

Staff Report



To	City Council
Service Area	Public Services
Date	Monday, October 26, 2020
Subject	Supportive and Affordable Housing Update

Recommendation

1. That the Supportive Housing and Affordable Housing Update report be received.
 2. That Habitat for Humanity be permitted to pay Development Charges of \$282,631 over a six year installment plan on phase one of Cityview Affordable Homeownership Housing Project.
 3. That the Mayor and Clerk be authorized to execute the six year installment plan agreement with Habitat for Humanity.
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Executive Summary

Purpose of Report

This report will provide an update on supportive housing projects in the community along with an update to the Council motion from August 24, 2020. With the [Affordable Housing and Funding Requests report](#), Council directed staff to work with the Drop In Centre to determine a source for funding to help with moving the Parkview Motel into supportive housing.

Key Findings

There is a need for permanent supportive housing in Guelph. The Drop In Centre seeks financial support of \$540,000 to purchase the Parkview Motel to convert it into 36 permanent supportive housing units. As this request looks to help purchase property, there is a risk to the City that funds could be returned if the project cannot be completed. Currently, the property is not zoned correctly for this type of housing, which could hold up or prevent the success of this project. This project may have a strong application to a newly-announced Federal grant in response to COVID-19, called Rapid Housing Initiative, as it is designed to support acquisition of land and conversion of existing housing.

In 2020, a number of other housing developments, including Kindle Communities and Habitat for Humanity, have presented formal and informal financial requests to the City. Projects are all at slightly different stages but look to support vulnerable sectors of the community through affordable and permanent supportive housing. The different development projects are looking for support through direct grants, development fee waivers, and/or land.

Specifically, Kindle Communities announced they would explore being the proponent of a new construction of permanent supportive housing. Kindle has also

developed a partnership with Skyline and SkyDev that includes a piece of land (though the address has not yet been publicly announced). Kindle is requesting \$550,000 in funding from the City to support the project and show great success for other grants because of financial supports from a municipality.

The City also received a formal request for funding from Habitat for Humanity. Habitat is building a 28 unit multi-residential affordable housing project on Cityview Drive South. The City has supported this project through Development Charge (DC) deferrals, but due to loss of revenue as a result of COVID-19 and without a formal application process to request City funding, Habitat is now looking for funding to offset pending municipal fees. Habitat is requesting a six-year deferral (installment) plan for one phase of the project and an \$188,422 grant to support DCs for the second phase.

All levels of government have a role to play in supporting and funding the most vulnerable in our community through a housing first model. Provincial and Federal programs often refer to the County of Wellington as a local agent for social services (inclusive of housing). Attachment 1, Potential Funding Sources for Affordable/Supportive Housing in Guelph, outlines the specific potential funding sources for housing at each level of government.

The City of Guelph no longer has the staffing resources available to handle these multifaceted housing files, as those positions were eliminated in 2014. Beyond our normal statutory planning processes, there is no capacity or expertise on staff to handle the intake, review, and processing of the funding applications for these highly complex housing projects. Staff were directed to work with the County of Wellington to determine if it would be advantageous to transfer the responsibility for the disbursement of funds to their organization – until such time as the County takes over this responsibility, additional staff resources will be needed at the City of Guelph to properly resource the housing files.

Financial Implications

Currently, the City funds housing initiatives along the housing continuum with annual budgets totaling \$27.2 million. This is inclusive of funding provided by the City to incent new housing development and provide social services that support members of the community accessing housing assistance, including child care and income supplements. In addition, from a property assessment and taxation perspective, 30 residential/multi-residential housing properties are receiving a tax exemption of \$235,000 annually.

The City has two reserves where a portion of the above-noted annual budget gets held until development projects or social services requirements are identified. Currently the annual funding is not sufficient to fund the estimated \$3.5 million in community requests related to supportive and affordable housing. Overdrawing on the Affordable Housing Reserve in this magnitude would take eight years to repay, assuming Council continued the annual base budget contribution of \$500,000. Consideration should be given to releasing the previous commitment to Rockwater on Janefield Inc. given current bankruptcy protection proceedings and reprioritizing this City funding to projects that are imminent.

The Drop In Centre is requesting \$540,000 in funding. There is significant financial risk relating to the City providing a grant in advance of the project meeting certain development stage milestones. As this request for funding looks to support the

purchase of property even before the supportive housing project can begin, there is a risk to the City that the project cannot either find the next steps in funding or continue at all. We have seen this occur recently through the bankruptcy protection filing for Rockwater on Janefield Inc.; these developments are not certain.

Although the City would enter into a funding agreement with the Drop In Centre including provisions to return funding if conditions are not met, it is unlikely the Centre would have available cash without liquidating the property to return funds back to the City. For this reason, staff are recommending that if Council intends to proceed with a commitment, this be done in writing only, with any funding released only once conditions are met. These conditions would include building permit issuance, and funding commitments from other levels of governments. Priority should be given to projects that leverage City funding to access other granting programs as described in the Council-approved [Affordable Housing Financial Incentives Program](#).

Report

Background

In 2020, a number of housing developments for affordable and permanent supportive housing have presented formal and informal financial requests of approximately \$3.5 million to the City. Projects are all at slightly different stages but look to support vulnerable sectors in the community. Some projects are working in the background on confirming locations and funding before publicly announcing details.

The last request for funding from the City's Affordable Housing Reserve was approved for St. Joseph's Housing Corporation's Maple Seniors Community Project. On August 24, 2020, staff recommended funding for an additional \$800,000 be awarded to St. Joseph's to support 65 mixed sized affordable units. St. Joseph's also received funding \$364,000 from the City in May of 2019 and recently received \$1.6 million from the County of Wellington.

Alongside of the initial funding to St. Joseph's in May of 2019, through the [Funding Requests from the Affordable Housing Reserve](#) report, Council also approved funding for Rockwater on Janefield Inc. in support of 165 mixed sized affordable rental apartment units. In August 2020, the City Solicitor received notification that legal proceedings have commenced against Rockwater on Janefield Inc. under the Bankruptcy and Insolvency Act. Staff expected that Rockwater on Janefield Inc. will not be able to proceed as planned, or certainly not in 2020 as hoped. Until official notices are provided, staff continue to hold committed funds and monitor the situation. Council consideration should be given to releasing the previous commitment to Rockwater on Janefield Inc. given current bankruptcy protection proceedings and reprioritizing this City funding to projects that are imminent.

In addition to the approval of funding for St. Joseph's on August 24, 2020, Council passed the following motion:

That staff be directed to work alongside the Drop In Centre to determine a source of funding to help with moving the Parkview Motel into supportive housing, and that this information come back to Council by the October regular Council meeting for further consideration.

The Welcome Drop In Centre

The Drop In Centre was founded in 1983 by Sister Christine Leyser in downtown Guelph. Sister Christine started with the idea of creating a community space that was welcoming to all individuals, especially those living on a limited income. The goal of Sister Christine was to provide food and friendship, and connect individuals to the supports they needed.

In 1986, in partnership with the County of Wellington, the Drop In Centre began providing shelter supports for Guelph at the Stepping Stone Shelter on Highway 6, providing 18 beds to both men and women. In 2002, a Women's Shelter was opened for women and children. Over the years, the local motels have been used for families and individuals.

The Drop In Centre also supports a 24 unit complex called Yorkhaven Supportive Housing. This housing complex provides long-term, affordable housing to individuals who were experiencing homelessness.

With their board support, the Drop In Centre looks to create more permanent supportive housing in Guelph. The new housing proposal is to convert the current Parkview Motel location at 721 Woolwich Street to 36 bachelor units and add other shared amenities, including providing 24-hour social service supports. The Drop In Centre has secured a letter of intent for non-competitive purchase from the motel owners. The offer expires October 14, 2020.

Planning Development and Zoning Changes

The current Parkview Motel is zoned as Specialized Service Commercial Hotel/Motel (SC.1-11). In order to transition the location to permanent supportive housing, a zoning amendment will be required. The Zoning Bylaw contains provisions for supportive housing uses in residential zones on a site specific basis. The zoning for this property would need to be amended to permit residential use and a range of services designed to assist residents who need specific support services while allowing them to maintain a level of independence. While a Ministerial Zoning Order may be an option, staff do not support pursuing this option as it circumvents our Council- approved processes related to community engagement.

Building permits are required for any renovations or a change of use from motel to care/treatment or other occupancy. The extent of renovations and change of use would be considered at the time of building permit application and would need to comply with the applicable zoning in place at the time.

Funding Request and Risk to the City

The Drop In Centre requests \$540,000 towards the down payment of purchasing the Parkview Motel from the City. The Drop In Centre is able to leverage other funding towards the remainder of the required down payment. The Centre is in a strong financial position with continued grants, donations and no debt, including fully owning the three buildings where they offer shelter programs. Showing support for the project, the Centre has also received Canadian Mortgage and Housing Corporation (CMHC) SEED Funding to assist with next steps on the property acquisition.

Through the Affordable Housing Financial Incentive Program, the City has always aligned to other levels of governments, mainly CMHC's Co-Investment Fund, to ensure the viability of projects, financial security, continued affordability rates, and

follow through on services. As this request for funding looks to support the purchase of property even before the supportive housing project can begin, there is a risk to the City that the project either cannot find the next steps in funding or continue at all. Although the City would enter into a funding agreement with the Drop In Centre including provisions to return funding if conditions are not met, it is unlikely the Centre would have available cash without liquidating the property to return funds back to the City.

Funding Request and Relationship with County of Wellington

The Drop In Centre and the County of Wellington Housing office work closely together to provide shelter and supportive housing in Guelph. The Drop In Centre has provided County staff with details and planning specifically to the opportunity for supportive housing at the Parkview Motel.

In the County's last Request for Proposal for access to the Affordable Rental Housing Development Fund, the Drop In Centre was one of four top scoring applications by the RFP evaluation team. The County indicated that all projects would mean a great deal to the community and are much needed affordable options for some of the most vulnerable. Although the Drop In Centre was not successful in receiving funding for the project, it does not necessarily mean County staff are not supportive of the project, only that another project was selected. The County also looks to align to other levels of government programs, like CMHC's Co-Investment Fund. The County has not provided funding or in-kind supports for this project.

City Staff will continue to work close with the County, as the subject matter expert on housing. The County is imbedded in all housing programs and has a deeper relationship with health and social service providers.

Permanent Supportive Housing Compared to Affordable Housing

Permanent Supportive Housing is an evidence-based and cost-effective solution for people who are chronically homeless and/or highly vulnerable because of long-term disabilities, such as mental illnesses, developmental disabilities, substance use disorders, and chronic health conditions. It provides a physical environment that is designed to be safe, secure, enabling, and home-like, with support services such as social services, health supports, provision of meals, social and recreational activities, in order to maximize residents' independence, privacy, and dignity. Permanent Supportive Housing in Guelph looks to support the most vulnerable who are living with mental health and addictions, and who are ready to engage in support.

Affordable Housing is housing that is owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30 per cent of its gross monthly household income. We see partnerships and supports to applications to the Canadian Mortgage and Housing Corporations Co-Investment Fund that requires units be offered at least at 80 per cent of the Median Market Rental rate for a minimum of 20 years.

Permanent Supportive Housing supports individuals moving from homelessness into housing while offering 24-hour supports compared to offering an affordable financial price. Those moving from homelessness into housing have a deeper financial need and a deeper need for medical and mental health supports. However, Affordable Housing – one step along the housing continuum – can still be

unattainable for some, as 80 per cent market rent can be out of reach for individuals on social assistance.

Starting in early spring 2020, the shelter system in Guelph began utilizing hotels to support physical distancing during COVID-19. By the fall of 2020, the shelter recorded 80-90 individuals accessing services. The adjusted shelter proved that when individuals are able to live in permanent supportive housing, the individual's health and wellness improved. The interim shelter system was an opportunity to build a program with 24 hour supports and build partnerships with other social and health providers, while continuing to offer individuals access to supports for mental health, addiction, and medical health.

Supportive and Affordable Housing Projects in Guelph

By early 2020, a number of housing developments have presented formal and informal financial requests to the City. Projects are all at slightly different stages but look to support vulnerable sectors of the community through affordable and permanent supportive housing. The different development projects are looking for support through direct grants, development fee waivers, and/or land.

Including the Drop In Centre, City staff continue to work with the approximately five to eight requests or ongoing projects in the community. Although not confirmed, the funding requests for these projects, including those outlined below, appear to be approximately \$3,500,000 in direct grants, development fee waivers, and/or offset of other fees. To date, the City has not permitted the waiver of development fees under the Municipal Act but could fund the equivalent via a grant through approved incentive programs and funded from other City reserves. New provincial legislation (September 18, 2020), through Bill 108, will now allow Municipalities to exempt the new community benefit charges for organizations with a core objective to provide housing. A bylaw will be required before this can occur.

Currently, requests for funding to the Affordable Housing Reserve do not have a formal request for proposals (RFP) or application process. When engaged with organizations, staff request a written letter to act as the formal request. Without transparency or communication to the community on process or timelines, Council is only being provided with fulsome details once staff are directly made aware of a project, or if the proponent chooses to share details with members of Council directly. Resources are needed to develop a more transparent program or delegate this work to the County or another organization.

It is important to provide details of a few projects that have made formal written requests for funding as context.

Project – Kindle Communities

Recently, Kindle Communities announced they would explore being the proponent of a new construction of permanent supportive housing. Kindle also announced a partnership with Skyline and SkyDev that includes a piece of land to be gifted to Kindle for the purpose of a supportive housing building. Although the piece of land has been identified, it has not yet been shared with the wider community. Kindle is developing a communication and engagement strategy, while connecting with key stakeholders and community leaders.

All partners are working with the City on design and pre-consultation in preparation of the development. Through the design phase, Kindle has submitted a SEED grant

with CMHC, is exploring additional capital funding, has begun discussions with health partners and has developed a communication and engagement strategy.

Beyond the development partnership, Kindle is requesting \$550,000 in funding from the City to offset the Development Charges (DCs) and other City fees. The project plans to offer deep affordable rent at 80 per cent of market rent, and they are committed to exceeding the 20-year minimum for affordability. Kindle will work to submit an application to the CMHC's Co-Investment Fund that acknowledges better success for funding when there are municipal partners.

Project – Habitat for Humanity/Cityview Village

In 2017, Habitat for Humanity began building a 28-unit multi-residential affordable housing project on Cityview Drive South. The project is a mix of one to three bedroom unit homes, along with some home ownership programs and affordable market rentals, and includes four accessible sized units.

In April of 2017, to extend payment of DCs and to assist with cash flow on this project, Council approved deferral of DC payments by three years. Although the City deferred the DCs, interest still accrued and is due with the principal payment at the end of the third year. The first payment of three phases was due in July and the second phase in November of 2020.

Without a formal application process to apply for funding from the Affordable Housing Reserve, organizations cannot know when to request funding from Council or update staff on changes of project details. Habitat appears to be requesting funding late in their project timeline. They were unaware there was an opportunity to express need or interest. Over the last three years, Habitat has been successful in securing other levels of government grants. These grants provide oversight or control of affordability rates, and those rates will be maintained over at least 20 years.

Due to COVID-19 and loss of revenue at the ReStores and fundraising, Habitat has depleted their cash reserves in completing the project. They have launched a fundraising campaign called Hearts for Homes, with a goal of \$350,000 in order to address their cash shortfalls. Eight families will move into the final phase housing in November.

Working closely with City staff, Habitat is requesting support for the affordable home ownership and rentals. Habitat has requested the following:

- For phase one – For the 12 home ownership units that are occupied, funding support of \$20,179 to cover the interest owed on phase one DCs and an installment payment plan of \$262,452 for the original DCs over six years.
- For phase two – For the eight affordable rental units, support of \$188,422 (original DCs of \$174,968 plus the interest) as a grant to cover the full cost. Where the full funding for this phase is not possible, Habitat requests an installment payment plan over 20 years.

This is a grant request totaling \$208,601 from the Affordable Housing Reserve and aligns to the criteria or support from within the Affordable Housing Financial Incentives Program. Habitat has only requested support for interest and a deferral plan in phase one, as that phase does not align to another government level granting program, where phase two aligns to and has received funding from the Investment in Affordable Housing agreement through the Province of Ontario and

County of Wellington. This alignment to another granting body ensures affordability is maintained for the desired length of time.

DCs from phase three will come due in 2022, where it is anticipated Habitat would come back to request a grant to cover the \$155,750 (original DCs of \$144,716 plus interest) in City charges. Staff support issuing a six year installment plan for phase one at Cityview through the following motion:

That Habitat for Humanity be permitted to pay Development Charges of \$282,631 over a six year installment plan on phase one of Cityview affordable homeownership housing project.

Staff recognize the request for funding for the interest incurred (\$20,179) from the three year deferral agreement, but support including the full amount owed, originally DCs and the interest, in the installment plan.

Roles of Each Level of Government

Each level of government has a role to play in housing in our community. Those roles are outlined below for both the City of Guelph and the County of Wellington, as the Guelph Consolidated Municipal Service Manager, as well as the Provincial and Federal levels of government. Attachment 1, Potential Funding Sources for Affordable/Supportive Housing in Guelph, outlines the specific potential funding sources for housing. Based on timing of Council's request for information, it was not possible to validate if all programs are specific to the Drop In Centre project and if funding is still available in all programs.

Municipal - City of Guelph

The City's Official Plan is a statement of goals, objectives and policies that guide Guelph's growth and development. The Official Plan follows the provisions of the Planning Act and is approved by the Ministry of Municipal Affairs and Housing. Part of the Official Plan is recognizing the importance of housing, including affordable housing, in meeting the needs of the City's existing and future residents. To address the need for affordable housing in Guelph, the [Affordable Housing Strategy](#) and the Affordable Housing Financial Incentives Program were established in 2017.

On the housing continuum, affordable rental housing and other rental or ownership housing defers to the City of Guelph. Where currently affordable housing is the role of the City, we look to support and guide these developments without expertise, research, process, and necessary resources. The City refers to the County of Wellington as our provincially-appointed Consolidated Municipal Service Manager, as the subject matter expert. Without proper resources or expertise, the City should not be expected to lead this work outside of the Official Plan requirements.

Previously, the City of Guelph had staff positions directly responsible for the oversight of social services files, including housing – these positions included the General Manager of Community and Social Services, and the Social Services Policy Liaison. Both of these positions were eliminated in 2014, and so we no longer have subject matter experts on staff who have the available time and expertise to adequately address these complex housing issues or to provide appropriate advice and guidance to Council.

In August 2020, with the Affordable Housing and Funding Requests, Council approved for City staff to work with the County of Wellington on options and opportunities to have the County take a more active role in affordable housing

incentives in Guelph. The County is willing to explore options, but teams have not yet met. Staff will report back on options, collaborations with other funding streams and any associated risks by Q2 of 2021. Should the decision be made not to proceed with the transferring of authority to the County for the allocation of affordable housing incentives, then additional City staff resources will be needed moving forward to respond appropriately to these complex issues.

Currently, the City uses the Affordable Housing Reserve to support new local affordable housing units or projects. Although the Affordable Housing Financial Incentives Program supports decisions, requests for funding from this reserve do not have a formal request proposals (RFP) or application process. When engaged with organizations, staff request a written letter to act as the formal request. A more transparent program is required.

The City uses the Social Housing Contingency Reserve to hold funding for the County. This reserve is designed to mitigate against variances related to the social services provided by the County of Wellington on behalf of the City.

These programs are all outlined in Attachment 1 Potential Funding Sources for Affordable/Supportive Housing in Guelph.

Municipal - County of Wellington

As Consolidated Municipal Service Manager (Service Manager) for the City of Guelph, the County of Wellington manages the rent-geared-to-income (social) housing stock in our community. The County administers federal and provincial funding programs and provides service system planning for housing options across the housing continuum including Emergency Shelter, Transitional Housing, Supportive Housing, and Rent-Geared-to-Income.

The County provides expertise, accountability, and policy for housing services in the community. The City of Guelph annually funds the County \$16.5 million for housing that contributes directly to the emergency shelter system and the community's rent geared to income social housing portfolio. The County has rights and jurisdiction (or control) over social housing work as the subject matter experts and Service Manager. The delivery of local funding in support of social housing has little flexibility as spending is required in accordance with provincial and federal legislation. Specially, as Service Manager, the County is accountable to the Province's Ministry of Municipal Affairs and Housing and is legislated to meet all requirements of the Housing Service Act and its regulations. Beyond this legislative requirement, additional funding could provide for the development of more housing options across the housing continuum, including supportive and social housing options.

The County of Wellington is responsible for the delivery and administration of provincially mandated social and affordable housing programs, as well as initiatives to prevent and address homelessness. At a high level, the County delivers the following programs:

- Owns and operates 1189 rent-geared-to-income (RGI) units and 131 units of affordable housing
- Provides financial support and legislative oversight to 20 non-profit housing providers and housing co-operatives located in the County of Wellington and the City of Guelph (who support over 1,000 rent-geared-to-income units and nearly 500 affordable market rental units)

- Provides federal and provincial funding and resources to support the development of affordable housing, operated by external housing partners in Guelph-Wellington
- Offers varied levels of support to individuals and families who need help finding and keeping a home
- Leads the Guelph-Wellington Built for Zero-Canada Campaign, a national movement to end chronic homelessness
- Administers funding for housing stability programs across the Service Manager Area and funds emergency shelters in Guelph

The County, as an agent for the Provincial and Federal governments, administers funding through a number of programs. These programs, like Reach Home and Ontario Priorities Housing Initiative, are outlined in Attachment 1 Potential Funding Sources for Affordable/Supportive Housing in Guelph

Provincial Government

The Province provides annual funding to Service Managers who design and deliver a wide range of local programs and services for people experiencing or at risk of homelessness. Service Managers are accountable to the Province's Ministry of Municipal Affairs and Housing and are legislated to meet all requirements of the Housing Service Act and its regulations.

These Provincial appointed Service Managers play an important role in the delivery of housing and homelessness programs and services in Ontario. Service Managers are the primary funders of social housing for low-to-moderate income households. In addition, Service Managers oversee numerous affordable housing initiatives that provide housing assistance for people at a range of incomes who cannot afford local market rents. The Province appointed the County of Wellington as the local Service Manager for the City of Guelph as well as the County region.

Programs administered for the Province by the County are outlined in Attachment 1 Potential Funding Sources for Affordable/Supportive Housing in Guelph.

Federal Government

The Federal government announced Canada's 10-Year National Housing Strategy in November of 2017. The goal of this strategy is to make sure Canadians across the country can access housing that meets their needs and that they can afford. In April 2018, the Federal and Provincial government signed a bilateral agreement under the National Housing Strategy. Both levels of government will continue to work together on implementation details related to the National Housing Strategy.

Through Reaching Home, a community-based program aimed at preventing and reducing homelessness, the Federal government provides direct funding to the County of Wellington to select, approve and manage projects in the local area based on the local community homelessness plan and priorities. Reaching Home supports the goals of the National Housing Strategy; in particular, it supports the most vulnerable Canadians by maintaining safe, stable, and affordable housing. It looks to reduce chronic homelessness nationally by 50 per cent by 2028.

The Federal government also supports housing through granting streams administered by the Canadian Mortgage and Housing Corporation. This and other Government of Canada programs are outlined in Attachment 1 Potential Funding Sources for Affordable/Supportive Housing in Guelph.

COVID-19 Financial Relief

The financial and health effects of COVID-19 have not yet been fully recognized. Anecdotally, among other effects, individuals have seen strains on personal finances because of loss of jobs that then effect housing and mental health. More individuals and families are beginning to experience homelessness and/or low income.

In response, the Federal government has allocated additional funding to the Reaching Home Program and just recently announced additional funding to CMHC for Rapid Housing Initiative (RHI). This new initiative will support the construction of modular housing, as well as the acquisition of land, and the conversion of existing buildings to affordable housing. Although details and criteria for RHI have not been announced yet, CMHC acknowledges a quick ongoing application process that looks to announce all commitments by March 31, 2021 in order to see individuals housed by the end of 2021. Funding support for the Drop In Centre for the Parkview Motel project might be better suited to come from the RHI program.

These programs are also outlined in Attachment 1 Potential Funding Sources for Affordable/Supportive Housing in Guelph.

Financial Implications

Financial support for housing continuum

The City contributes \$16.5 million to the County of Wellington for social housing services as the provincially appointed Social Service provider. The City also provides the County with \$6.5 million in funding for the wrap-around housing services including childcare and income subsidies. In addition, the City contributes on average \$3.7 million annually to fund legislated DC exemptions on secondary/accessory unit development in the City (contributing to housing availability).

Further, the City has a Council-approved Affordable Housing Financial Incentive Program that is funded through annual contributions of \$500,000 to the Affordable Housing Reserve. Based upon commitments to date in 2020, assuming the funding for Rockwater on Janefield Inc. is held, and with the additional commitment to St. Joseph's in August 2020 for \$800,000, the reserve is currently over spent by \$300,000.

The City also has a Social Housing Contingency Reserve that is designed to mitigate against variance related to the social services provided by the County of Wellington on behalf of the City. The current uncommitted balance of this reserve is \$633,000, and there is no annual budgeted contribution to this reserve. Due to COVID-19 and the mounting City tax supported deficit and expectation that these services will be highly in need through a recessionary period, staff are not recommending the use of these funds for affordable housing projects at this time. However, they will be used to fund overages in the social housing and benefit programs.

From a property assessment and taxation perspective, 30 residential/multi-residential housing properties are receiving a tax exemption of \$235,000 annually. The City has exempted three multi-residential properties from taxation via bylaw as Municipal Capital Facilities for housing, as these entities have agreements with the County. The total of this exemption for 2020 is \$88,000. Also through exemption in the Assessment Act, a further 27 residential housing properties have exemptions

from taxation. For 2020, that total exemption is \$147,000. These properties are owned and used as residential housing for organizations including, but not limited to, Community Living Guelph, Hopewell Children's Homes, Wyndham House, and Canadian Mental Health Association.

Affordable and supportive housing community requests

The City is aware of formal and informal requests for funding from five to eight other community projects, including those within this report, for permanent supportive housing and affordable housing projects of approximately \$3,500,000 in direct grants, development fee waivers, and/or land. All projects are at different stages and not all the details are available to staff for recommendations to Council. However, if all requests were to be approved, the Affordable Housing Reserve would be in a negative position of approximately of \$3,800,000. This deficit would take eight years to repay assuming Council continued the annual base budget contribution of \$500,000 to this reserve.

The Drop In Centre is requesting \$540,000 in funding. There is significant financial risk relating to the City providing a grant in advance of the project meeting certain development stage milestones. As this request for funding looks to support the purchase of property before the supportive housing project even can begin, there is a risk to the City that the project either cannot find the next steps in funding or continue at all. We have seen this occur recently through the bankruptcy protection filing for Rockwater on Janefield Inc.; these developments are not certain.

Although the City would enter into a funding agreement with the Drop In Centre including provisions to return funding if conditions are not met, it is unlikely the Centre would have available cash without liquidating the property to return funds back to the City. For this reason, staff are strongly recommending that if Council intends to proceed with a commitment, this be done in writing only, with any funding released only once conditions are met. These conditions would include building permit issuance, and funding commitments from other levels of government. Priority should be given to projects that leverage City funding to access other granting programs as described in the Council-approved Affordable Housing Financial Incentive Program.

Recent legislative changes to encourage housing

To help remove housing development barriers, the Province passed legislation in January 2020 through Bill 108, to permit deferrals of DCs for not-for-profit organizations. This current legislation allows DC payment options for rental and institutional developments and non-profit housing. Rental housing and institutional developments can pay DCs in six installments over five years. Non-profit housing can take up to 20 years, with 21 installments to pay for DCs. Interest on DC installments will be payable annually until DCs are paid in full. The Province has also recently (September 18, 2020) passed the legislative change that allows a Municipality to exempt the new community benefit charges (CBC) for any corporation or non-for-profit organization where their core objective is to provide housing. A CBC bylaw must be approved and in effect by September 2022.

Alternative Options to Fund

Funding requests from the Drop In Centre, Kindle Communities, and Habitat for Humanity combined are just under \$1.3 million. If Council wanted to fund projects presented in this report, the Rockwater on Janefield Inc. commitment for \$924,000

could be rescinded and their request could be reviewed again when their legal proceedings are resolved. If the Rockwater on Janefield Inc. commitment is rescinded and Council commits using the remaining 2021 budgeted amount, there could \$1,124,000 available in the Affordable Housing Reserve. This would be a gap of approximately \$200,000 from the requests to the available funds.

The further overspending of the 2021 budget assumes that the base operating budget will be approved in advance of deliberations. This could commit or spend all funding until the start of 2022 when \$500,000 from base budget would be available. There would not be funding available to support any new projects until at least 2022.

The following motions could be possible.

Rescind the commitment to Rockwater on Janefield Inc., releasing \$924,000

1. THAT the commitment for funding for \$924,000 to Rockwater on Janefield Inc. affordable housing project that was approved on May 27, 2019 through Funding Requests for the Affordable Housing Reserve (IDE-2019-60) be rescinded.

Council could then fund the other projects discussed within this report proportionately to allocate all available funds through to the end of 2021.

Fund the Drop In Centre: \$475,000

1. THAT a financial incentive in the amount of \$475,000 be provided to the Drop In Centre for a supportive housing project at the current Parkview Motel property.
2. THAT staff be directed to enter into an agreement with the Drop In Centre to implement the municipal incentive to the satisfaction of the Deputy Chief Administrative Officer of Public Services, the City Solicitor and the Treasurer.
3. THAT the Mayor and Clerk be authorized to execute the Municipal Incentive Agreement with the Drop In Centre.

Fund Kindle Communities: \$484,000

1. THAT a financial incentive in the amount of \$484,000 be provided to Kindle Communities for a supportive housing project subject to approval of the National Housing Co-Investment Fund.
2. THAT staff be directed to enter into an agreement with the Kindle Communities to implement the municipal incentive to the satisfaction of the Deputy Chief Administrative Officer of Public Services, the City Solicitor and the Treasurer.
3. THAT the Mayor and Clerk be authorized to execute the Municipal Incentive Agreement with the Kindle Communities.

Fund Habitat for Humanity: \$165,000

1. THAT a financial incentive in the amount of \$165,000 be provided to Habitat for Humanity to cover phase two costs at the Cityview Affordable Housing Project subject to maintaining approval through the Investment in Affordable Housing Agreement.
2. THAT staff be directed to enter into an agreement with the Habitat for Humanity to implement the municipal incentive to the satisfaction of the Deputy Chief Administrative Officer of Public Services, the City Solicitor and the Treasurer.

3. THAT the Mayor and Clerk be authorized to execute the Municipal Incentive Agreement with the Habitat for Humanity.

Consultations

Staff worked closely with community partner organizations, including the Drop In Centre, Kindle Communities, and Habitat for Humanity, along with City Planning, Intergovernmental, and Finance Departments.

Strategic Plan Alignment

Supporting community housing developments to increase affordable housing in Guelph aligns to our Strategic Plan through Building our Future. This pillar supports a community that looks to make investments that nurture social well-being and offers a safe place where everyone belongs. With the County of Wellington, the City of Guelph supports Housing First initiatives as an approach to support everyone having access to safe and affordable housing.

Attachments

Attachment-1 Potential Funding Sources for Affordable/Supportive Housing in Guelph

Departmental Approval

Tara Baker, General Manager Finance, City Treasurer

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