

Date: 2023-10-30

Subject: **Recommendation Report: Response to Request to Support Delivery of Habitat for Humanity Projects**

Contact: Steve Ganesh, Commissioner
Planning, Building and Growth Management

Nash Damer, Treasurer
Corporate Support Services

Report Number: Planning, Bld & Growth Mgt-2023-924

Recommendations:

1. That the report from Melinda Yogendran, Principal Planner/Supervisor, Integrated City Planning to the City Council meeting of November 1, 2023, re: **Recommendation Report: Response to Request to Support Delivery of Habitat for Humanity Projects**, be received;
2. That the request from Habitat for Humanity GTA regarding financial support for two affordable housing projects in Brampton be reviewed;
3. That a budget amendment be approved and a new capital project be established in the amount of \$6,057,839, with funding to be transferred from the Housing Accelerator Fund; and
4. That the City's Treasurer be authorized to enter into a Contribution Agreement with Habitat for Humanity GTA, subject to Council approval.

Overview:

- **Habitat for Humanity GTA currently has two development proposals in Brampton; 12 stacked townhouse units at 25 William Street and 15 stacked townhouse units 1524 Countryside Drive.**
- **At the City Council meeting of October 18, 2023, Council received a delegation from Habitat for Humanity GTA requesting financial support to ensure delivery of their affordable housing projects.**

- **Habitat for Humanity GTA has requested \$5,198,603 in funding support from the City as well as the waiving of the City's portion of Development Charges.**
- **On August 10, 2022, Council approved a report outlining the 'Protocol for Evaluation of Incentives to Non-Profit Affordable Housing and Long-Term Care Projects'. Staff review requests for funding on a case-by-case basis using this Council-endorsed Protocol.**
- **Finance and Planning staff reviewed the information to determine that the Habitat for Humanity GTA projects meet the criteria to receive funding from the City.**
- **On October 20, 2023 the City of Brampton received funding from the federal government through CMHC's Housing Accelerator Fund. According to CMHC, this funding can be used in support of housing under 4 categories, one of which is investments in affordable housing, namely the construction of affordable housing.**
- **Should Council decide to provide the full requested amount in financial support, staff recommend that the amount be funded from the Housing Accelerator Fund.**

Background:

Founded in 1976, Habitat for Humanity International has since grown to become a global non-profit working in more than 70 countries, including Canada. Habitat for Humanity GTA (HGTA) is a non-profit organization whose HGTA Program is designed to assist working families in realizing homeownership through a shared equity homeownership program. Their model of affordable homeownership bridges a gap for low-income, working families, by providing them with the opportunity to purchase their own home. In addition, the homeownership model enables HGTA to create housing units that remain affordable across multiple generations of homeowners.

Habitat for Humanity has completed several projects within Brampton with financial support from the City, including 18 townhouse units at 8600 Torbram Road and 13 townhouse units at 59 McLaughlin Road North.

Currently, Habitat for Humanity GTA has two development applications with the City, as follows:

1. *Municipal Address:* 25 William Street
Development Proposal: 12 stacked townhouses with a mix of 3 and 4 bedrooms
Application Status: Site Plan approved; above grade building permit is expected in 2023

2. *Municipal Address:* 1524 Countryside Drive
Development Proposal: 15 3-bedroom stacked townhouses
Application Status: Site Plan approved in principle; Building Permit submission planned for Q1 2024

At the City Council meeting of October 18, 2023, Council received a delegation from Habitat for Humanity GTA requesting the following financial support to ensure delivery of their affordable housing projects amidst increased interest rates and construction costs.

<i>Address</i>	<i>Development Proposal</i>	<i>Capital Funding</i>	<i>Development Charges¹</i>	<i>Total Funding Request</i>
25 William Street	12 stacked townhouse units	\$1,541,054	\$379,590	\$1,920,644
1524 Countryside Drive	15 stacked townhouse units	\$3,657,549	\$479,646 ²	\$4,137,195
Total				\$6,057,839

Notes:

- 1. The DC calculations are based on currently available information and subject to change if building permits are not issued within the two-year validity period stipulated in the Development Charges Act for the rate freeze provision.*
- 2. Interest calculation is based on an estimated building permit issuance date of June 30, 2024.*

Council referred the matter back to staff to review the request and assess potential funding programs to support the funding shortfall for the delivery of the Habitat for Humanity projects. Currently, Finance and Planning staff review requests for financial support on a case-by-case basis using the Council endorsed “Protocol for Evaluation of Incentives to Non-Profit Affordable Housing and Long-Term Care Projects” (Attachment 1). This protocol was approved on August 10, 2022, to be used as an interim approach to evaluating funding requests until the City-wide Housing Incentive Program is established in 2024.

Current Situation:

Evaluation of Funding Request

Finance and Planning staff evaluated HGTA’s request for financial relief based on the Council endorsed Protocol and the information provided by Habitat for Humanity, which identified the following key elements:

- Depth of Affordability – The housing projects will provide homeownership opportunities for households with a household income between \$88k to \$133k, meeting the needs of households in or below the 6th income decile in the City of Brampton.
- Length of Affordability - Homeowners agree to an equity formula in which HGTA guarantees a minimum annual rate of appreciation on their home based roughly

on the rate of historical income growth. When Habitat homeowners choose to use the equity from their Habitat home to downsize or move to other market housing, Habitat purchases the home based on the equity formula and then resells the home to another income-eligible and qualified family. Thus, Habitat communities will remain an affordable community for generations to come.

- Proximity to Amenities and Community Supports – Both HGTA projects are close to transit and essential community services including a grocery store, pharmacy, community centre, public library, and health care services.
- Unit Mix – Units in the 25 William St development are all family-sized units, including ten 3-bedroom units and two 4-bedroom units. Units in the 1524 Countryside Drive development are all family-sized 3-bedroom units.

The following table lists the criteria used for evaluation of the funding request, and confirmation from City staff indicating the evaluation of each item.

	<i>EVALUATION CRITERIA</i>	<i>CONFIRMATION</i>
1.	Non-profit status	<input checked="" type="checkbox"/>
2.	Experience developing and operating affordable housing	<input checked="" type="checkbox"/>
3.	Project characteristics <ul style="list-style-type: none"> i. Project size ii. Length of affordability iii. Locational attributes (transit, walkable services/retail, etc.) iv. Does the project meet the needs of the community (depth of affordability, seniors housing, suite mix/unit size, accessibility, energy efficiency as determined by Housing Brampton, the Official Plan, and Secondary Plans)? 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
4.	Project/construction timeline	<input checked="" type="checkbox"/>
5.	Other sources of funding received	<input checked="" type="checkbox"/>
6.	Full capital and operating budget/proforma to help the City determine: <ul style="list-style-type: none"> i. Is the project viable? ii. How does the requested subsidy stack with other sources of funding? iii. Is the requested subsidy necessary for the project to advance? 	<input checked="" type="checkbox"/>

Finance and Planning staff have reviewed the information to determine that the HGTA projects meet the criteria under the Council endorsed Protocol to receive funding from the City.

Potential Funding Sources

On October 20, 2023 the City of Brampton received funding from the federal government through CMHC's Housing Accelerator Fund (HAF). HAF funding can be used in support of housing under 4 categories, one of which is investments in affordable housing, namely the construction of affordable housing.

Therefore, in order to provide Habitat GTA with financial support, staff recommend that a grant be made using the HAF funds, subject to the conditions of a legal agreement between Habitat for Humanity GTA and the City of Brampton.

It is important to note that because HGTA provides affordable homeownership, they do not take in any revenue that could offset the cost of DCs, construction, etc. It should also be noted that all other DCs and fees levied by the Region of Peel and the School Boards would still apply unless HGTA requests and is granted relief directly from those agencies.

Corporate Implications:

Financial Implications:

Should Council decide to provide Habitat for Humanity GTA with the requested financial relief, staff recommend that the full amount be funded through the Housing Accelerator Fund. A budget amendment will be required, and a new capital project will need to be established in the amount of \$6,057,839 with funding to be transferred from the Housing Accelerator Fund. The \$6,057,839 will cover both the grant to Habitat for Humanity and the waiver of development charges, broken out as follows:

<i>Address</i>	<i>Development Proposal</i>	<i>Capital Funding</i>	<i>Development Charges¹</i>	<i>Total Funding Request</i>
25 William Street	12 stacked townhouse units	\$1,541,054	\$379,590	\$1,920,644
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- 2. Interest calculation is based on an estimated building permit issuance date of June 30, 2024.*

If the Building Permit is not issued by June 30, 2024, Habitat for Humanity GTA will be responsible for paying any additional interest on the development charges.

Other Implications:

There are no other implications with this report.

Strategic Focus Area:

This report directly aligns with the strategic focus area “Growing Urban Centres & Neighbourhoods” as the projects proposed by HGTA focus on delivering affordable housing supply, creating complete communities, and improving livability and prosperity in Brampton. This report also directly aligns with the strategic focus area “Government & Leadership” by proposing effective management of municipal resources.

Conclusion:

The City of Brampton is committed to providing supports to non-profit organizations that provide affordable housing and Long-Term Care. This report reviews the request received from Habitat for Humanity GTA and recommends potential funding sources to support HGTA's funding shortfall needed to deliver two affordable housing projects in Brampton.

Authored by:

Reviewed by:

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Attachments:

- Attachment 1 - Recommendation Report: Protocol for Evaluation of Incentives to Non-Profit Affordable Housing and Long-Term Care Projects