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The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioners of Planning and Economic Development, Finance, Social Services and Works
Report: #2024-COW-15
Date: April 10, 2024

Subject:

Recommendations for Eligible Projects Under the At Home Incentive Program for Affordable Housing, File: D19-11

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That Otter Creek Co-operative Homes Inc. located at 835 McQuay Boulevard in the Town of Whitby be supported through a re-allocation of the 2023 At Home Incentive Program funding in the amount of \$2,500,000 (or \$138,889 per affordable rental unit) to support the construction of 18 deeply affordable housing units which have been approved for funding under federal and provincial affordable housing programs and require additional funds from the Region due to construction cost escalation (Attachment #1)
- B) That the existing Municipal Housing Contribution Agreement with Otter Creek Co-operative Homes Inc. be amended to reflect the Municipal Capital Housing Facilities Bylaw requirements, and additional funding, and that the funding be advanced based on the following key construction milestones:
 - i) 50 per cent at the signing of the revised Municipal Housing Contribution Agreement and registration of security.
 - ii) 40 per cent at confirmation of fully enclosed building.
 - iii) 10 per cent at confirmation of occupancy.

- C) That following affordable rental housing projects and allocations be approved under the At Home Incentive Program (AHIP):
- i) Ledim Developments located at 310 Kingston Road East in the Town of Ajax in the amount of \$5,000,000 (or \$64,103 per affordable rental unit) to support the development and construction of 78 units of affordable rental housing in the Town of Ajax (Attachment #2) from the 2023 AHIP funds;
 - ii) Kindred Works located at 15-23 Main Street in the Township of Uxbridge in the amount of \$2,750,000 (or \$110,000 per affordable rental unit) to support the development and construction of 25 units of affordable rental housing (Attachment #3) from the 2024 AHIP funds;
- D) That financing for the projects listed in Recommendation C) be provided from the At Home Incentive Program Reserve Fund (AHIPRF) and advanced based on the following key construction milestones:
- i) 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - ii) 40 per cent at confirmation of fully enclosed building.
 - iii) 10 per cent at confirmation of occupancy.
- E) That the Region enter into a Municipal Capital Housing Facilities and Contribution Agreement with each of the recommended parties, at the appropriate time, to:
- i) maintain affordable rents for the specified affordability period;
 - ii) continue to use the eligibility requirements for tenants;
 - iii) to enable the use of capital grants for eligible purpose-built affordable rental housing projects; and
 - iv) provide accountability and reporting requirements; and
- F) The Regional Solicitor be directed to prepare the necessary by-laws and any amendments required to the AHIP Reserve Fund By-law.
-

Report:

1. Purpose and Background

- 1.1 The purpose of this report is threefold: i) to recommend support for the Otter Creek Co-operative Homes project in Whitby with \$2.5 million from the At Home Incentive

Program Reserve Fund (AHIPRF); ii) to summarize the evaluation process for Year 2 of the At Home in Durham Incentive Program (AHIP); and iii) to identify the proposals that will make the best use of available AHIP funding to maximize the value of the Region's investment in affordable housing.

- 1.2 In March 2022, Regional Council endorsed a new At Home Incentive Program to actively encourage the creation of new purpose-built affordable rental housing projects in Durham. The Program is implemented under a Regional Municipal Housing Facilities By-law.
- 1.3 The AHIP provides Regional funded capital incentives for the development of new purpose-built affordable rental housing projects. Funding is advanced to successful proponents during the construction phase of the project and flowed during specific construction milestones to ensure accountability for the funding and ensure the project is constructed. The program provides an opportunity for the Region to support the construction of new housing for low-income households, including households on the Durham Access to Social Housing (DASH) wait list, and to grow the supply of safe, adequate and affordable rental housing.
- 1.4 Last year (Year 1 of the AHIP, funded in 2022), nine proposals were received for projects located in Pickering, Oshawa, Scugog and Clarington. A total of \$7,450,000 of funding was allocated for two projects: Riverbank Homes Limited – Oshawa and Kindred Works – Pickering.
- 1.5 Riverbank Homes is planning to build 75 new affordable rental units in Downtown Oshawa with \$5,500,000 in AHIP funding. It will provide a mix of one and two-bedroom units for low- and moderate-income households. The proponent is waiting for CMHC to secure financing before the Region can sign their Municipal Capital Housing Facilities and Contribution Agreement and transfer any AHIP funding. Planning approvals and design are progressing, with construction planned to commence by July of 2024.
- 1.6 Kindred Works is developing 13 affordable housing units in Pickering, through a partnership with the United Church and CMHC. AHIP funding in the amount of \$1,950,000 was allocated for this project. Kindred Works required an Official Plan Amendment and Zoning By-law Amendment because the current land use is institutional. The proponent is working on their second submission to address local neighbourhood concerns. Kindred Works will need to establish how many affordable housing units will be built and secure financing before the Region can sign a Municipal Capital Housing Facilities and Contribution Agreement with them.

- 1.7 On September 21, 2023, a Call for Applications was released for a 90-day period (Year 2 of AHIP), as an invitation for qualified proponents to apply for up to \$5.5 million in Regional financial assistance to develop affordable housing units under the AHIP. The application period closed on December 20, 2023.
- 1.8 Of the available \$8 million AHIP allocation for 2023, \$2.5 million allocated to fund deeply affordable housing units where the project was in receipt of senior government funding and cost over-runs have threatened the completion of the project, as described in the following Section of this report.

2. Allocation to fund Otter Creek Co-operative Homes Inc. in Whitby

- 2.1 The Region secured over \$6 million in Federal and Provincial funding to support a new build being developed by Otter Creek Co-operative Homes Inc. ("Otter Creek"), located at 835 McQuay Boulevard in the Town of Whitby (Attachment #1). The project is an 18-unit affordable low-rise apartment building for the seniors (non-health care related), as well as supportive units for people with developmental disabilities and people with mental health and addictions issues.
- 2.2 The project is being developed on land transferred from the Town of Whitby to Otter Creek for minimal costs, specifically for the development of affordable housing. The land is adjacent to an existing 84-unit townhouse community housing project which Otter Creek currently operates under the Housing Services Act.
- 2.3 Due to construction delays and increasing costs the project is in need of \$2.5 million additional funding to complete the building. Regional staff were not successful in securing additional funding to account for cost overruns from the upper levels of government. The federal funding under the Rapid Housing Initiative prohibits leveraging private equity to make up the shortfall.
- 2.4 Cost overages were expected and \$2.5 million of the \$8 million AHIP 2023 allocation was held back as a contingency. If the project is unable to be completed, all approved Federal and Provincial funding would be lost.
- 2.5 It is recommended that \$2.5 million, held back from the 2023 AHIP call for proposals, be re-allocated from AHIPRF to further support the development of 18 deeply affordable housing units in Whitby.

3. Evaluation Process

- 3.1 In total, eleven new proposals were received for Year 2 projects located in Ajax, Uxbridge, Oshawa, Scugog and Clarington. A summary of the proposals is presented in Attachment #4.
- 3.2 Eligible projects were reviewed through an open and transparent process, with special attention paid to the highest needs for affordable rental housing within the Region at the time of the selection process.
- 3.3 To be eligible for AHIP, a minimum of 5 per cent of total units in eligible projects must be affordable at no more than 100 per cent of the applicable CMHC average market rent for a minimum 25-year period of affordability.
- 3.4 An interdepartmental committee consisting of staff from Planning and Economic Development, Social Services – Housing Services and Finance reviewed the applications. The eligible proposals were evaluated based on the following criteria:
 - a) community need, including but not limited to, targeted groups, unit size and geographic location;
 - b) period of affordability;
 - c) depth of affordability;
 - d) cost per square foot;
 - e) number of units and percentage of units in the project that will be affordable;
 - f) proximity to transit, community amenities and services;
 - g) extent to which the project reduces greenhouse gas intensity;
 - h) extent to which the project meets accessibility standards with respect to barrier-free designs, elevators and other accessibility features; and
 - i) proponent experience with rental housing development and management.
- 3.5 The proposals that best satisfied the criteria of the program and established the best use of available AHIP funding to maximize the value of the Region's investment in affordable housing were selected for the second phase of the AHIP evaluation.
- 3.6 Selected applications were further assessed by an independent consultant for financial viability of the proposed project, as well as the financial capacity of each proponent. The results of the evaluation were favourable, based on the methodology and financial information provided by the proponents.

Ledim Developments, Ajax

- 3.7 The proposal by Ledim Developments is located at 310 Kingston Road East in the Town of Ajax (Attachment 2). Ledim has requested \$5 million to build 78 units (\$64,103 per unit) within a 25-storey building.
- 3.8 The project meets the AHIP eligibility criteria with 20.5 per cent affordable units, at 100 per cent average market rent for 25 years. It ranked highly amongst other applications due to its location, with proximity to bus rapid transit and nearby shopping and amenities. The building is proposed to have 29 per cent lower energy use and 44.5 per cent less GHG emissions compared to National Energy Code for Buildings (NECB) 2017 compliance guidelines.
- 3.9 Ledim has proposed to build 6 bachelor and 72 1-bedroom apartments of affordable rental housing. It also incorporates 302 market rental units, including 124 1-bedroom, 167 2-bedroom and 11 3-bedroom apartments.
- 3.10 The project will provide a range of rental housing options in a compact transit-oriented development, including large number of affordable units. Nearly half of all units in the building are designed to accommodate people using assistive devices such as a wheelchair, in accordance with OBC requirements for such units.
- 3.11 Site specific Official Plan Amendment and Zoning By-law Amendment approvals are in place for this project. All Site Plan Application comments have been addressed and the final submission is complete. The applicant and design team consultants are currently finalizing detailed building plans for building permit application. The sanitary servicing availability for the site is dependant upon the completion of the improvements for the Durham-Scarborough Bus Rapid Transit project in this area.

Kindred Works, Uxbridge

- 3.12 Kindred Works is an independent company established by the United Church of Canada to provide a way to create housing. This proposal is located at 15-23 Main Street North in the Township of Uxbridge (Attachment 3). Kindred Works has requested \$2.75 million to build 25 units (\$110,000 per unit) within two 6-storey buildings. Redevelopment would occur on an existing church site (Trinity United Church) on the east side of downtown Uxbridge.
- 3.13 The project meets the AHIP eligibility criteria with 24% affordable units, at 100% average market rent for 40 years. It ranked highly amongst other applications due to its location, with proximity to services, shopping, and amenities.

- 3.14 For this development, 20 per cent of the units would be fully accessible and it will target equity seeking groups including racialized LGBTQ2S, Indigenous peoples, recent immigrants, and people with disabilities.
- 3.15 The project will target near Passive House¹ levels of energy use, airtightness, thermal insulation and thermal bridge avoidance, high-performance windows, and energy recovery ventilation. No fossil fuels will be burned on-site, reducing Scope 1 emissions to zero. It will be solar-ready in support of carbon neutral operations and designed to adapt to future climate conditions with high performance construction materials to improve energy efficiency, reduce operating costs, and provide energy savings to residents.
- 3.16 Kindred Works has proposed to build 25 1-bedroom apartments of affordable rental housing. It also incorporates 80 market rental units, including 33 1-bedroom, 43 2-bedroom and 4 3-bedroom apartments.
- 3.17 In November 2023, Town Council approved a density bonus of two additional storeys above the permitted four storeys. The subject site is currently proceeding to Site Plan Approval application, with plans to start construction in Fall 2024. Through the Site Plan Approval process, the proponent will need to assess the adequacy of the local watermains and determine if they need to construct any localized watermain upgrades to provide adequate fire protection.

4. Financial Implications

- 4.1 Of the AHIP funding available for 2023, \$2.5 million would be allocated to fund Otter Creek Co-operative Homes Inc.'s project in Whitby, where cost over runs threatened the completion of the project.
- 4.2 Furthermore, to encourage the creation of new purpose-built affordable rental housing projects in Ajax, it is recommended that Ledim Developments' proposal to build 78 units of affordable housing at 310 Kingston Road East be recommended for approval under the At Home Incentive Program (AHIP).
- 4.3 It is recommended that the Region provide upfront capital funding in the amount of \$5 million from the 2023 program (or \$64,103 per affordable rental unit), as

¹ Passive House buildings consume up to 90% less heating and cooling energy than conventional buildings. The Passive House high-performance building standard is internationally recognized, and certification ensures that designers and consultants are expertly qualified to design buildings to meet the standard.

requested, to Ledim Developments to support the development and construction of their proposed affordable rental housing project.

- 4.4 Additionally, it is recommended that Kindred Works proposal to build 25 units of affordable housing at 15-23 Main Street North in the Township of Uxbridge be recommended for approval under AHIP.
- 4.5 While Otter Creek Co-operative Homes Inc's project (\$2.5 million) and Ledim Developments' proposal (\$5.0 million) would utilized the majority of the Region's 2023 allocation of \$8.0 million to the At Home Incentive reserve fund, it is recommended that the Region provide upfront capital funding in the amount of \$2.75 million (or \$110,000 per affordable rental unit), as requested, to Kindred Works to support the development and construction of the proposed affordable rental housing project in Uxbridge, given the quality of the proposal. The additional financing required can be provided from the 2024 allocation for the At Home Incentive Program Reserve Fund of \$8.0 million, leaving \$5.75 million available for 2024 projects.
- 4.6 A total of \$10.25 million will be provided from the At Home Incentive reserve fund to support the development of these projects providing affordable housing.
- 4.7 For all projects, it is recommended that the funds be advanced based on the following key construction milestones:
 - i) 50 per cent at the signing of the Municipal Capital Housing Facilities and Contribution Agreement and registration of security.
 - ii) 40 per cent at confirmation of fully enclosed building.
 - iii) 10 per cent at confirmation of occupancy.
- 4.8 The Region will need to enter into a Municipal Capital Housing Facilities and Contribution Agreement with each of the parties to:
 - i) maintain affordable rents for the specified affordability period;
 - ii) and continue to use the eligibility requirements for tenants;
 - iii) to enable the use of capital grants for eligible purpose-built affordable rental housing projects; and
 - iv) to provide accountability and reporting requirements.

5. Previous Reports and Decisions

5.1 Several reports have been prepared that provide background information related to this report:

- On November 13, 2019 Commissioners Report [#2019-COW-25](#) summarized the Region's five-year review report of At Home in Durham, the Durham Housing Plan 2014-2024, including a commitment to initiating the development of 1,000 new affordable housing units over five years.
- On December 11, 2019 Commissioners Report [#2019-COW-35](#) authorizing a Comprehensive Review for the Design of a Proposed Community Improvement Plan for Durham Region.
- On June 9, 2021 Commissioners Report [#2021-COW-16](#) provided an update on the implementation of At Home in Durham.
- On March 9, 2022 Commissioners Report [#2022-COW-7](#) approved the AHIP, and recommended that it be implemented through the establishment of the AHIPRF, AHIP Guidelines and an update to the Region's Municipal Housing Facilities By-law.
- On March 22, 2023 Commissioners Report [#2023-COW-13](#) approved AHIP funding of \$7,450,000 to build 88 new affordable rental housing units, for two separate projects located in the cities of Oshawa and Pickering.

6. Relationship to Strategic Plan

6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a) Revitalize community housing and improve housing choice, affordability and sustainability.
- b) Revitalize existing neighbourhoods and build complete communities that are walkable, well-connected, and have a mix of attainable housing.
- c) Leverage Durham's prime geography, social infrastructure, and strong partnerships to foster economic growth.
- d) Build awareness and community capacity to address poverty.

7. Conclusion and Next Steps

7.1 To ensure the success of the Otter Creek Homes Inc. to build 18 new deeply affordable homes in Whitby and preserve approved upper level of government

funding, 2023 AHIP funding in the amount of \$2.5 million is recommended for re-allocation to support the project.

- 7.2 The At Home Incentive Program provides up-front capital funding for purpose-built affordable rental housing. The Program will advance the delivery of rental housing for low and moderate income households and support the Region's commitment for the initiation of 1,000 new affordable rental units by 2024.
- 7.3 The AHIP received many applications in the second year of the program, and the number and quality of submissions exceeded expectations. There is a clear opportunity to continue with the program given the number of submissions and initial interest in the program.
- 7.4 The selected projects would provide quality affordable housing to Durham residents across the region, while advancing Regional housing objectives. Furthermore, it supports Regional objectives that encourage intensification and provide for creative use of lands.
- 7.5 Given the quality of the selected proposals, and the significant opportunity presented, it is recommended that additional funds be provided from the 2024 allocation to the At Home Incentive reserve fund to permit both opportunities to proceed.
- 7.6 The proposal from Ledim Developments for 78 new affordable rental units ranked highest through the AHIP evaluation process. This proposal would nearly utilize the full \$5.5 million that was announced for the Call for Applications for 2023's program.
- 7.7 The proposal submitted by Kindred Works represents a unique opportunity to develop 25 units of much needed affordable rental housing in Uxbridge. It is recommended that this proposal be supported with upfront Regional capital funding in the amount of \$2.75 million, with \$2.25 million of the required funding to be provided from the 2024 allocation for the AHIP reserve fund.
- 7.8 As per the AHIP Guidelines, up-front Regional capital funding payments will be provided to the recommended projects based on key construction milestones to ensure accountability and reporting obligations.
- 7.9 As the program continues for subsequent years, it is important to leverage commitments from other levels of government and the private sector to maximize effectiveness of the AHIP program. The Region will continue to advocate for long-term, sustainable funding commitments and legislative and policy changes from

upper levels of government, to support the proposed At Home Incentive Program and affordable housing in Durham.

8. Attachments

- Attachment #1 Map of 835 McQuay Boulevard in the Town of Whitby (Otter Creek Homes Inc.)
- Attachment #2 Map of 310 Kingston Road East in the Town of Ajax (Ledim Developments)
- Attachment #3 Map of 15-23 Main Street North in the Township of Uxbridge (Kindred Works)
- Attachment #4 2023 At Home Incentive Program: Summary of Proposals

Respectfully submitted,

Original signed by

Brian Bridgeman, MCIP, RPP, PLE
Commissioner of Planning and
Economic Development

Original signed by

Nancy Taylor, CPA, CA
Commissioner of Finance/Treasurer

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Original signed by

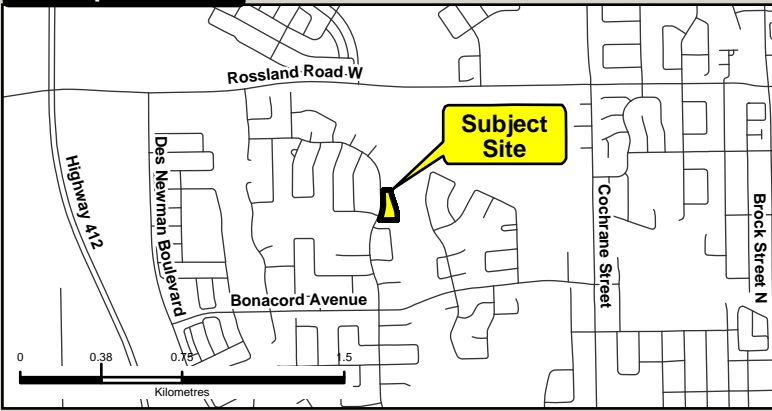
Ramesh Jagannathan, P.Eng.,MPA
Commissioner of Works

Recommended for Presentation to Committee

Original signed by

Elaine Baxter-Trahair
Chief Administrative Officer

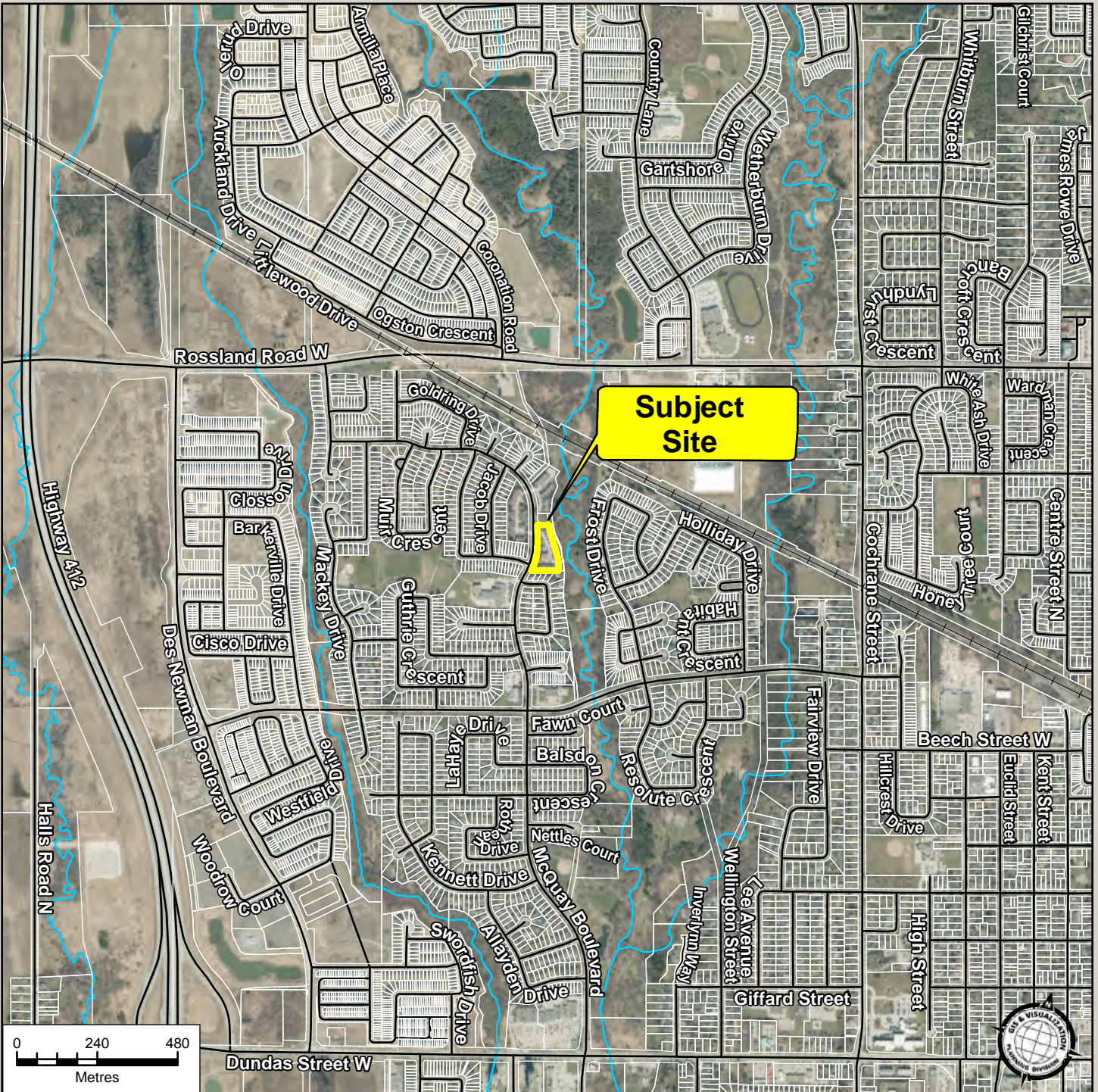
Municipal Context



Attachment #1
Commissioner's Report: 2024-COW-15
Applicant: Otter Creek
Co-operative Homes Inc.
Address: 835 McQuay Boulevard, Whitby

Legend

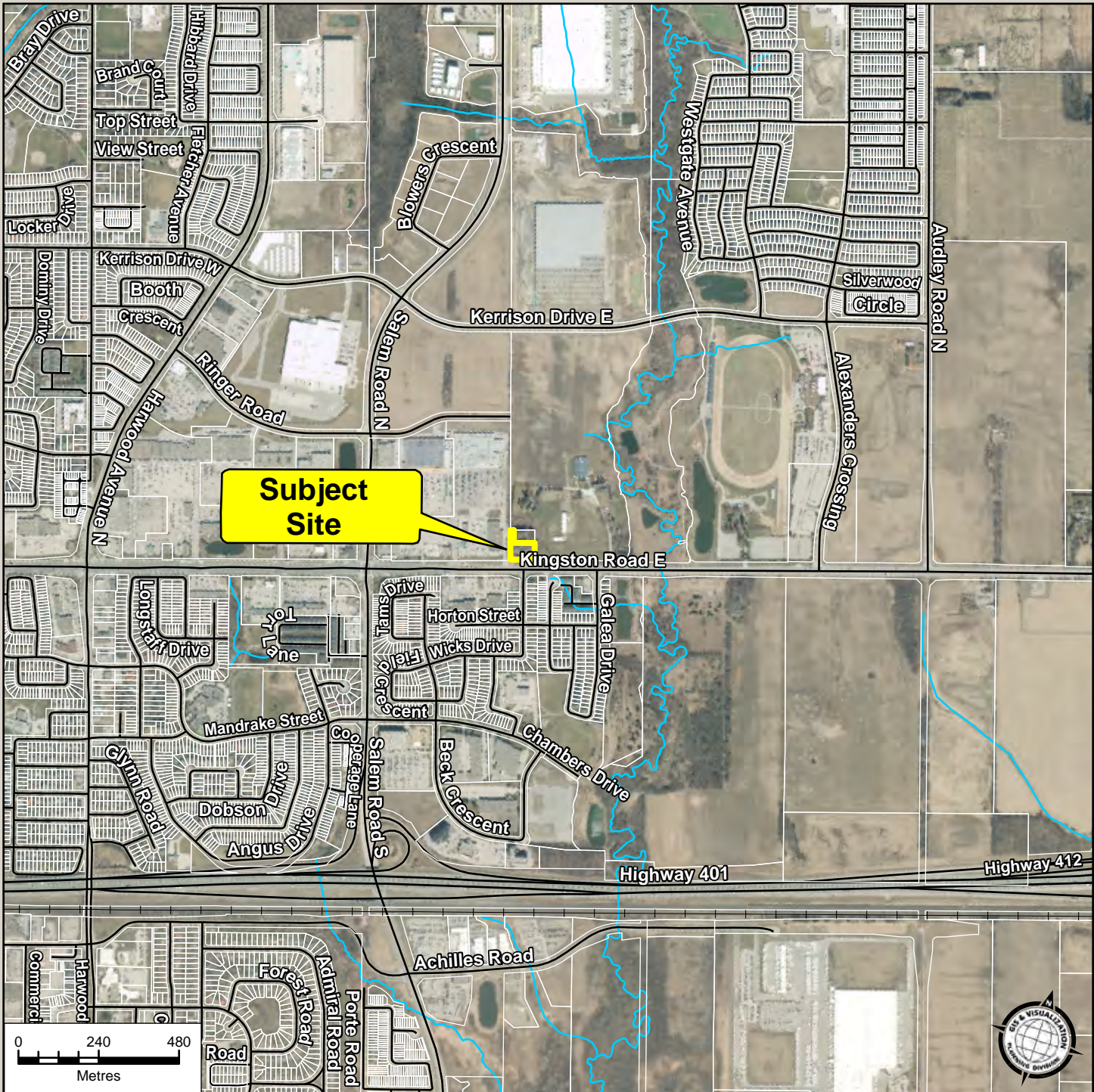
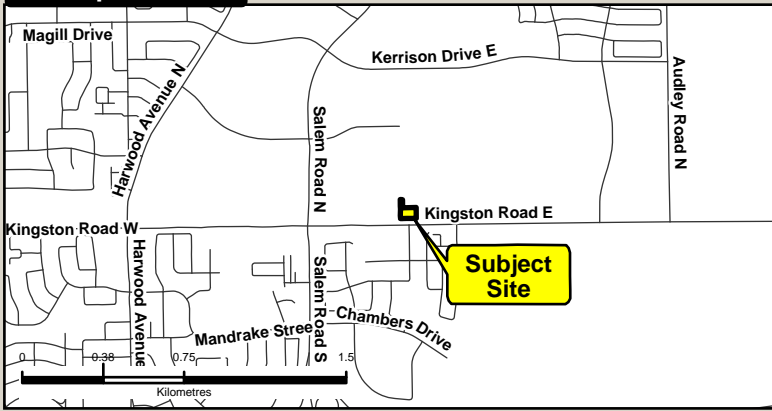
-  Subject Site
-  River or stream



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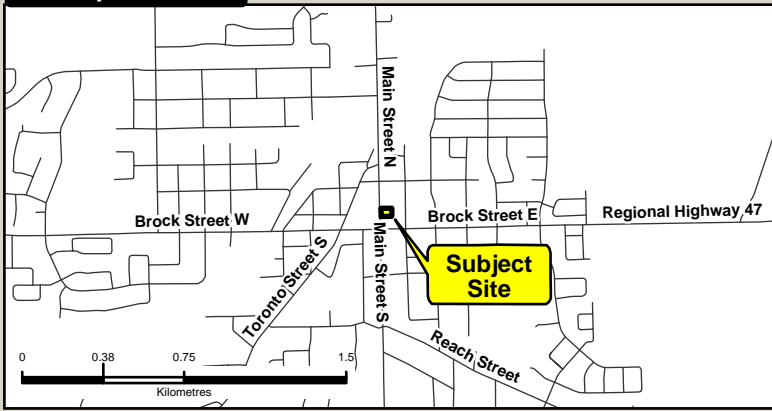
Municipal Context



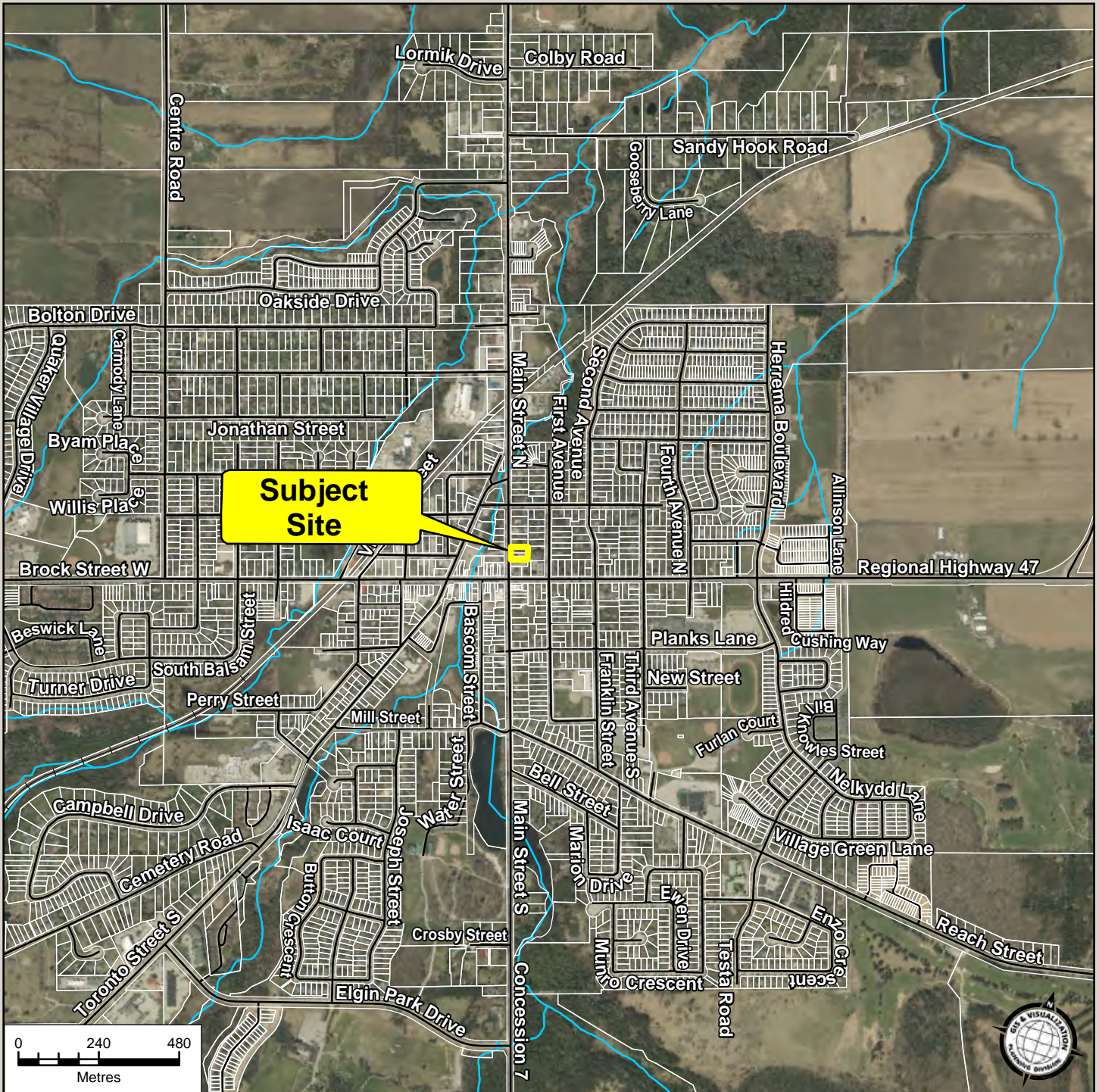
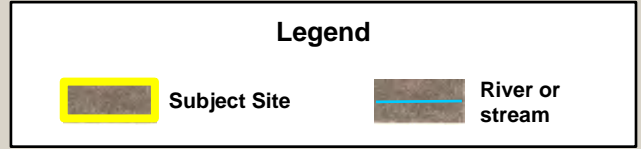
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Municipal Context



Attachment #3
Commissioner's Report: 2024-COW-15
Applicant: Kindred Works
Address: 15-23 Main Street N., Uxbridge



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2024 At Home Incentive Program: Summary of Proposals

Applicant	Address
Borelia Co-operative Homes Inc.	10 Borelia Crescent, Port Perry
Durham Region Non-Profit Housing Corporation	200 Baseline Road West, Bowmanville
Gates of Bowmanville	191 Church Street, Bowmanville
JAKK	224 Hickory Street North, Whitby
Karmina – Treehouse Studios	1664 Simcoe Street North, Oshawa
Kindred Works – Oshawa	1350 Simcoe Street North, Oshawa
Kindred Works – Uxbridge	15-23 Main Street North, Uxbridge
Ledim Developments	310 Kingston Road East, Ajax
Muslim Welfare Centre of Toronto	1589-1603 Regional Highway 2 - Courtice
Refuge Youth Outreach	300 Court Street, Oshawa
Vale Residences	1465 Highway 2, Courtice