



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Erin Kaiser, Manager of Economic Development & Innovation
Tony Boutassis, Manager of Investment Attraction

DATE: June 2, 2023

REPORT NO.: BEC-2023-008

SUBJECT: 17 Guelph Street - Affordable Housing Development Update

RECOMMENDATION:

THAT Report No. BEC-2023-008, dated June 2, 2023, regarding a status update on the affordable housing development at 17 Guelph Street, be received;

AND FURTHER THAT, acknowledging and consistent with the prior Council direction on the development, Council authorize the Mayor and Clerk to execute a Land Lease Agreement with Homestarts Incorporated, and any other related documents, to the satisfaction of the Town solicitor and appropriate Town Commissioner(s) for the land lease, development, construction and operation of 17 Guelph Street as affordable housing for the term and conditions of the Agreement;

AND FURTHER THAT, acknowledging and consistent with the prior Council direction on the development, Council authorize the Mayor and Clerk to execute a Memorandum of Understanding and any other related documents, that may be required between the Town and Homestarts Incorporated for the land lease, development, construction and operation of 17 Guelph Street as affordable housing.

KEY POINTS:

The following are key points for consideration with respect to this report:

- The 17 Guelph Street property is a Town-owned surplus site. Council direction has been to leverage the property for affordable housing opportunities. Report [ADMIN-2020-0043](#), dated November 8, 2020, provided an overview of the 17 Guelph Street project and the Town's approach for facilitating its development.

- The majority of Town-initiated pre-development work for the proposed 17 Guelph Street redevelopment is complete, including technical studies as well as the Council-approved Official Plan and Zoning By-law amendments.
- With Council's approval of Report [ADMIN-2021-0029](#), Town and Regional staff issued a joint public call in the form of a Request for Expression of Interest (REOI) in the fourth quarter of 2021 to solicit applicants interested in designing, building, operating and maintaining 17 Guelph Street as affordable rental housing.
- Two potential proponents were selected to move forward through the REOI process in the form of a partnership between two parties.
- Through prior approvals, Council has already directed staff to proceed with entering into a Lease Agreement with Homestarts Incorporated and Home Suite Hope Shared Living (in partnership) for the development, construction and operation of 17 Guelph Street as affordable housing. Based on subsequent work and discussions to draft the Land Lease Agreement, a technical refinement is needed, whereby the Agreement will be directly with Homestarts, rather than also with Home Suite Hope – while recognizing that the two organizations continue to move the project forward as a partnership.

BACKGROUND AND DISCUSSION:

1. 17 Guelph Street – Context and History

Halton Hills, the broader region and province face a significant need for affordable housing options. In 2019, the Halton Hills Affordable Housing Working Group was established through Report No. [TPW-2019-0031](#) to guide the Town's affordable housing initiatives. Work completed with the Working Group, additional research and community engagement indicated a significant need for more affordable housing options, including for affordable and assisted rental housing. The inadequate supply of affordable housing options is also an economic development challenge as it makes workforce attraction and retention difficult.

In line with Council's Strategic Plan priorities, Town staff has advanced a number of actions to support the development of affordable housing options. This includes Council's direction from June 2019 to dispose of 17 Guelph Street, a Town-owned surplus property (Figure 1). The proposed development at 17 Guelph Street was envisioned to be a 14-unit mixed-income and affordable rental apartment building.

In August 2020, Council directed Town staff to advance pre-development activities and to identify a preferred partnership opportunity. An update on these efforts was provided in November 2020 through report [ADMIN-2020-0043](#).

Through Recommendation Report No. [PD-2022-0004](#), dated February 2, 2022, Council approved the Official Plan and Zoning By-law Amendment applications to allow for a 4-

storey, 14-unit affordable housing/assisted living apartment building at 17 Guelph Street (Georgetown). The development applications were prepared and submitted by the Economic Development division.

In 2021, the Town approached Halton Region staff about the opportunity to explore development of assisted rental housing at 17 Guelph Street. Subsequently, a joint Request for Expressions of Interest (REOI) was issued for the Region and Town to:

- Gauge non-profit and private sector interest;
- Arrange for the potential lease of the municipally-owned land to a partner(s); and
- Work with applicants who meet initial REOI eligibility pass/fail criteria in order to better understand the proposed partner's vision for the site and its alignment with Regional and Town objectives.

In 2021, through Report No. [ADMIN-2022-0022](#), Council endorsed the joint initiative between the Town and Halton Region along with the [Term Sheet](#) to facilitate the development of affordable housing at 17 Guelph Street.

Throughout the 17 Guelph Street process, the Town was guided by the [Affordable Housing Working Group](#). Having made significant progress, the Working Group was sunset in 2022.

Figure 1: Location of 17 Guelph Street



2. REOI Results

The REOI was published in January 2022. Four applications were received from interested parties to the REOI process. All four applicants were interviewed, and after careful consideration, the Town and Region selected two proponents to advance in the partnership - Homestarts Incorporated and Home Suite Hope Shared Living Corporation.

Homestarts is a non-profit organization dedicated to the success of housing co-operatives. It provides management, maintenance, restoration, training, consulting, and community development services to co-ops throughout Ontario. Homestarts has assisted communities with over 150 co-operative housing projects. Home Suite Hope is a Halton-based organization that helps mothers with children overcome homelessness. When a family is selected, they are taken through a 4-year program that provides housing and college tuition for the mother so they can come out strong and independent. To date, they have served 30 single parents and 52 children. Seven of their participants have already completed the full four-year program and of that, 100% are no longer receiving social assistance or rental subsidies, 86% are employed full-time, and of those, 100% are earning over the Canadian median income.

In April 2023, through confidential report BEC-2023-002, Council already approved the selection and continuation of the REOI with the above proponents, as well as entry into a Land Lease Agreement. Based on subsequent discussions and the drafting of the Land Lease Agreement, it has been determined that the Land Lease Agreement should be directly with Homestarts as they will be responsible for delivering on the overall Term Sheet requirements, rather than with Home Suite Hope who will utilize a portion of the units within the overall development. This is a technical refinement. The two organizations continue to advance the project jointly, as previously outlined.

3. Shared Responsibility

Housing affordability is a shared responsibility among various levels of government, private and non-profit sectors. The Town and Region are advancing the 17 Guelph project, an innovative partnership, to create much needed affordable/assisted housing opportunities on municipal lands.

In order for Regional staff to advance their report to Regional Council, since the formal Land Lease Agreement remains under active development, in the interim, a Memorandum of Understanding is required between the Town and Homestarts Incorporated to confirm the intent of entering into a Land Lease Agreement. Once Halton Region staff receive the Memorandum of Understanding, they will be in a position to prepare a report to Regional Council for the next available meeting to continue the advancement of the project. The Land Lease Agreement will follow.

4. Original Concept vs Proposed Concept

The Term Sheet, included in the REOI, outlined the initial land and development framework between the Town and the future developer/operator. However, as noted in ADMIN-2021-0029, it was acknowledged that amendments to the Term Sheet may be required as the project progresses, and formal agreement(s) are prepared and reviewed by legal counsel.

To ensure the financial feasibility of the project, the proponents have proposed some adjustments to the Term Sheet. The changes are being carefully considered.

Changes from the original concept may require further approvals, including Minor Variance approval. Among others, key areas of change from the original concept relate to items such as architectural design, unit mix, parking and setbacks. The adjustments to the development concept are an attempt by the proponents to reduce the escalated construction and operating costs of the building to ensure that the project is financially viable.

5. Next Steps

- **Demolition and Clean-Up in Spring/Summer 2023:** In the spring/summer of 2023, demolition work will commence at 17 Guelph Street. This will involve the removal of any existing structures or infrastructure that may impede the construction process and clean-up of the site from contamination found in the Phase 2 Environmental Site assessment. The demolition and clean-up will be led by Recreation and Parks.
- **Record of Site Condition:** Before construction can begin, a Record of Site Condition will need to be obtained. This document confirms that the site is free of any hazardous materials or contaminants that could pose a risk to public health or the environment.
- **Memorandum of Understanding:** To facilitate reporting to Regional Council, an MOU is required between the Town and the proponents, while the formal Land Lease Agreement continues to be developed.
- **Halton Region Council:** Halton Region staff will prepare a report to Regional Council for the next available meeting, anticipated for summer 2023.
- **Land Lease Agreement:** The Town will enter into a Land Lease Agreement with the Homestarts. The proponent(s) will be responsible for all site-specific approvals from the Site Plan Control stage and beyond. This will include detailed design, financing, construction/development, operation and maintenance of the site as affordable rental housing in perpetuity.
- **Amendments and Permits:** As the project moves forward, the proponent(s) will be required to apply for any applicable amendments and/or permits, including Minor Variance, Site Plan and building permits. Similar to any other eligible applicant, the proponent(s) may seek the reduction and/or waiver of applicable Town fees and/or apply for eligible program(s) through the Community Improvement Plan.

It is important to note that, should the proponent(s) not obtain the necessary remaining approvals, including the Minor Variance, and/or a mutually-agreeable Land Lease Agreement cannot be reached, the affordable housing development at 17 Guelph Street outlined in this report will not be able to proceed. Should this occur, at this time, there is no alternative affordable housing proposal for 17 Guelph Street. It is possible that the project may also ultimately not proceed should the proponent(s) not secure the

necessary funding – among other factors. Halton Regional approval of funding is also pending.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to foster a healthy community that provides a clean environment and range of economic and social opportunities to ensure a superior quality of life in our community.

This report also aligns to the Town's Strategic plan in recognizing the value to achieve sustainable growth to ensure that growth is managed to ensure a balanced, sustainable, well-planned community infrastructure and services to meet the needs of its residents and businesses.

This report also identifies shaping growth as one of the Town's Strategic priorities.

Affordable housing is a focus area in the Town's Strategic Plan that supports the Shaping Growth priority. The recommendations of this report contribute to ensuring that housing is accessible to all residents at any age or stage of life.

RELATIONSHIP TO CLIMATE CHANGE:

This report impacts and/or helps address climate change and the Town's Net Zero target through climate mitigation.

One of the considerations in the design, construction and operation of the 17 Guelph Street project will be energy efficiency and the implementation of the Town's Green Development Standards.

PUBLIC ENGAGEMENT:

Significant public engagement has been conducted to inform and engage the community about the 17 Guelph Street project, as well as affordable housing in general, including:

- Let's Talk Halton Hills project webpage for affordable housing was launched in November 2020, which included an engagement tool soliciting residents' vision for 17 Guelph Street.
- An Affordable Housing Virtual Open House was held on March 4, 2021, which provided an overview of the 17 Guelph Street project and was followed by discussion.
- A Statutory Public Meeting for the Official Plan and Zoning By-law Amendment applications was held on October 4, 2021.

INTERNAL CONSULTATION:

Town staff from Planning and Development, Development Engineering, Transportation, Recreation and Parks, Finance, Purchasing, and Corporate Communications have been engaged as the 17 Guelph Street project has advanced. Halton Region staff have been consulted.

FINANCIAL IMPLICATIONS:

This report will be funded through an existing approved budget source.

Funds have been set aside for the building demolition, which is being led by Recreation and Parks. Depending on the complexity of the Land Lease Agreement, additional legal support may be sought. If there are any additional financial requirements, Town staff will report to Council accordingly.

Reviewed and approved by,

Damian Szybalski, Commissioner of Business, Environment & Culture

Chris Mills, Chief Administrative Officer