

Region of Waterloo

Corporate Services

Treasury Services

To: Regional Council

Meeting Date: May 22, 2024

Report Title: P2024-09 Region of Waterloo Surplus Land For Affordable Housing
1388 Highland Road West, Kitchener

1. Recommendation

That the Regional Municipality of Waterloo take the following action with respect to Request for Proposal P2024-09 as set out in report COR-TRY-24-017 dated May 22, 2024:

- a) Accept the proposal of Savic Homes Ltd. (Savic) for P2024-09 Region of Waterloo Surplus Land For Affordable Housing, 1388 Highland Road West, Kitchener, ON (the “Highland Property”); and
- b) Authorize the Commissioner, Planning, Development & Legislative Services to execute the Agreement of Purchase and Sale in the form and content satisfactory to the Regional Solicitor.

2. Purpose / Issue:

Purchasing By-law 16-032 Section 43 item 4 where surplus goods have a value estimated to exceed \$150,001, the Chief Purchasing Officer shall not exercise his or her authority under subsections (2) or (3) of this section unless Council gives prior approval.

3. Strategic Plan:

Award of this contract meets the 2023-2027 Corporate Strategic Plan priorities to unlock Region-owned land that supports community growth: We will make land available across the region appropriate for affordable housing, shovel-ready employment lands and other supportive infrastructure designed for families and future needs under Strategic Focus Area 1: Homes for all.

4. Report Highlights:

- Proposals were called for P2024-09 Region of Waterloo Surplus Land For Affordable Housing 1388 Highland Road West, Kitchener from February 7, 2024

to March 22, 2024. The RFP was advertised on the Region's website and social media. Five (5) bids were received, one (1) bid was shortlisted.

- In addition to the request for affordable housing, the Region asked development partners to consider that their proposals include childcare space and public art. Savic Homes Ltd. proposal includes an estimated 208 dwelling units, approximately 30% (64 units) of which would be affordable, for a term of not less than 40 years. Additionally, the proposal includes an 88-space childcare centre and a space designated for public art on the Highland Road West frontage.
- Subject to Council approval, staff will finalize an Agreement of Purchase and Sale, work with the City of Kitchener and Savic Homes Ltd. to begin the site planning process and resume neighbourhood engagement in response to the project's next phase.

5. Background:

On August 10, 2021, Regional Council declared the lands municipally known as 1388 Highland Road West, Kitchener surplus to the needs of the Region, as detailed in PDL-LEG-21-39/CSD-HOU-21-17. Further, it was directed that staff proceed with preparing the property for the issuance of a Request for Proposal to private and non-profit developers for the disposition of the Subject Lands for nominal consideration in exchange for the development of affordable housing rental units.

To prepare the property for the issuance of the Request for Proposal, pre-development studies were undertaken including surveys, preliminary geotechnical, tree inventory, and parking review. A Record of Site condition was secured from the Ministry of Environment, Conservation and Parks. Further, a minor variance application was approved by the City of Kitchener on December 6, 2022 to vary the parking rate for the site from a required 1.5 parking spaces per dwelling unit to a minimum of 0.68 parking spaces per dwelling unit.

Proposals were called for P2024-09 Region of Waterloo Surplus Land For Affordable Housing 1388 Highland Road West, Kitchener and were advertised on the Region's website.

Five (5) proposals were evaluated using pre-determined technical criteria which included regional objectives and preferences, proponent qualifications and partnerships, project concept and design, and financial plan. Following the evaluation one (1) proponent was shortlisted.

- Savic Homes Ltd received the highest overall score.
- The final date of acceptance for this proposal is July 20, 2024.

The work under this contract is for qualified developers to develop affordable rental

housing for low to moderate income households on surplus Regional lands municipally known as 1388 Highland Road West, Kitchener.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities:

Region staff have been in communication with the City of Kitchener staff throughout this project including:

- Fall 2022 City of Kitchener staff attended neighbourhood information meetings;
- Fall 2022 throughout the Minor Variance application process;
- Summer 2023 City of Kitchener staff attended neighbourhood information meetings;
- December 2023 to establish Urban Design Guidelines for the Subject Property;
- January 2024 to discuss timelines for RFP release and City timelines for removal of holding and site plan control application;
- Regular updates through the monthly Municipal Housing and Homelessness Leads Committee.

A project team will be established upon the selection of a development partner. The project team will consist of City of Kitchener, Regional and development partner staff to ensure strong communication and attention to neighbourhood needs and concerns.

Public/Interest-Holder Engagement:

The Region hosted four (4) public information sessions, two (2) in-person and two (2) virtual, and established an Engage Waterloo Region project web page to provide the public with information about the project and obtain feedback. Neighbourhood feedback has included concerns about parking and building design, including considerations related to privacy and overlook. These concerns have been considered, along with best practices for urban design, and are addressed in the project Design Guidelines. Further opportunity to address building design considerations in greater detail will be provided through the removal of holding prior to site development. The removal of holding will require the proponent complete an Urban Design Brief to address compatibility of the proposed development with the adjacent low-rise residential to the north of the site.

7. Financial Implications:

The appraised value of 1388 Highland Road West, Kitchener is \$3,930,000 and, subject to Council approval, the property will be transferred to the recommended proponent at no cost. Costs for land transfer tax, planning application, building permits and related studies/plan will be the responsibility of the proponent.

The Province has proposed amendments to the Development Charges Act, 1997 (DCA), expected to come into force June 1, 2024, that will provide development charge

exemptions for affordable housing development that meets certain criteria as set out in the DCA and the Affordable Residential Units Bulletin published by the Minister of Municipal Affairs and Housing. Staff are currently reviewing the recently posted bulletin and DCA amendments and, accordingly, are not in a position to recommend a grant for Regional Development Charges for the project at this time which, for context at current rates, could range from \$0 to \$1.385 million for 64 units. Staff will report back to Council with respect to development charges related to this project at a future date, if required.

8. Conclusion / Next Steps:

Encouraging affordable housing development aligns with the 10-Year Housing and Homelessness Plan through Strategic Direction 1, to create more affordable and community housing. Subject to Council approval, staff will finalize an Agreement of Purchase and Sale, work with the City of Kitchener and Savic Homes Ltd. to continue neighbourhood engagement in response to the project's next phase.

Section 110 of the Municipal Act provides legislative authority for the Region to undertake the proposed transfer of ownership of the Highland Property at nominal consideration be considered by Council subsequent to the execution of the Agreement of Purchase and Sale by Savic Homes Ltd. Ownership of the Highland Property will transfer to Savic Homes Ltd. at the conclusion of the site planning process with the City of Kitchener. Subject to municipal approvals, it is anticipated that the project will be ready for occupancy in late 2026 or early 2027.

9. Attachments:

Nil.

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