

Region of Waterloo
Community Services
Housing Services

To: Community and Health Services Committee

Meeting Date: December 6, 2022

Report Title: P2022-19 Affordable Housing

1. Recommendation:

That the Regional Municipality of Waterloo take the following actions regarding P2022-19 Affordable Housing as outlined in CSD-HOU-22-022 dated December 6, 2022:

- a) Approve the recommended Priority Projects under P2022-19 Affordable Housing, as detailed in Appendix A;
- b) Approve Regional Development Charge grants for the recommended Priority Projects in accordance with existing Regional policy;
- c) Authorize the Commissioner, Community Services to execute such agreements and documentation in a form satisfactory to the Regional Solicitor as may be required to process the advance of funding to proponents of the recommended Priority Projects; and
- d) Authorize the Director, Housing Services to execute and deliver all documentation required by the Province of Ontario and the Region of Waterloo for funding the recommended Priority Projects, and to finalize the funding and conditions with the proponents.

2. Purpose / Issue:

This report seeks Council approval to award P2022-19 Affordable Housing to two recommended Priority Projects. The purchasing by-law 16-032 Part V section 15 requires Council approval for Request for Proposals in excess of \$1,000,000.

3. Strategic Plan:

Award of this Request for Proposals meets the 2019-2023 Corporate Strategic Plan objective to make affordable housing more available to individuals and families under Strategic Focus Area 4: Healthy, Safe and Inclusive Communities.

4. Report Highlights:

- On August 19, 2022, Request for Proposal (RFP) P2022-19 Affordable Housing was issued to identify proponents interested in creating new affordable housing for households living with low to moderate incomes. The RFP provided funding through two sources, including the Ontario Priorities Housing Initiative (OPHI), and Regional Strategic Investment in Affordable Housing Fund (SIAH).
- Fourteen (14) proposals were received and evaluated using pre-determined technical criteria, including the following mandatory criteria:
 - Evidence of incorporation and ownership;
 - Appropriate zoning;
 - Demonstrated ability to meet OPHI criteria;
 - Affordability (minimum 30 percent of the units at or below 80 percent of average market rent);
 - Ability to start construction within 120 days of signing a contribution agreement; and
 - For construction-ready projects to qualify for OPHI funding, a signed contribution agreement by December 31, 2022 and building permit issuance in place before April 2023.
- Other evaluation criteria included housing needs and opportunity, financial justification, financial plan, proponent qualifications and partnerships, ability to address Regional objectives and preferences, and project concept, design, location and sustainability.
- Two (2) projects are recommended for funding through P2022-19 as summarized in Appendix A, including one non-profit and one private-sector housing provider proposing a combined total of 51 affordable housing units.

5. Background:

- The growing need for affordable housing has highlighted the importance of strategic Regional investments to create housing stability and achieve affordability for all. The Region's Affordable Housing Plan, Building Better Futures, encompasses strategic funding investments by the Region and a leveraging of federal and provincial grant programs to supplement these efforts in the creation of up to 2,500 new affordable homes along with our partners.
- Issuance of capital funding through the RFP process is one tool amongst others that supports creating affordable housing, and provides an opportunity for the community to identify solutions in response to housing needs. Additional options forthcoming to create affordable housing, include the Federal Rapid Housing Initiative and the Regional Surplus lands Initiative that will provide further opportunities for additional projects across the region later this year.

- Total RFP funding of \$3,424,500 for 2022 facilitated a focus on leveraging the amount of affordable housing units able to be developed. The Region received a range of proposals outlining a broader range of affordable housing options and opportunities than previous RFP Bids. The RFP process was designed to facilitate the funding of multiple projects with updated criteria to consider capital contributions towards net-zero investments, accessibility improvements and local government initiatives. An evaluation matrix was used to rank these projects based on merit, eligibility and readiness.
- On August 16, 2022, the Federal Government announced the upcoming release of RHI3 to fund deeply affordable rapid housing projects with municipal contributions. Three RFP submissions included RHI funding as part of the capital project budget. As RHI3 funding had not been released by the Federal Government when submissions were being evaluated, the three projects requesting this funding were deemed ineligible.
- The evaluation committee identified three additional projects also deemed ineligible. These projects did not have complete land ownership in place or did not include sufficient supporting information to qualify for the RFP. The applicants have been notified, recognizing that this work will help advance these projects for future RFP and affordable housing programs.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Information regarding the RFP P2022-19 Affordable Housing, was presented to the Housing and Homelessness Steering Committee, the Municipal Housing and Homelessness Leads Committee, and the intra-municipal incentives working group. Presentations provided a summary of the proposed criteria, timelines and funding sources. These groups provided direction on the development of the RFP and evaluation criteria, including the priority to fund multiple projects to extend or deepen affordability across the region. The RFP was posted on the Region's Bid Page, and was promoted through a Media Release on August 19, 2022 and a social media campaign.

7. Financial Implications:

Funding available for this RFP process totalled \$3.4M as outlined in the following table:

P2022-19 Affordable Housing			
Funding Sources (in \$000s)	Provincial	Region	Total
Affordable Housing Reserve	\$ -	\$ 1,960	\$ 1,960.0
OPHI Year 4, 2022-23	1,464.5	-	1,464.5
Total	\$ 1,424.5	\$ 1,960	\$ 3,424.5

Subject to Council approval, loans totalling \$3,424,500 will be provided to two proponents as outlined in Appendix A. The terms of the agreements include a provision allowing the loan to be forgiven subject to the proponents complying with all other terms and conditions of the agreements throughout the 30 year term.

Affordable housing units are also eligible for Regional Development Charge (RDC) exemptions. One development is already underway and has received an RDC exemption of approximately \$498,000. RDC exemptions for the second development are estimated to be approximately \$420,500, based on December 1, 2022 rates but will be subject to RDC rates which are in effect at the time of permit application/approval. These exemptions will be repaid to RDC reserves over 21 years at a cost of approximately \$50,000 annually, funded from the Affordable Housing Incentive Reserve. Future commitments from this reserve total \$3.5M and will be repaid over a 20 year time period. The current balance is \$3.3M and there are sufficient funds to cover DC repayments related to current commitments through to 2030.

The draft 2023-2032 Housing Services Capital Program includes a provision for these awards for both the forgivable loans and the RDC exemptions.

8. Conclusion / Next Steps:

The Region of Waterloo is committed to making housing affordable for all because we believe communities thrive when everyone has a place to call home. The Regional Affordable Housing RFP is an important process to support affordable housing projects in our region. The 2022 Affordable Housing RFP presented a broad range of affordable housing projects reflecting a strong interest to develop new affordable housing. Regional staff are recommending two Priority Projects for available funding, including one non-profit project (21 affordable units) and one for profit project (30 affordable units). Combined, these projects will add up to 51 net new affordable housing units to Building Better Futures, with 990 total affordable homes in development or occupied.

9. Attachments:

Appendix A: P2022-19 New Affordable Rental Housing Recommended Priority Projects

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