

Report To:	Regional Chair and Members of Regional Council
From:	Bob Gray, Commissioner, Legislative and Planning Services and Corporate Counsel Alex Sarchuk, Commissioner, Social and Community Services
Date:	January 25, 2023
Report No:	LPS08-23/SS-02-23
Re:	Approval to Develop Seniors' Supportive Housing at 263 Kerr Street in Oakville

RECOMMENDATION

1. THAT Regional Council approve the construction of the 4-storey apartment building for seniors with ground-floor space for a Seniors' "Hub" for 263 Kerr Street, Oakville which will require an additional \$18.7 million contribution from the Region, as outlined in Report No. LPS08-23/SS-02-23.
2. THAT Regional Council authorize the use of \$11,918,395 in capital funding from the Ministry of Municipal Affairs and Housing's Canada-Ontario Community Housing Initiative for the 263 Kerr Street Oakville development as outlined in Report No. LPS08-23/SS-02-23.
3. THAT the Commissioner, Social and Community Services acting as Service Manager, the Commissioner of Legislative and Planning Services and Corporate Council acting as the proponent for the Region be authorized to execute agreements and ancillary documents, to the satisfaction of the Director of Legal Services, under the Canada-Ontario Community Housing Initiative capital funding from the Ministry of Municipal Affairs and Housing for the 263 Kerr Street in Oakville development as outlined in Report No. LPS08-23/SS-02-23.
4. THAT Regional Council authorize the use of \$9,309,329 in capital funding from the Canada Mortgage and Housing Corporation's Rapid Housing Initiative Round 3 allocation to Halton Region for the 263 Kerr Street development as outlined in Report No. LPS08-23/SS-02-23.
5. THAT the Commissioner of Legislative and Planning Services and Corporate Counsel be delegated the authority to execute a generic funding agreement and all other ancillary documents, to the satisfaction of the Director of Legal Services, with the Canada Mortgage and Housing Corporation Rapid Housing Initiative Round 3 program by February 15, 2023 to receive the \$9,309,329 allocation to

create a minimum of 35 new assisted rental housing units within 18 months of project approval.

6. THAT the Commissioner of Legislative and Planning Services and Corporate Counsel be delegated the authority to submit the 263 Kerr Street project as outlined in Report No. LPS08-23/SS-02-23 to the Canada Mortgage and Housing Corporation Rapid Housing Initiative Round 3 program by March 15, 2023.
7. THAT the Commissioner of Legislative and Planning Services and Corporate Counsel be delegated the authority to execute an amending project funding agreement and all other ancillary documents, to the satisfaction of the Director of Legal Services, with the Canada Mortgage and Housing Corporation Rapid Housing Initiative Round 3 program by May 15, 2023 based on approval from the Canada Mortgage and Housing Corporation for the 263 Kerr Street in Oakville project.
8. THAT the Commissioner of Legislative and Planning Services and Corporate Council be authorized to undertake the necessary activities to advance the development of 263 Kerr Street outlined in Report No. LPS08-23/SS-02-23, including for the utilization of required construction contracts and the carrying out of single source awards, as may be necessary, to engage professional expertise required to advance to the RFP stage for construction, all in a form satisfactory to the Director of Legal Services and Director of Supply Chain Management.
9. THAT Regional Council approve an increase to capital project budget T7103QA – Kerr Street Redevelopment from \$5,407,000 to \$45,373,526, financed through funding in T7103B - CHS- Assisted Housing Development, as outlined in Attachment #1 to Report No. LPS08-23/SS-02-23.
10. THAT the Regional Clerk forward a copy of Report No. LPS08-23/SS-02-23 to the Town of Oakville for its information.

REPORT

Executive Summary

- Regional Council has approved a Housing Portfolio to create up to 600 new purpose-built rental and assisted-living housing opportunities between 2021 and 2031 which requires funding from Federal and Provincial Government to be successful.
- On November 10, 2022, the Canada Mortgage and Housing Corporation approved an allocation of \$9,309,329 in federal Rapid Housing Initiative Round 3 for Halton Region with a requirement that a minimum of 35 units be created and the

recommended project be completed within 18 months of project agreement execution (November 2024).

- On November 28, 2022, the provincial Ministry of Municipal Affairs and Housing approved \$11,918,395 in Canada-Ontario Community Housing Initiative funding. Program guidelines require project completion within 4 years of agreement execution (December 2026).
- Based on review of the Region's Housing portfolio, the 263 Kerr Street project is the only project that can meet the combined requirements of the two funding programs as outlined in Attachment #3 – Canada-Ontario Community Housing Initiative and Rapid Housing Initiative Round 3 Summary of Program Guidelines.
- In November 2021, Regional Council approved a preliminary project concept for 263 Kerr Street. The objective of the 263 Kerr Street, Oakville project is to build a new Region-owned, 4-storey, 52 unit seniors' assisted-living rental housing apartment building with ground floor common space to accommodate a seniors' Community Wellness Hub and provide support services.
- Report No. LPS08-23/SS-02-23 seeks Regional Council approval to proceed with the Kerr Street project and a capital project increase from \$5,407,000 to \$45,373,526 to develop seniors' supportive housing at 263 Kerr Street in Oakville, offset by the approved \$11,918,395 in Canada-Ontario Community Housing Initiative, \$9,309,329 allocation in federal Rapid Housing Initiative Round 3, and through an additional Halton Region capital contribution of \$18,694,802 as outlined in the revised capital budget (Attachment #1).
- The aggressive timelines associated with the Rapid Housing Initiative Round 3 funding will require the Region to expedite the project as much as possible and utilize processes to mitigate potential delays to the project. The report therefore seeks approval to delegate authority to the Commissioner of Legislative and Planning Services and Corporate Counsel to undertake the necessary activities to advance the development of 263 Kerr Street outlined in Report No. LPS08-23/SS-02-23, including construction contracts and single source awards for expertise required to advance as quickly as possible to the RFP stage.
- Demolition of the existing building (former Oakville Seniors' Centre) will be initiated in Q1 2023 and completed in Q2 2023 as approved by Regional Council through Report No LPS92-19. This timing is important to meet the conditions of the Canada-Ontario Community Housing Initiative funding which requires construction start within 120 days of agreement execution.

Background

Through Report No. LPS84-21/SS-25-21 re: “Portfolio Approach to Achieving Comprehensive Housing Strategy Objectives,” Halton Region created a multi-year assisted housing portfolio plan to:

- create a pipeline of projects that are aligned with the Region’s Comprehensive Housing Strategy; and,
- evolve project readiness to entice long-term funding commitments from Provincial and Federal governments.

Through the Comprehensive Housing Strategy new assisted housing units are anticipated to be created through the following:

1. Third party initiatives (municipal, private and/or non-profit sector partnerships);
2. Halton Region and Halton Community Housing Corporation (HCHC) owned site development;
3. Strategic acquisitions of land, buildings or units that generate net new housing stock to address the Halton Access to Community Housing (HATCH) waitlist need; and,
4. Housing subsidies to eligible Halton residents.

The Comprehensive Housing Strategy financing plan provides \$163 million, or approximately one third of the estimated capital costs in excess of \$400 million (exclusive of land), required to deliver the Portfolio program from 2022 – 2031.

To-date, capital investments for pre-development related activities approved by Regional Council have positioned both Regional-owned and HCHC owned sites within Halton Region’s portfolio as “construction ready” to leverage senior level of government funding as it becomes available. Additional capital funding is required from senior levels of government. The Region’s portfolio approach can only be successful when senior levels of government contribute their share.

Halton Region has been successful recently in receiving federal and provincial funding through two programs. Specifically the Region has received:

1. The Ministry of Municipal Affairs and Housing (Federal-Provincial): Canada-Ontario Community Housing Initiative year-end dollars in the amount of \$11,918,395 and,
2. The Canada Mortgage and Housing Corporation (Federal): Rapid Housing Initiative Round 3, in the amount of \$9,309,329.

Halton Region staff conducted detailed evaluations of each project within the Region’s Portfolio to determine best fit to utilize the provincial COCHI and/or federal Rapid Housing Initiative Round 3 funding allocated to Halton. Review and evaluations considered the following: alignment to program criteria; Comprehensive Housing Strategy objectives;

need/demand analysis; financial viability; project readiness; and ability to deliver within the prescribed program timelines.

The 263 Kerr Street project was identified as best suited to maximize the available capital funding programs based on:

1. An ability to start construction within 120 days of executing an agreement. Demolition of the existing facility on the site marks the first development milestone and is achievable with certainty within this timeline.
2. An ability to utilize the full Rapid Housing Initiative Round 3 funding envelope to achieve the minimum 35 new unit requirement tied to this funding within one project. The necessity of meeting the project completion deadline within 18 months was also considered.

The Canada-Ontario Community Housing Initiative and Rapid Housing Initiative Round 3 each possess highly prescriptive, complex and contradictory program requirements. Staff have closely assessed these requirements and explored options with both the Provincial Ministry of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation. The 263 Kerr Street development is the sole project within the Region's portfolio that satisfies the program requirements of both funding streams. Additional detail on the Canada-Ontario Community Housing Initiative and the Federal Rapid Housing Initiative Round 3 is provided in Attachment #3.

The 263 Kerr Street property was acquired from the Town of Oakville in February 2020, based on its strategic location to HCHC's largest seniors' housing community located at 271 Kerr Street. Development of this site will create additional seniors' supportive housing in an area where there is a heightened need for housing and supports.

Regional Council, as noted below, has already endorsed a land use concept for a 4-storey apartment building for seniors with ground-floor space, inclusive of a potential seniors' Community Wellness Hub.

Council approvals for 263 Kerr Street are summarized below:

Date	Report #	Report Name	Approved Budget	Approved Activities
November 20, 2019	LPS92-19	Property Matter, Town of Oakville (T7103Q)	\$4,607,000	<p>Council approved the following Stage 1 activities:</p> <ul style="list-style-type: none"> • Project budget \$4,607,000 for the acquisition of 263 Kerr Street, T7103Q (Housing New Units – Kerr Street). • Acquisition of property for seniors' housing • Demolition of existing building
February 17, 2021	LPS19-21	Developing a Land Use Concept for the Former Oakville Seniors' Centre at 263 Kerr Street, Oakville	\$200,000	<p>Council approved advancing from Stage 1 to Stage 2: Feasibility, which included:</p> <ul style="list-style-type: none"> • New capital project budget T7103QA with initial \$200,00 for pre-development related work • Delegated authority for entering into funding agreements • Preparation of a land use concept and feasibility study • Site due diligence (environmental, etc.) • Developing a preliminary budget • Preparing an Implementation Plan
November 24, 2021	LPS84-21/SS-25-21	LPS08-23/SS-02-23	N/A	<p>Council approved the following:</p> <ul style="list-style-type: none"> • Advocacy for Federal-Provincial funding for Halton Region's Portfolio including 263 Kerr Street
November 24, 2021	LPS71-21/SS-22-21	263 Kerr Street, Oakville Land Use Concept and Project Update – October 2021	\$600,000	<p>Council approved the following:</p> <ul style="list-style-type: none"> • Increase capital budget by \$600,000 from \$200,000 to \$800,000 • Land use concept of 4-storey apartment building for seniors' supportive housing and seniors' "Hub" • Advancing from Stage 2 to Stage 3: Pre-Development, which included: • Preparation of schematic drawings and a Class D cost estimate • Advancing necessary planning approvals • Preparing procurement documents • Preparing a capital budget / pro forma analysis • Consultation with potential community partners re: ground floor space
Total Approved Halton Region Capital Funding Investments			\$5,407,000	Stages 1- 3

Below is a depiction of general project development milestones, including the current status of the 263 Kerr Street project. This project is now nearing the end of Stage 3: Pre-Development work.

Figure 1: 263 Kerr Street – Development Stages and Current Status



Through the approved Regional capital investments the following activities have been completed:

- Site environmental work including;
 - Environmental Site Assessment Phases 1 and 2,
 - Filing of Record of Site Condition;
- Utility Locates Investigation;
- Geotechnical Investigation;
- Conceptual drawings including architectural schematic plans, potential exterior and interior renderings to inform development of project concept and budgets;
- Class D estimate from Altus informed by conceptual design work;
- Preparation of capital budget based on Class D estimate; (see Financial Implications Section)
- Enbridge “Savings by Design” workshop and summary report (including energy model, building design options to achieve sustainability targets, accessibility and interior design considerations) prepared by Sustainable Buildings Canada (dated May 30, 2022);
- Pre pre-consultation with Town of Oakville planning staff; and,
- Development of draft procurement documents.

Discussion

Through the capital investments approved by Regional Council, the 263 Kerr Street project is being positioned as construction ready. In support of the recommendations, this report provides an update on the following details:

- 1. Design Concept
- 2. Funding Opportunities
- 3. Continued Advocacy
- 4. Next Steps and Proposed Timelines

Design Concept

The approved land use concept and preliminary design for the 263 Kerr Street project is a mid-rise, 4-storey apartment building with three floors of residential units for seniors’ supportive housing (requiring minimal supports to live independently).

In alignment with the Comprehensive Housing Strategy objective to create more supportive housing in Halton Region, opportunities will be explored to implement a Program for the All-Inclusive Care for the Elderly (PACE) like Community Wellness Hub model on the ground floor of the building. This model of care is currently in use at HCHC’s 410 John Street senior’s property in Burlington. Regional Council will be updated as the ground floor elements and project design is refined.

At this time, it is expected that one level of underground parking may be required and has been included in the project budget estimate. The need for underground parking will be confirmed through the Design Build Request for Proposals and site plan approvals process.

Figure 2: Development Stage 2: Conceptual Feasibility Rendering by CZ Architects for 4-storey building with underground parking



The building will be designed to Passive House standards with the goal of achieving 25% less energy use as compared to Building Code requirements and a 25% reduction in

greenhouse gas emissions supporting Regional Council's 2019 Climate Emergency Declaration.

The Units

Since the November 2021 report to Council, a more refined site plan, feasibility and design concept has been completed. It demonstrates that the proposed building design can support 52 units, up from the original 40 units proposed to Regional Council in previous reports.

The current preliminary design concept proposes a mix of:

22 x studio units (second floor) with common amenity space. These units will house seniors that require a light level of support to remain housed; and,

30 x one-bedroom units (third and fourth floors, 15 units on each floor).

Both types of units are in high demand amongst seniors applicants on the Halton Access to Community Housing (HATCH) waitlist. A minimum of 20% of units will be fully accessible as per the Ontario Building Code and/or funding program requirements.

Rents

The majority of seniors on the HATCH waitlist have fixed annual incomes below \$20,000 a year. Their income sources are generally Canada Pension Plan, Old Age Security, and the Guaranteed Annual Income Supplement. These households are only able to afford rents of up to \$500 per month without some form of rental subsidy.

The Canada-Ontario Community Housing Initiative program requires rents to be at or below 80% of CMHC's average market rent for Oakville.

The Rapid Housing Initiative Round 3 program requires that a minimum of 35 units have rents calculated based on 30% of a tenant's gross income or the equivalent social assistance shelter allowance. The 2022 estimated monthly rent based on a seniors' guaranteed income to meet this requirement is \$480 per month exclusive of parking and hydro.

Rents for 45 of the total 52 units are proposed at \$480 per month. Recognizing that some seniors have the financial means to pay higher rents, the residual 7 units are proposed to be available at 79% of the average market rent for Oakville as set by CMHC annually.

Next Steps and Proposed Timelines

The proposed building complies with the Town of Oakville's current Zoning By-law. There have been informal consultations with the Town of Oakville over the last year, and Town staff are committed to assisting Halton Region in expediting approvals including a six-month-or-less Site Plan Application approval process. Pre-consultation was held on

January 18, 2023. The Town has provided valuable feedback to be addressed as part of the application. Halton Region staff will continue to engage regularly with Town of Oakville staff through to project completion to ensure that the aggressive timelines under the Rapid Housing Initiative Round 3 program are met.

In order to avoid delays and build in certainty around the construction schedule to meet the spirit of the Rapid Housing Initiative Round 3 project completion deadline, staff anticipate requiring the need to engage specialized expertise and utilizing procurement methods for the design and construction that focus on the expedited completion of the building.

Demolition of the former Oakville Seniors' Centre at 263 Kerr Street, as authorized through Report No. LPS92-19 is scheduled to start in Q1 2023 and be completed in Q2 2023. Nearby residents and businesses will be kept up to date throughout the project, beginning with a Notice of Construction detailing the upcoming work, what to expect and measures being taken to mitigate impacts. As with all Building a Better Halton improvements, communications activities will also include on-site signage and an entry on halton.ca's interactive construction map.

Need for Continued Advocacy

Creation of new assisted housing requires an all government approach. Housing is a shared responsibility that all levels of government must support. Dedicated investments for assisted housing from senior levels of government is paramount.

While Regional Council's advocacy efforts have resulted in a positive outcome of senior government funding being made available, it should be noted that these two funding approvals constitute 47% of the estimated project cost for the 263 Kerr Street development. In addition to the \$5,407,000 already financed, the Region will contribute \$18,694,802, utilizing the CHS Assisted Housing Development reserve. As noted below, continued advocacy on behalf of the Region's assisted housing needs is required as current federal / provincial funding lags behind historic levels.

While these one-time senior government investments are appreciated, they are a departure from how the Region has traditionally received senior government investments for assisted housing.

Traditionally, the Region received multi-year funding envelopes that were confirmed, not competitive. The Region had the ability to allocate funding to a number of assisted housing priorities that were aligned to the Region's Comprehensive Housing Strategy. The multi-year nature of this funding allowed for greater predictability and a more strategic and thoughtful approach to the creation of new assisted housing opportunities. Flexibility tied to historical investments allowed Regional Council to decide how best to utilize senior government funding locally to meet the housing needs of Halton residents.

In recent years multi-year allocations with local flexibility on their use have largely been replaced with more competitive programs with no guarantee of funding. There are now

multiple funding streams made available by senior levels of government in an uncoordinated fashion with onerous and conflicting eligibility requirements and funding levels. This has resulted in a patchwork of one-time programs with the Region having to make best efforts to rationalize them and make them work locally.

The timing of these programs is also a challenge as they come with very aggressive timelines to accept the funding and complete projects. The prescriptive conditions and timelines senior levels of government place on these initiatives limits the type and number of projects Halton can advance. The flexibility Regional Council previously had to decide how to allocate senior government funding on a multi-year horizon in Halton Region has now largely been removed.

Conclusion

Halton Region has a multi-year Portfolio Approach to achieve the Comprehensive Housing Strategy objectives and create up to 600 purpose built rental and assisted rental housing opportunities between 2021 and 2031. Since 2019, Regional Council has approved capital funding investments to position Halton Region and HCHC owned sites with a potential to create new assisted housing as investment ready for senior levels of government.

This proactive approach has allowed Halton Region to respond to a one time, funding opportunity from the Ministry of Municipal Affairs and Housing with a very aggressive application timeline. This program funding requires construction to begin within 120 days of signing the funding agreement. The 263 Kerr Street project in Oakville is the only project in the Region's portfolio that meets this prescriptive criteria.

Regional advocacy efforts have proven effective. Halton Region has received its first Rapid Housing Initiative allocation under CMHC's Cities Stream. While it is recommended that this funding be allocated towards the 263 Kerr Street project, the requirement for project completion by November 15, 2024 is very aggressive and presents a risk to the Region. Regional staff will work jointly with CMHC officials should issues arise in order to mitigate this risk.

The total estimated project cost for the 263 Kerr Street development is \$45,373,526. Regional Council approval of this report will allocate the full \$11,918,395 in Canada-Ontario Community Housing Initiative and \$9,309,329 Rapid Housing Initiative Round 3 funding received from senior levels of government towards the project, reducing the Regional funding requirement to \$18,694,802.

The 263 Kerr Street project supports the following Comprehensive Housing Strategy Update 2014-2024 objectives:

- Direction 1: Promote complete and healthy communities
- Direction 3.1b: Participate in current and future federal/provincial housing programs

- Direction 4.1: Increase accessible housing opportunities for Halton residents
- Direction 4.2: Increase housing with supports for Halton residents

Upon Council approval, all required funding agreements and ancillary documents will be finalized with both the Ministry of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation.

FINANCIAL/PROGRAM IMPLICATIONS

The current approved budget for 263 Kerr Street in Oakville is \$5,407,000 and includes land acquisition costs and cost to advance this development to stage three as outlined in this report.

Based on Class D estimates an additional increase of \$39,966,526 is required to facilitate the construction of the proposed 52 unit seniors' supportive rental housing project at 263 Kerr Street in Oakville as outlined in this report. This results in a total revised budget of \$45,373,526.

Of the requested \$39,966,526 increase, currently \$44,000 has been received through a CMHC Seed funding grant and applied towards the project. As well, COCHI funding from the Ministry of Municipal Affairs and Housing in the amount of \$11,918,395 has been conditionally approved. Upon receipt, the COCHI funding will be transferred to T7103QA.

Based on a comprehensive review of Rapid Housing Initiative Round 3 federal funding, \$9,309,329 has also been applied as a funding source for this project. The remaining \$18,694,802 will be funded by the Region through the Comprehensive Housing Strategy – Assisted Housing Development capital project (T7103B). The table below outlines total funding for the project across all funding sources and is also set out in Attachment #1.

	External Funding	CHS - Assisted Housing Development (Regional)	TOTAL
Approved Capital Budget		\$ 5,407,000	\$ 5,407,000
Increase/(Decrease) to Capital Budget			
Regional Funding	-	\$ 18,694,802	\$ 18,694,802
CMHC Seed Funding	44,000		44,000
COCHI	11,918,395		11,918,395
RHI Phase 3	9,309,329		9,309,329
Sub-total	\$ 21,271,724	\$ 18,694,802	\$ 39,966,526
TOTAL	\$ 21,271,724	\$ 24,101,802	\$ 45,373,526

There are no operating impacts related to this report at this time. Staff will continue to explore and consider additional sources of senior government funding for the project, or from other potential partners. Should additional funding materialize, it will be applied to the project capital account and will be used to offset the Regional contribution to the project.

Respectfully submitted,



Curt Benson
Director, Planning Services and Chief
Planning Official



Bob Gray
Commissioner, Legislative and Planning
Services and Corporate Counsel



Andrew Balahura
Director, Housing Services



Alex Sarchuk
Commissioner, Social and Community
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Approved by



Jane MacCaskill
Chief Administrative Officer

If you have any questions on the content of this report,
please contact:

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Attachments: Attachment #1 – Revised Capital Budget and Financing Plan
Attachment #2 – CMHC – Rapid Housing Initiative Round 3 City’s Stream Additional
Information <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing/rapid-housing-cities>
Attachment #3 – COCHI and RHI 3 Summary of Program Guidelines