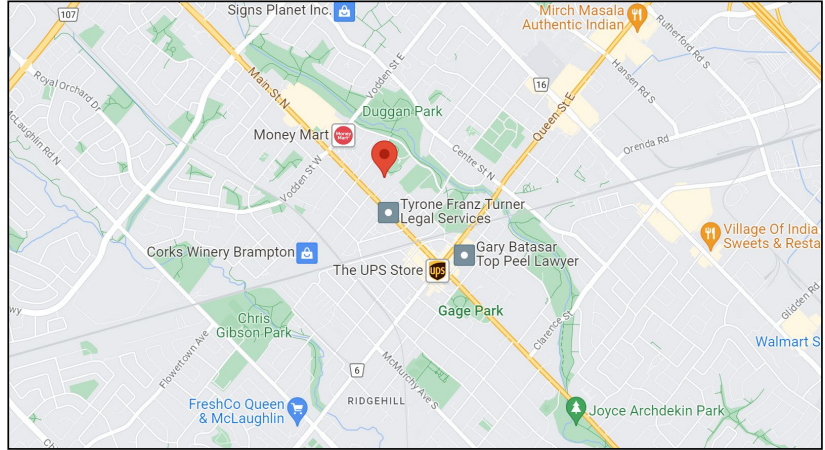
Ene Underwood
CEO

Attachments:

- i. Profile of the 25 William Street Project
- ii. Profile of the 1524 Countryside Project

Appendix 1

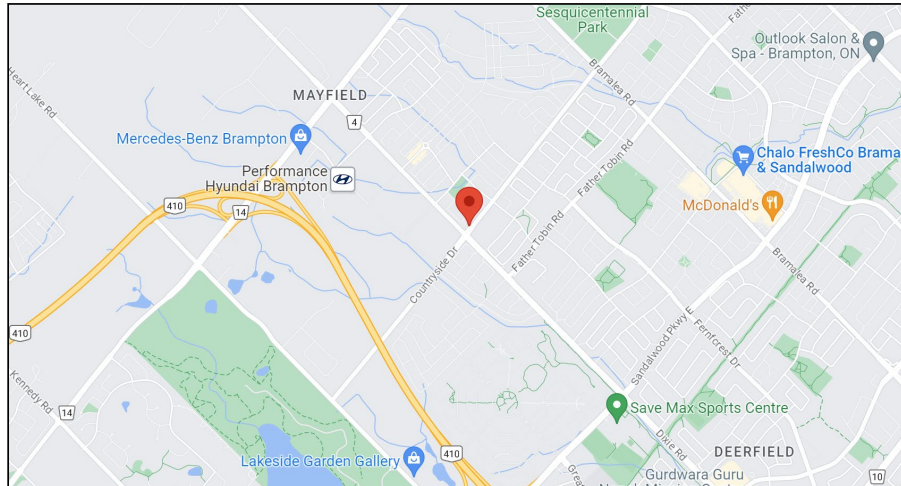
The 25 William Street Project



	2019 Projections	Current Projections
Units	12	12
Projected Occupancy	2020	2024

Appendix 2

The 1524 Countryside Drive Project



	2019 Projections	Current Projections
Units	15	15
Projected Occupancy	2021	2025