

Subject: Consolidated Housing Master Plan: Implementation Plan

Report to: Committee of the Whole

Report date: Thursday, May 1, 2025

Recommendations

1. That staff **BE DIRECTED** to undertake the Consolidated Housing Master Plan: Implementation Plan with continuous monitoring and updating as needed;
2. That the recommended financial modeling Scenario 2 as outlined in Report COM 14-2025 **BE ENDORSED** for consideration during Niagara Region's 2026 budget process;
3. That staff **BE DIRECTED** to waive all municipal application review and permitting fees for any Niagara Regional Housing project and any non-profit and co-operative housing provider development project;
4. That local area municipalities **BE REQUESTED** to consider waiving all municipal application review and permitting fees for any Niagara Regional Housing project and any non-profit and co-operative housing provider development project;
5. That staff **BE DIRECTED** to waive municipal application review fees and permitting fees where a local area municipality has entered into a Service Agreement with Niagara Region and has agreed to waive its fees; and
6. That local area municipalities **BE REQUESTED** to consider amending or creating public use exemption provisions within local official plans and comprehensive zoning by-laws to establish Niagara Regional Housing affordable housing units, as well as non-profit and co-operative housing providers that are under Service Manager agreements with Niagara Region's Housing Services Department as eligible uses.

Key Facts

- The purpose of this report is to inform Council of the Consolidated Housing Master Plan: Implementation Plan (Implementation Plan) as received by the Niagara Regional Housing (NRH) Board of Directors and to seek Council's endorsement to consider allocating an annual incremental contribution from the general levy towards NRH (re)development projects as identified within this Implementation Plan and commencing through the 2026 budget process.

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- The Implementation Plan builds on and actions the recommendations that were set out in the original Consolidated Housing Master Plan, 2022 by guiding more efficient use of existing owned assets through the redevelopment and intensification of underutilized properties.
 - The Implementation Plan forecasts NRH's community housing unit supply to grow from 3,051 units present day to 6,037 units by 2050 (2,986 net new units), plus estimates the demolition and replacement of 1,257 existing units.
 - An annual incremental contribution of 0.105% - 0.195% over 25 years through the general levy will fund approximately 18% of the forecast \$1.86 billion in capital costs and \$324 million in operating costs, minimizing pressure on the Region's annual budgeting process.
 - Potential funding sources that can support the Implementation Plan include savings through expiring end-of-mortgage agreements with non-profit and co-operative housing providers, any proceeds resulting from strategic land disposition, dedicated annual incremental contributions from the general levy, partnership and grant opportunities with senior levels of government and other external entities, as well as funds made available through the Housing-as-a-Priority lens framework.

Financial Considerations

The legislative landscape around how municipalities can access funding for affordable housing development has changed. *Bill 23, More Homes Built Faster Act, 2022* eliminated the ability for Niagara Region to collect development charge funds for utilization towards affordable housing projects. Additionally, NRH and Niagara Region are currently unable to utilize internal debt issuance given that the Region's debt burden is forecast to double over the next 5-years. With a debt freeze in place, it will be paramount for Niagara Region to dedicate a portion of levy funds towards NRH (re)development projects to support Council's Strategic Priority.

The estimated escalated capital and operating costs for the (re)development of 4,243 NRH units (2,986 net new units and 1,257 demolished and replaced units) as forecast through the Implementation Plan is approximately \$2.185 billion, which represents \$1.861 billion in capital cost and \$324 million in incremental operating cost.

This report requests for Regional Council to consider the investment of, at minimum, an annual incremental increase of 0.105% to 0.195% to the general levy based on an estimated levy growth rate between 2% and 8%. The general levy contribution totaling \$409 million over 25-years would be in addition to other potential funding sources.

These sources include an estimated \$120 million available through end-of-mortgage savings that result from expiring agreements between Niagara Region and non-profit and co-operative housing providers and the continued funding from Canada Ontario Community Housing Initiative (COCHI) for new development, an estimated \$17.5 million through strategic NRH land dispositions, any proceeds that are earmarked for affordable housing through the Region's Housing-as-a-Priority lens, and any other grants and partnerships with upper-levels of government and external entities.

As enabled by Section 69 of the *Planning Act, 1990*, this report also recommends waiving all of Niagara Region's development application review and permitting fees for all NRH and non-profit and co-operative housing provider development projects. This fee waiver in conjunction with the requested public use exemption is expected to have positive impact in enabling housing providers to redirect more funds to the new construction, enhance accuracy of cost estimates, and expedite projects when new funding becomes available. It is anticipated that this recommendation will have a negligible impact on overall Regional revenue based on the nature of the fees that are listed and the anticipated frequency and volume of these types of development application submissions. As an example, in the past year three development applications of this nature moved forward with a total waived Regional fee amount of \$4,910. Applicable fees are unique to each development and will vary on project-by-project basis.

Analysis

Background: Consolidated Housing Master Plan, 2022

In 2022, Colliers International on behalf of Niagara Regional Housing (NRH) completed a 'Consolidated Housing Master Plan' (CHMP, 2022) to assess and address the growing demand for community housing units in Niagara and reduce the wait times for individuals and households on Niagara Region's Centralized Waitlist.

The CHMP, 2022 assembled an inventory of existing NRH and private non-profit and co-operative housing provider assets, as well as conducted a housing needs assessment to determine the demand for community housing units in Niagara. Its results forecast the need for approximately 20,700 community housing units by the year 2045 with an estimated unit supply gap of 3,600 community housing units amongst the inventoried assets. The CHMP, 2022 concluded that the supply gap could be bridged through (re)development of existing NRH and non-profit and co-operative housing provider sites, plus other prospective sites not owned by NRH that could be pursued for

development. Each site was evaluated to determine its (re)development potential, which produced a short-list of sites that could be favourable to address this demand. The short-list proposed ten (10) NRH sites, six (6) non-profit and co-operative sites, and eighteen (18) prospective sites that could result in an estimated construction of more than 5,800 units to address the supply gap.

The CHMP, 2022 contains recommendations for implementation, including verifying the (re)development feasibility of short-listed sites, exploring opportunities to intensify other existing NRH and non-profit and co-operative housing provider assets, establishing a portfolio approach to improve coordination of project resourcing and sequencing, and ensuring the careful displacement and relocation of NRH tenants.

Consolidated Housing Master Plan: Implementation Plan

The Implementation Plan builds on the foundation of the CHMP, 2022 to accomplish its recommendations by:

- Establishing a portfolio approach for NRH (re)development projects and producing a Redevelopment Timeline to the year 2050.
- Focusing on constructing community housing units in a consistent and fiscally manageable timeframe.
- Improving Niagara Region's vision and understanding on (re)development expectations related to non-profit and co-operative housing provider entities.
- Respecting and carefully planning for tenant displacement and relocation during redevelopment project planning and sequencing.
- Aligning unit supply with Niagara Region's Centralized Waitlist demand.
- Recommending a preferred funding scenario for Regional Council consideration.

The Implementation Plan's approach and methodology differs from the CHMP, 2022, which has resulted in changes to estimated unit counts and project delivery timelines. The Implementation Plan reviews and considers a broad cross-section of both qualitative and quantitative attributes that could influence the overall development potential of a site. Some examples of these considerations include:

- Prioritizing sites that are owned by NRH to reduce the risk of cost and timing impacts that could result from external party decision-making processes.
- Reviewing official plan designations and zoning by-law classifications to understand potential development options, and where applicable, identifying preferred land use

designations and classifications that would permit the preferred concept that is envisioned for the site.

- Completing a preliminary review of on- and off-site due diligence considerations that could impact development potential (such as Planning Act applications, availability of municipal servicing infrastructure, presence of servicing/utility easements, natural heritage features, site condition, and land use compatibility).
- Determining NRH's eligibility for 'public use exemption' under local area municipal land use planning documents, when applicable.
- Using recently completed NRH development projects as precedence to assist with unit count estimates and envisioned building typology (such as stacked townhouse or low- or mid-rise apartments) that could be constructed based on similar site characteristics.
- Sequencing projects to ensure that preceding projects can sufficiently accommodate the required number of replacement units and bedrooms for any NRH tenants that are displaced through subsequent redevelopment projects.
- Assessing the development potential of all NRH lands to identify underutilized sites and opportunities for strategic acquisition, disposition, and/or partnerships.
- Considering the surrounding existing and planned community fabric and proposing building typologies that will complement the neighbourhood.

As prepared, the Implementation Plan's Redevelopment Timeline forecasts the construction of 4,243 NRH units (2,986 net new units and 1,257 redeveloped / replaced units) over 25-years, which will result in a total NRH unit supply of 6,037 units by the year 2050. This represents twice as many NRH units on slightly less NRH-owned land supply when all the land assets that have been identified by NRH for strategic acquisition and disposition have been factored.

In relation to non-profit and co-operative housing providers, these entities are governed by independent boards which limits the certainty and predictability under which (re)development projects are undertaken. The Implementation Plan references primary data that is collected through Niagara Region's annual 'Expression of Interest for Non-Profit Affordable Housing Development Project Readiness and Support for Program Funding Submissions' to forecast short-term housing provider (re)developed unit count estimates. The Expression of Interest represents the most accurate data available and is proven to be an invaluable tool that strengthens the transparency on project milestones, budgets, and timing. Respondent submissions equip Niagara Region staff with the ability to rapidly assess, collaborate with, and respond to funding

announcements to improve the likelihood of success in securing funds from external sources.

The Implementation Plan forecasts 377 non-profit and co-operative housing provider units (all net new) to be constructed over the next 5-years. This estimate is subject to change based on responses and information received through the Region's annual Expression of Interest process. Potential capital development cost implications to the Region are not estimated as the amount of funding support that is needed to construct these units will vary on a project-by-project basis.

Support and Collaboration

NRH and Niagara Region lack the resources that are required to independently address Niagara's affordable housing supply gap. As such, it is critical for Niagara Region to work closely with local area municipalities, senior levels of government, non-profit and co-operative housing providers, and private market developers to create and foster a unified effort to support the construction of affordable units. It will take a concerted effort by all parties to do what they can to reduce the barriers that could burden the approval and construction of units and minimize any costs that could harm the overall depth of affordability that units are offered at.

Through the Implementation Plan's evaluation and methodology process, staff identified several areas that could be improved to support the delivery of NRH units and non-profit and co-operative housing provider units.

For example, through efforts to estimate the feasible development potential yield of NRH sites, it was observed that conceptual site and building design benefitted from local official plans and comprehensive zoning by-laws that contained public use exemptions with NRH interpreted as an eligible use. The availability of this clause enables more leniency to any exceedances and/or deficiencies to technical parameters such as maximum and minimum requirements to setbacks from lot lines, lot frontage, landscaping and parking requirements, gross floor area calculations, and density and building heights limits. The clause also eliminates the need to undertake time consuming development applications, such as local official plan and zoning by-law amendments, significantly reducing the risks associated to potential cost and timing implications of Council approvals, third-party appeals, and neighbourhood pressures from 'not-in-my-backyard (NIMBY)' mentality. Sites that are eligible for public use exemption are viewed as being more favourable for construction as it enables the ability to quickly respond to funding announcements made by senior levels of government.

There could be opportunity for local area municipalities to explore the option of extending public use exemption provisions to apply to non-profit and co-operative housing providers that are under Service Manager agreements with Niagara Region's Housing Services Department. The extension of this provision to housing providers that have entered into these agreements under the *Housing Services Act, 2011* could promote the sustained long-term retention of existing affordable housing units by encouraging these housing providers to re-enter into agreements upon their expiry. Eligibility for the provision could be leveraged as a favourable prospect to support future (re)development efforts thru streamlining the development approval process and minimizing related risks. Public use exemptions are viewed as an effective policy mechanism to expedite the delivery of deeply affordable community housing units and will help to address the ongoing housing crisis.

With regards to both NRH and non-profit and co-operative housing providers, it is observed that protecting as much funding for soft costs and capital as possible strengthens the ability to proceed to project design and construction. It is also observed that the expectations and understanding around which municipal fees and the amounts that are eligible for discount or waiver is inconsistently applied across Niagara's municipalities. As a result, uncertainties arise with respect to how fees relating to development review, permits, and development charges can be factored into project proformas, thus impacting the overall depth of affordability that units can be offered at.

In pursuit of promoting the accelerated delivery of more affordable housing units, it is recommended that Regional Council waive all municipal application review and permitting fees for NRH and non-profit and co-operative housing provider development projects, and that this same direction be requested for consideration by all local area municipalities. This recommendation can be actioned through Section 69 of the *Planning Act, 1990*. Specifically, s.69(2) allows for a Council of a municipality to reduce or waive the requirement for the payment of fee for an application provided that the Council is satisfied that it is unreasonable to require its payment.

Establishing a predictable and consistent approach as to how municipal review and permitting fees are applied across Niagara will improve the ability for housing providers to access more project funds sooner and enhance the accuracy of cost estimates. This is critical for housing providers as they often have limited resourcing capacity. Redirecting the costs from municipal review and permitting fees to be instead allocated towards project soft costs and/or capital needs will benefit the overall depth of unit affordability by reducing the project's budget.

The waiver of Niagara Region's development review and permitting fees is expected to have a negligible impact on overall revenue based on the amount and nature of the fees, as well as the anticipated frequency and volume of these types of development application submissions.

Additionally, it is recommended that Regional Council request for local area municipalities to consider creating or amending public use exemptions within official plans and comprehensive zoning by-laws to recognize NRH affordable housing units and non-profit and co-operative housing providers that are under Service Manager agreements with Niagara Region's Housing Services Department as eligible uses. Staff is available to assist local municipal staff with the preparation and/or review these provisions to ensure that the delivery of more affordable housing units as guided by the Implementation Plan is achieved without adverse impact to existing communities.

The recommendations of this report will cumulatively support advocacy efforts for external funding opportunities with senior levels of government by demonstrating Niagara's commitment towards delivering truly affordable housing.

Alternatives Reviewed

Financing the Implementation Plan will require a long-term strategy and commitment over multiple terms of Council. The approach must also be multi-faceted and combine various funding sources, including the re-purposing of funds from the end-of-mortgage savings, land disposition of underutilized NRH and Region-owned properties, and annual contributions from the general levy.

Debt Issuance or 100% Planned Funding

As described under the Financial Considerations section of this report, debt issuance was explored as a potential funding option but is not a recommended approach for short-term project financing. It is also unrealistic to recommend that 100% of the development cost be municipally funded as Niagara Region lacks the financial resources to independently address the significant costs associated with growing the housing stock.

Accordingly, the Implementation Plan explored three potential funding scenarios that could support a partial application of the Plan in a more measured and feasible manner:

- Scenario 1: No incremental levy funding – 7% funding contribution, includes end-of-mortgage savings and land disposition only.

- Scenario 2: Annual Incremental levy funding – 25% of Plan funding over 25-years from the general levy, includes end-of-mortgage savings and land disposition.
- Scenario 3: Front-loaded first 5-years of annual incremental levy funding – 25% of Plan funding over 25-years from the general levy, includes end-of-mortgage savings and land disposition.

Scenario 1: No Incremental Levy Funding

Without any increases to the general levy to help fund (re)development projects or the ability to issue debt, all financial resources for (re)development projects must rely primarily on senior level government contributions, as well as the limited funds available from the end-of-mortgage savings and continued funding from Canada Ontario Community Housing Initiative (\$120 million) and strategic land dispositions (\$17.5 million). This approach creates significant uncertainty and risk, as external funding sources can be subject to competitive allocation processes, political priorities, and budget constraints at senior levels of government. Without guaranteed funding, the Implementation Plan's Redevelopment Timeline could encounter substantial delays and the scope of the initiative may need to be reduced or restructured. Furthermore, the lack of municipal investment reduces the alignment with local needs and priorities.

Scenario 1 estimates the total Regional investment at approximately \$137.5 million with a total funding gap of \$2.05 billion. This scenario presents significant challenges of relying exclusively on senior levels of government for necessary housing infrastructure.

Scenario 2: Annual Incremental Levy Funding – 25% of Plan Funding Over 25-Years

With dedicated funding through the general levy, NRH can begin to increase critical housing stock to better serve the community. Assuming the general tax levy grows at an estimated rate between 2% and 8% annually from 2026 to 2050, an incremental 0.105% to 0.195% annual contribution over the next 25-years will provide funding for approximately 25% of the entire project scope, totalling \$546 million dollars in cumulative funds including the end-of-mortgage savings and land disposition proceeds. This would result in a total escalated funding gap of approximately \$1.64 billion that would need to be provided through other funding sources, such as provincial and federal government programs.

The Implementation Plan recommends Scenario 2 as the preferred investment option, as it demonstrates Niagara's commitment to being a strategic and financial partner in

the housing solution. Scenario 2 would result in approximately 25% (\$546 million) of the Implementation Plan being funded through a combination of incremental contributions from the general levy (18%, \$409 million), end-of-mortgage savings and continued funding from Canada Ontario Community Housing Initiative (6%, \$120 million), and strategic land disposition (1%, \$17.5 million). Dependent on the growth rate of the annual general tax levy, it is estimated that an annual incremental contribution of between 0.105% and 0.195% of the general tax levy would be required over the next 25-years to support the Plan.

Scenario 3: Front-loaded First 5-Years of Annual Incremental Levy Funding – 25% of Plan Funding Over 25-Years

At the request of the NRH Board of Directors, Scenario 3 explores a front-loaded annual incremental increase over the first 5-years of the Implementation Plan. Like Scenario 2, Scenario 3 would result in 25% (\$546 million) of the Implementation Plan being funded through a combination of incremental contributions from the general levy (18%, \$409 million), end-of-mortgage savings and continued funding from Canada Ontario Community Housing Initiative (6%, \$120 million), and strategic land disposition (1%, \$17.5 million). Unlike Scenario 2, Scenario 3 sets out a more aggressive approach for an annual incremental contribution of between 0.527% and 0.626% of the general tax levy in the first 5-years of the Implementation Plan followed by a 0% annual incremental contribution throughout the remaining 20-year duration of the Plan.

A significant benefit to the front-loaded funding scenario is that it would result in an accelerated delivery of project undertaking by making more funds available in the short-term. A comparison between each funding scenario and their incremental funding contribution amounts by Council term is estimated in Appendix 2.

Regional Council holds the discretion to adjust the amount, rate, and structure of annual general levy contribution towards the delivery of NRH community housing through its annual Regional budget review process. Scenario 2 is recommended as a minimum contribution strategy and any additional investment, front-loaded scenario, or restructuring of contribution rates should be carefully considered in tandem with competing Council Strategic Priorities.

Relationship to Council Strategic Priorities

The Consolidated Housing Master Plan is listed as a project under Regional Council's 'Equitable Region' pillar to achieve Objective 3.3 which seeks to improve access to affordable and attainable housing in Niagara. The contribution of Regional investment

towards the Implementation Plan is an effective action that will provide individuals and families with access to safe, stable, and affordable place to live.

The Implementation Plan also benefits other strategic priority areas. Specifically, the Plan supports Objective 1.1 under the 'Effective Region' pillar through the modernization of current assets and improved service delivery efficiencies. Further, it supports Objective 4.4 under the 'Prosperous Region' pillar by strengthening future advocacy efforts with senior levels of government by demonstrating Niagara's financial commitment to deliver new affordable housing units.

Other Pertinent Reports

- COM 15-2020 Affordable Housing Strategy Update
- COM 32-2023 Update on the Consolidated Housing Master Plan
- PDS 29-2023 Housing-as-a-Priority Lens
- COM 28-2024 End-of-Mortgage Savings Strategy

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Appendices

Appendix 1	Consolidated Housing Master Plan: Implementation Plan
Appendix 2	Annual Incremental Increase Distribution of All Financial Modeling Scenarios