



## **REPORT**

**REPORT TO:** Mayor Bonnette and Members of Council

**REPORT FROM:** Nicole Pal, Economic Development and Special Projects Coordinator

**DATE:** November 6, 2020

**REPORT NO.:** ADMIN-2020-0043

**RE:** 17 Guelph Street – An Opportunity for Affordable Housing

### **RECOMMENDATION:**

THAT REPORT ADMIN-2020-0043, dated November 6, 2020, regarding an opportunity for affordable housing at 17 Guelph Street be received;

AND FURTHER THAT Council authorize the Mayor and Clerk to sign the Canada Mortgage and Housing Corporation (CMHC) Contribution Agreement in the amount of \$40,000 on behalf of the Corporation, along with any ancillary documents in order to allow Town staff to commence pre-development activities for the 17 Guelph Street project starting in 2020;

AND FURTHER THAT a new capital project be created with a project budget of \$40,000 and that the required funding be financed by a \$40,000 grant contribution under the CMHC Contribution Agreement.

### **BACKGROUND:**

Affordable housing is a priority focus area in the Town's Strategic Plan. It recognizes the shortage of affordable housing in Halton Hills and the importance of providing residents with housing options that meet their needs. Rental housing in particular is deficient in Halton Hills with no new rental housing built since 2011. The rental vacancy rate is 1.5%. To date, a number of actions have been developed to address the lack of affordable housing in Halton Hills.

As part of this focus area, the Town-owned property at 17 Guelph Street, situated on the northeast corner of Guelph Street and Chapel Street, has been identified as a potential location to support additional assisted and affordable housing units. The

property is located within the Georgetown GO Station Area Secondary Plan, which aims to provide opportunities for redevelopment and intensification at strategic locations.

The current site, measuring approximately 812m<sup>2</sup> or 0.2 acres, contains a two-storey former ambulance building that was used by the Regional Ambulance Service until 2010. In November 2012, the property was declared surplus to the Town's needs. The building is currently used as storage space by the Town and the Lions Club.

On June 27 2019, Council authorized the disposition of 17 Guelph Street to be used for assisted housing. On August 31 2020, Council provided direction to Town staff to advance pre-development activities and to identify the preferred partnership opportunity for developing affordable housing on the site.

To assist in undertaking the early stage activities required to facilitate redevelopment at 17 Guelph Street, Town staff submitted a Canada Mortgage and Housing Corporation (CMHC) Seed Funding Application on October 2, 2020. CMHC approved the 17 Guelph Street project for Seed Funding in the amount of \$80,000 on October 9, 2020. The CMHC Seed Funding is administered through a Contribution and Loan Agreement. The maximum CMHC Seed Funding under the Contribution Agreement is \$40,000 and an additional \$40,000 under a Loan Agreement for a total amount of \$80,000.

## **COMMENTS:**

### **1. Proposed Development**

17 Guelph Street is envisioned as a mixed-income rental housing development with both market and affordable units in the heart of Georgetown. Within walking distance to transit and daily amenities, the site is a supportive location for households of various needs. The proposed development will contain up to 16 units and aims to integrate a mix of affordable and assisted housing, targeting the Town's critical deficiencies along the housing continuum.

### **2. Pre-Development Activities**

A Record of Site Condition is required in order to facilitate redevelopment on the property. As a brownfield site, 17 Guelph Street is subject to completing environmental investigations to confirm that the property meets applicable site condition standards prior to redevelopment. The site was previously contaminated with an underground storage tank, which was remediated in 2015. To redevelop the property into a more sensitive land use (i.e. residential), undertaking a Phase I and II Environmental Site Assessment is required, followed by the filing of a Record of Site Condition. Environmental Site Assessment work and filing of the Record of Site Condition is anticipated to be completed in the first quarter of 2021.

17 Guelph Street requires various planning approvals to proceed with the development. The property is currently zoned as Institutional and is designated Medium Density Residential Area. The Economic Development section is leading the Official Plan and

Zoning By-law Amendment process to permit a 16-unit residential development on the site. The Official Plan and Zoning By-law Amendment Application is anticipated to be submitted in the first quarter of 2021.

The current structure on the property will be demolished prior to construction. An updated Designated Substances and Hazardous Materials Survey and abatement are required prior to demolition. This work is anticipated to be completed by the second quarter of 2021.

### 3. CMHC Seed Funding

Using CMHC Seed Funding provides cost efficiencies to the Town and allows for early stage pre-development work to commence in a timely manner. Town staff intend to use the \$40,000 in CMHC Seed Contribution to undertake environmental and other ancillary work. This work will commence upon the signing of the CMHC Contribution Agreement in 2020.

With respect to the \$40,000 Loan Agreement, staff have reviewed it and determined that the cost of additional debt burden outweighs any benefits of utilizing the loan and that pre-development work can be funded through the Town's 2021 budget process. Therefore, it is recommended that the Loan Agreement not be utilized.

Accordingly, the recommendation of this report seeks Council to authorize the Mayor and Clerk to sign only the CMHC Contribution Agreement (i.e. the \$40,000 grant portion).

### 4. Partnership Approach

Advancing an innovative and collaborative partnership structure with public and non-profit/private partners can support the provision of housing on 17 Guelph Street that is most needed in Halton Hills, in perpetuity. Town staff are working with senior levels of government to explore the opportunity of a joint funding initiative for 17 Guelph Street, with the intention that deeper levels of affordability can be achieved on the site when land and capital contributions are made available.

The Town intends to issue a public call in early 2021 to engage third-party affordable housing providers who are interested in the opportunity to design, build, operate and maintain the proposed development at 17 Guelph Street. This partnership structure would occur in the form of a long-term land lease agreement. Ownership of the land would remain with the Town.

The Terms of Reference for this partnership will emphasize the need to integrate appropriate energy efficiency and sustainable building design measures while ensuring that the development remains as affordable housing in perpetuity. If a joint funding initiative with senior levels of government is pursued, it is anticipated that this public call will be a joint endeavor.

Once the proponent is chosen, they will work closely with the Town to finalize the development concept and the terms of the land lease agreement. The proponent will be responsible for undertaking the Site Plan Approval process. It is anticipated that the proponent will apply for CMHC Co-Investment Funding or Rental Construction Financing in order to help fund construction.

#### **RELATIONSHIP TO STRATEGIC PLAN:**

Affordable Housing is a key Strategic Plan priority. The recommendations of this report make a significant contribution to advancing the Town's affordable housing objective of ensuring that housing is accessible to all residents at any age or stage in life. The priority areas of Fiscal and Corporate Management, and Climate Change and Environment are also supported, as is the Strategic Plan's Vision, Mission and Values.

#### **FINANCIAL IMPACT:**

Approval of the recommendations of this report will allow Town staff to commence early pre-development activities using the CMHC Seed Contribution up to \$40,000. It is recommended that a capital project be approved in order to commence this work in 2020. In addition, a 2021 budget request for \$284,000 has been included in the 2021 capital budget for Council's consideration. The additional request is required to undertake all remaining pre-development activities for the 17 Guelph Street project.

#### **CONSULTATION:**

Corporate Communications, Planning and Development, Facilities, Clerks, Purchasing and Finance staff were consulted in the writing of this report. Halton Region and CMHC staff were also consulted. The Town's Affordable Housing Working Group continues to be closely engaged in affordable housing initiatives, including 17 Guelph Street.

#### **PUBLIC ENGAGEMENT:**

The Town recognizes the importance of early and meaningful engagement with residents, businesses, and stakeholders in Halton Hills. Starting today (November 23, 2020), the public is encouraged to share their thoughts and ideas regarding the 17 Guelph Street project on the Affordable Housing Let's Talk Halton Hills webpage. Staff monitor this webpage daily and will iteratively integrate community feedback into the Town's approach towards the 17 Guelph Street opportunity, as appropriate.

As part of a comprehensive affordable housing Communications Plan, engagements to follow in the coming months include potential collaboration with local schools, surveys, and an open house/public information session. All affordable housing activities and announcements, including for 17 Guelph Street, will be supported by website updates, social media posts, LinkedIn posts, media releases and advertising, where applicable.

**SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report advances the Strategy's implementation.

This report supports the social wellbeing and economic prosperity pillar(s) of Sustainability and in summary the alignment of this report with the Community Sustainability Strategy is Excellent.

**COMMUNICATIONS:**

Staff will continue to update the Town's website with information on the 17 Guelph Street project as it becomes available.

**CONCLUSION:**

Ensuring that housing is accessible to all residents at any age or stage in life is a key Town priority. Facilitating a mixed-income and deeply affordable housing development at 17 Guelph Street will make a significant contribution to this priority. This report recommends that Council authorize the Mayor and Clerk to sign the CMHC Contribution Agreement, and any ancillary documents, to enable Town staff to use grant funds to commence early stage pre-development activities for 17 Guelph Street.

Reviewed and Approved by,

A handwritten signature in dark ink, reading "Damian Szybalski". The signature is written in a cursive, slightly slanted style.

Damian Szybalski, Director of Economic Development, Innovation & Culture

A handwritten signature in dark ink, reading "C. Mills". The signature is written in a cursive, slightly slanted style.

Chris Mills, Acting Chief Administrative Officer