
Subject: Update on the Consolidated Housing Master Plan

Report to: Committee of the Whole

Report date: Thursday, September 7, 2023

Recommendations

1. That Report COM 32-2023 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to provide an update on Niagara Region's recently completed *Consolidated Housing Master Plan, 2022* (CHMP) by providing a summary of the initiatives that are being undertaken to further its implementation to progress Regional Council's key strategic priority of an Equitable Region by addressing Niagara's need for affordable housing.
- Niagara's population is estimated to increase by 43% to 694,000 residents by 2051 and to accommodate this growth, approximately 102,700 new housing units and a total of 20,700 community housing units must be made available.
- The CMHP contains a comprehensive inventory of existing Niagara Regional Housing (NRH) sites, existing private non-profit and cooperative (PNPC) sites, and prospective municipal and private sites across Niagara, and it has been found that these sites have enough capacity to accommodate Niagara's projected community housing need.
- The CHMP determined that 479 net new community housing units must be introduced per year, up to the year 2045, to meet current demand and to eliminate housing stock deficit; however, NRH and Niagara Region are not equipped with the resourcing to (re)develop these units on their own and will be seeking opportunities for partnership and co-investment with external entities.
- A One Team approach is being employed across the corporation that includes participation by NRH, Community Services, Growth Strategy and Economic Development, and Corporate Services to create a plan that prioritizes the (re)development of Niagara's existing community housing sites to deliver as many new units as possible in a logical, orderly, and sustainable manner.

Financial Considerations

There are no Financial Considerations related to this Report for Information. The Financial Strategy to enable execution of the CHMP is discussed below as it will be aligned to the development plan being created. Additionally, 2024 budget implications related to Niagara Region's delivery of priority affordable housing initiatives and the implications of loss in Social Housing Development Charge revenues are discussed in the 2024 Budget Planning and Timetable, Report CSD 38-2023. Decisions on funding options will be made within the General Levy operating budget that will be considered by Budget Review Committee of the Whole on December 7, 2023.

Analysis

Niagara's population is estimated to reach 694,000 by 2051, which represents a 43% increase to its current population. To accommodate this growth, approximately 102,700 new housing units and a total of 20,700 community housing units must be made available to address the projected housing stock shortfall. Housing in Niagara is significantly challenged for affordability, with some of the fastest increasing rental market prices, lowest income employment sectors and above-average social assistance cases in the province.

The CHMP was initially commissioned by NRH and undertaken in association with Colliers International. The document is one of many initiatives under Niagara's Affordable Housing Strategy and is intended to guide the development of new community housing units in Niagara to 2045.

The CHMP contains extensive analysis of Niagara's current and forecasted housing needs based on a review of existing NRH and PNPC assets with capital and operating projections, Niagara's socioeconomic trends, and review of the Region's Housing Needs Assessment (based on Statistics Canada and Canadian Centre for Economic Analysis (CANCEA) data, resource capacity, available funding sources, and potential prospective sites for future development. This analysis identified housing need across Niagara and specific to each of Niagara's local area municipalities (LAMs) and identified that the highest current and future need for affordable units is in St. Catharines, Niagara Falls, Welland, Fort Erie, Port Colborne, and Thorold.

At the time of the CHMP's completion, NRH was identified as operating approximately 2,850 housing units on 44 sites across nine LAMs with most of these units located in St.

Catharines (1,102 units), Niagara Falls (884 units), and Welland (469 units). In addition to NRH's units, PNPC service providers were identified as operating approximately 3,564 units on 61 sites across eight LAMs with most of these units located in St. Catharines (1,606 units), Niagara Falls (828 units), and Welland (425 units).

To keep pace with Niagara's demand for community housing units, the CHMP determines that approximately 479 net new units per year will need to be constructed by 2045 to eliminate the projected housing stock deficit. NRH does not have the resources to supply these new units on its own. As such, it will be imperative for NRH and Niagara Region to seek new funding sources and partnerships with various entities including PNPCs, LAMs, housing agencies, and for-profit developers to establish sustainable financing to deliver new affordable units, while also protecting for their long-term affordability.

At the end of its 2022 reporting year, NRH owned and managed 3,029 community housing units. Approximately 330 units of those units were funded under various Municipal, Provincial, and Federal programs, as well as an additional 600 affordable units developed with non- and for-profit developers.

The CHMP sets out recommendations and direction to support NRH with efforts to deliver new community housing units across Niagara, including:

- Evaluating and prioritizing the (re)development and intensification of existing NRH and PNPC sites that are currently underutilized to accommodate more affordable units and buildings that feature unit typologies in highest need (e.g., bachelor units, 1-bedroom units, 2-bedroom units, etc.).
- Accommodating the displacement of tenants within existing NRH and PNPC sites as lands are (re)developed and to ensure that displaced tenants have the option to be temporarily relocated close to their existing community with minimal impact and disruption to their lives (e.g., schools, jobs, family, support amenities, transportation, etc.).
- Delivering projects through a portfolio management approach to enhance the ability for NRH and PNPCs to quickly respond to funding announcements and development opportunities, including efforts to prepare lands for (re)development, more efficient procurement practices (e.g., design-bid-build / design-build), and creation of a short-list of entities that have interest in projects through annual requests for proposal and expressions of interest.

- Exploring means to finance (re)development through a Financial Strategy that aligns with the Region's Capital Financing Strategy. It will identify budget impacts including those due to changes in *Bill 23: More Homes Built Faster Act, 2022* which removed Social Housing as an eligible service area funded with Development Charges (DCs). The Plan will identify opportunities for funding from other levels of government and partnership opportunities, and act as a tool to inform future Capital Budgets.
- Expanding Niagara Region's Housing Services New Development Project staff resource capacity to provide additional support for the delivery of new NRH and PNPC development projects.
- Reviewing opportunities for efficiencies within corporate policies and procedures to allocate surplus lands for affordable housing, as well as the strategic acquisition of new lands for affordable housing.
- Working closely with LAMs and other groups and agencies to identify potential prospective sites that could be leveraged and developed for affordable housing.

Through its analysis, the CHMP determined that the distribution of NRH unit types across Niagara is predominantly comprised of single-detached or semi-detached dwelling units. It also found that these units have the highest average age (69 years) of any other NRH building types and generally yield lower densities on lands that can accommodate more density. The Plan sets out a preliminary development plan to intensify and (re)develop NRH's low density housing stock to accommodate more units and improving fiscal efficiency for ongoing operating and capital costs per unit.

Supporting Affordable Housing Projects

NRH manages the owned-community housing stock downloaded to Niagara Region by the Province, as well as any new development that was constructed by NRH since that time. Niagara Region Housing Services (Service Manager) that supports the planning, funding, and oversight of community housing that is delivered in partnership with PNPCs and the rent supplements with private landlords. Niagara Region Housing Services contributes to Niagara's overall community housing stock through: (1) the capital repair of NRH-owned units to maintain existing stock, (2) increasing NRH-owned unit stock through new builds or intensification projects that result in net new units, (3) supporting PNPCs by offering project management service expertise and/or funding programs – dependent on eligibility – to create net new units that increase privately owned affordable housing stock, and (4) providing guidance and recommendations to

for-profit developers on prospective affordable housing builds and potential partnership opportunities with PNPCs.

Table 1 provides a summary of some of the current projects that involve Housing Services' new development project management services. It is noted that this summary is not an exhaustive list; other ongoing projects are not listed.

Table 1: Summary of recent and current development projects being supported by NRH.

Address	Status	Project Description
60 York St., Welland	Complete	Construction was completed in June 2023 with occupancy in July 2023. The completed build is a 4-storey apartment building with 43 affordable rental units.
745 Crescent Rd., Fort Erie	Under Construction	Currently under construction with targeted occupancy in 2024. The project is a 3-storey apartment building with 18 affordable rental units.
9 Chestnut St., (Port Cares) Port Colborne	Under Construction	The Port Cares development is a PNP project that will consist of a 5-storey apartment building with 41 affordable rental units (32 units for seniors, and 9 units for single-parent female-led households). The project's feasibility was a result of a unique co-investment model consisting of approximately 60% Federal funding, 18% municipal funding, and 22% private funding.
200 Garrison Rd., (Gilmore Lodge) Fort Erie	Preliminary Design	A project that involves the vacant portion of lands on the new Gilmore Long-Term Care Facility site. The future development is envisioned for approximately 341 units (25% affordable units, 75% market and/or attainable units). Staff is seeking opportunities for co-investment.
403 Ontario St., (Linhaven) St. Catharines	Preliminary Design	A project that involves the vacant portion of lands on the Linhaven Long-Term Care Facility site. The future development is envisioned for approximately 440 units (25% affordable units, 75% market and/or attainable units). Staff is seeking opportunities for co-investment.
255 High St., (Lions Douglas)	Detailed Design	The Lions Douglas development is a non-profit project that is currently undergoing detailed design through its

Address	Status	Project Description
Fort Erie		Site Plan Application process; however, requires co-investment to proceed with construction. The project will be an 8-storey apartment building with 62 affordable units for seniors on the centralized waitlist.
8055-8065 McLeod Rd., Niagara Falls	Preliminary Design	A non-profit project that is currently undergoing preliminary design. It is envisioned to be a 6-storey apartment building with 90 affordable units for seniors on the centralized waitlist.
320 Geneva St., St. Catharines	Preliminary Design	An NRH project that will include a mix of dwelling unit types, including a 4-storey apartment building with 60 units (36 bridge housing units and 12-14 supportive housing units), and three stacked and stacked back-to-back townhouse blocks with 36 affordable rental units. Additional lands on the site will be sold to a private entity for the development of market units. This project has been initiated with confirmed financial commitments in order to utilize available 2022-2023 Homeless Prevention Program funding.
709 King St., and Haney St., Port Colborne	Preliminary Design	An NRH redevelopment project that will intensify site to accommodate more units. Concept design is in its preliminary stages. The future build is expected to provide approximately 27 affordable rental units (22 net new). The site work is ongoing to file for a Record of Site Condition.

The CHMP's Work Program

Regional staff is continuing to advance initiatives to assist with implementing the CHMP. These initiatives include:

- **Site Evaluation and Prioritization:** The CHMP includes a review of scenarios based on current and up-zoned land use permissions for existing NRH sites, PNPC sites, and prospective LAM or privately owned sites. It determined that there are sufficient lands on these sites to accommodate Niagara's projected community housing need to 2045. Staff is currently undertaking a more detailed review of these sites to evaluate their true developability and ability to

accommodate the projected units as set out in the CHMP. Considerations for each site include a review of existing built form (i.e., vacant or developed), existing land use permissions (e.g., official plans and zoning by-laws), due diligence needs for site preparedness that may impact development potential (e.g., past land uses that may impact soil and groundwater qualities, constraints from easements, presence of natural heritage features, archaeological potential, etc.), proximity to community services and amenities (e.g., transit, schools, parks, health care, etc.), and estimated financial impacts. Completing this review will support efforts to prioritize the (re)development of these sites based on their shovel-readiness, and support staff's ability to logically sequence development to manage the temporary displacement of existing tenants that are impacted by these projects.

- **Project Management Services:** Housing Services currently has three Housing Development Project Managers that provide formal project management services in a consulting capacity to assist housing providers across Niagara during all phases of new development. Housing Services has become a primary contact and resource for private developers interested in creating affordable housing across Niagara and will continue to offer these services as the CHMP is implemented.
- **Collaboration and Coordination with LAMs:** Staff will continue to work closely with LAMs to seek innovative solutions to address housing need and homelessness. Strong partnership and collaboration between Niagara's municipalities will be key to solving the housing crisis. Short- and long-term opportunities will be sought for the development of new affordable housing, including working with LAMs to identify vacant or underutilized municipal lands that can be made available for future affordable housing developments, establishing policies within strategic planning documents (e.g., official plans, secondary plans, and district plans) that set direction on minimum affordable housing targets, and reviewing community improvement plans that focus on financial assistance for certain types of affordable housing units.
- **Financial Modelling:** Based on staff's site evaluation and prioritization review, a Financial Strategy will need to be created that sets out a path forward for projects that can feasibly be (re)developed in a fiscally responsible manner based on current budget circumstances and Regional Capital Financing Strategies. Historically, Niagara Region has used DCs to fund its affordable / community housing developments. Since the completion of the CHMP, the Province introduced *Bill 23: More Homes Built Faster Act, 2022* which removed the

eligibility for municipalities to utilize DCs for housing projects. This change has a significant impact on Niagara and results in an estimated \$60 million funding shortfall (over the next 10-years) for Niagara's community housing projects. Regional staff is currently at work on the 2024 budget planning that will set out a means to help address the impact of this funding gap; however, additional funding will need to be sought from Federal and Provincial governments to address the remaining shortfall.

- **Advocacy with Provincial and Federal Governments:** NRH and Niagara Region are continuing their advocacy with Provincial and Federal governments to showcase how Niagara makes best use of provided funds to address the housing crisis. Recently, Councillors and staff attended the annual meeting of the Association of Municipalities of Ontario (AMO) to outline Niagara's plans to create new community housing units and seek opportunities for partnership opportunities and co-investment to implement Niagara's Affordable Housing Strategy. Staff will continue to proactively work with all levels of government and agencies, including Canada Mortgage and Housing Corporation (CMHC), to search for practical and innovative ways to support the implementation of the CHMP.
- **Information Session with PNPCs and Expression of Interest (EOI):** The CHMP includes a comprehensive inventory of Niagara's existing PNPCs, their scale of operations, and potential land supply. As part of the CHMP's implementation, Regional staff will proactively engage with Niagara's PNPCs by hosting an information session that aims to relay the findings and recommendations of the Plan, confirm the state of their service management plans (i.e., plans to off-load, maintain, or expand operations), as well as identify ways that Niagara Region can support their plans moving forward. The timing of the information session is intended to coincide with Housing Service's annual EOI for Non-Profit Affordable Housing Development Project Readiness Information and Support for Funding Program Submission to better gauge which PNPCs are ready to expand operations and construct new affordable community housing units.

Relationship between the CHMP and Other Housing-Related Initiatives

The CHMP with its focus on the delivery of more affordable housing units is one of many critical components to Niagara's multi-faceted Affordable Housing Strategy. The CHMP will be informed by and implemented in coordination with other initiatives of Niagara's Affordable Housing Strategy, including but not limited to:

- **Housing and Homelessness Action Plan (HHAP):** The HHAP provides a complete vision for aligning activities to address current and future need in Niagara related to housing and homelessness. This 10-year plan is a requirement for municipalities under Section 6 of the *Housing Services Act, 2011*. The HHAP integrates the strategies and initiatives of Niagara Region's Affordable Housing Strategy, including the CHMP, Niagara Official Plan, Niagara Housing Database, Niagara's Community Safety and Wellbeing Plan, and Niagara's participation in the Built for Zero Canada initiative. The current HHAP is in its final year and work is underway to create a new 10-year Plan for 2024-2033. The new HHAP will continue to reference and incorporate the implementation of CHMP.
- **Niagara Official Plan, 2022 (NOP):** The NOP was approved with modifications by the Province on November 4, 2022. Its policy set provides clarity on several affordable and attainable housing matters, including definitions for the terms 'affordable' and 'attainable housing', as well as direction and provisions to establish minimum affordable housing targets within local official plans for rental and ownership housing units. The NOP will support the implementation of NRH and PNPC (re)development projects identified within the CHMP by providing applicable policy direction and justification.
- **Partnership Housing Program (PHP):** The PHP is an incentive program offered by Niagara Region that aims to encourage the not-for-profit and private sectors to develop new purpose-built rental buildings. In exchange for a Regional contribution, a portion of the units in the development will be provided to the Region for centralized waitlist tenants. By partnering with a variety of developers in a mix of different types of buildings, NRH will diversify the existing unit stock and will decrease market risks related to the changes in property valuations over the long-term. Any new units as a result of the PHP will contribute towards the CHMP's target of 479 net new community units per year.
- **Residential Rental Grant Program:** This grant program is intended to promote the creation of up to two secondary suites within or on a property of an existing residence. A requirement of the grant is that the new secondary suites remain at an affordable rental level for at least 10 years. Grant application and eligibility requirements are currently under review.
- **Small Building Rental Grant Program:** This grant program is intended to promote the construction of up to five net new rental units within an existing mixed use or residential building that already consists of at least two residential units. A

requirement of the grant is that the new units must remain at an affordable rental level for at least 10 years. Grant application and eligibility requirements are currently under review.

Staff is employing a One Team approach that values continuous improvement, collaboration, and innovation by exploring new approaches to expedite the development of new affordable housing units across Niagara. The CHMP will complement and benefit from other work programs that are being undertaken by Niagara Region, including but not limited to the Strategic Transformation Office and its Attainable Housing Workplan as described in PDS 27-2023. NRH and Niagara Region are unable to solve the housing crisis on their own and will be proactively engaging with and seeking partnerships and opportunities for collaboration with external parties, including but not limited to LAMs, PNPCs, and private for-profit entities to support the construction of new affordable and attainable housing units.

Alternatives Reviewed

An alternative option to this Report would be to not undertake the implementation work identified in the CHMP as outlined above or in the manner as outlined. This alternative is not recommended as the implementation of the CHMP, in a coordinated and strategic manner, is paramount to ensuring that Niagara is prioritizing the development of affordable housing and addressing an essential need of its current and future residents.

Future alternatives for consideration that are related to specific projects and initiatives on housing services will be presented as these initiatives progress and are brought forward to Regional Council in future reports.

Relationship to Council Strategic Priorities

The work described in this report contributes to Regional Council's 2023-2026 Strategic Priorities, specifically to an Effective Region and an Equitable Region. The CHMP is listed as an action item under the Equitable Region pillar.

The implementation of the CHMP supports the delivery of the Effective Region Objective 1.3 by improving both NRH and Niagara Region's ability to deliver fiscally responsible and sustainable core services to its community housing portfolio through optimizing use of new and existing assets and by informing strategic decisions related to their capital and operating costs.

The CHMP also supports the delivery of the Equitable Region Objective 3.3 by improving access to affordable and attainable housing by contributing net new community housing units that will cater to individuals on Niagara's centralized waitlist and by increasing supply of affordable housing stock and diversification, including their longevity for affordability and stewardship.

Other Pertinent Reports

- COM 15-2020 Affordable Housing Strategy Update
- CSD 38-2023 2024 Budget Planning and Timetable
- PDS 27-2023 Attainable Housing Workplan

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