
Subject: Affordable Housing Strategy Update
Report to: Public Health and Social Services Committee
Report date: Tuesday, July 14, 2020

Recommendations

1. That Report COM 15-2020 **BE RECEIVED** for information; and
2. That a copy of Report COM 15-2020 **BE CIRCULATED** to Local Area Municipalities.

Key Facts

- The purpose of this report is to outline approaches staff are taking in the short-term to address Niagara's affordable housing needs as we continue to assess the changing demographic and economic trends resulting from COVID-19.
- Regional Council identified the retention, protection, and supply of affordable ownership and rental housing as a key objective of the 2019-2022 Council Strategic Plan.
- The Affordable Housing Strategy Steering Committee is an inter-departmental working group whose purpose is to develop a long-term Affordable Housing Strategy that coordinates the various studies, programs, and initiatives being undertaken across the Corporation to address housing affordability in Niagara.
- The development of the Affordable Housing Strategy and its related initiatives has been impacted by the emergency measures put in place to mitigate the spread of COVID-19.
- Short-term approaches include coordination with Local Area Municipalities, updates to the Regional Housing Database, and support for the affordable housing commitments made prior to the COVID-19 pandemic.
- Consideration should also be given to an MOU with Local Municipalities aimed at streamlining the approval and development of affordable housing projects and the identification of vacant/underutilized municipal lands that can be made available for affordable housing.

Financial Considerations

There are no direct financial implications arising from this report. It is expected that any costs associated with the recommended approaches will be brought forward in detail as part of future reports to Committee and Council.

Analysis

The Affordable Housing Strategy Steering Committee (AHSSC) is an inter-departmental working group made up of staff from Niagara Regional Housing (NRH) and Niagara Region's Planning and Development Services, Community Services, and Finance departments. The AHSSC was formed in 2018 in order to co-ordinate the various projects and initiatives being undertaken across the Corporation to address issues of housing affordability in Niagara.

The AHSSC is currently overseeing the development of an Affordable Housing Strategy that outlines the long-term approaches, land use tools, and financial incentives that can be used to support the protection and supply of affordable ownership and rental housing in Niagara.

The Affordable Housing Strategy is informed by the plans, projects, and other initiatives listed in the following section, each of which has been impacted by the implementation of emergency measures to reduce the spread of COVID-19.

Status of Affordable Housing Studies and Initiatives

Housing and Homelessness Action Plan (HHAP) Update

The HHAP includes a complete vision for addressing homelessness and access to affordable housing in response to identified local needs. The updated plan was approved by Regional Council in October 2019, and acknowledged by the Ministry of Municipal Affairs and Housing in March 2020.

Preventing and ending homelessness requires access to safe and affordable permanent housing. This includes options in both the private market (home ownership and purpose-built rentals) and community housing (NRH owned, non-profit, co-operative housing, and supportive housing). The goals related to affordable housing in the HHAP include the following:

- Increase the supply of higher-density housing forms, including townhouse and apartments.
- Increase the number of new community housing units developed, and the proportion of new community housing units that are bachelor/1-bedroom units or four or more bedroom units.
- Prevent the loss of current community housing stock.

During the initial phase of the COVID-19 pandemic, the HHAP working groups, including the Community Housing Provider Advisory, the Housing Affordability Innovation Working Group, and the Lived Experience Advisory have been unable to meet. Staff continue to communicate with stakeholders as needed to support the alignment of local affordable housing initiatives to the HHAP.

Niagara Regional Housing Projects

- NRH is continuing with the renewal and repair of owned units to maintain and increase the current supply. Project planning for new and infill developments on owned land has continued, with construction scheduled to begin on the Hawkins Street redevelopment in the City of Niagara Falls in June 2020.
- Formal project management services continue to be provided in a consulting capacity by NRH to assist housing providers across the region during all phases of new development. NRH has become a primary contact and resource for private developers interested in creating affordable housing across Niagara.
- NRH is preparing an RFP for the development of an Affordable Housing Master Plan to strategically plan for affordable housing units to the year 2041. Once complete, the Master Plan will form an overarching strategy for affordable housing that considers the HHAP, the Regional Housing Database, and the affordable housing grant and incentive programs. After a pause during the initial stages of COVID-19, the Master Plan Steering Committee is to resume meeting in the summer of 2020.

New Niagara Official Plan

The Planning and Development Services Department is continuing its development of the new Official Plan for Niagara Region.

An Official Plan is a long-range policy document that shapes a municipality's physical, economic and social development. The new Niagara Official Plan will include objectives,

policies and mapping to properly plan for forecasted population and employment growth, municipal infrastructure and services including public service facilities, and agricultural and natural heritage resources to ensure that the needs of Niagara's current and future residents are met.

In 2019, Niagara Region engaged the Canadian Centre for Economic Analysis (CANCEA) to prepare a Regional Housing Database to inform the HHAP update and the comprehensive review of the Official Plan. The database aggregates existing sources of housing-related data to determine the current and future demand for affordable housing in Niagara. The results of the analysis of the Regional Housing Database, as well as the associated growth scenario analysis, were endorsed by the Planning and Economic Development Committee in April and November 2019, respectively.

The background work already completed by CANCEA will enable policy drafting to begin for the housing component for the new Official Plan, which will include affordable housing targets and policies to achieve those targets. The Province has recently released new draft population and employment forecasts for Niagara Region to the year 2051 as part of "Amendment 1" to the *A Place to Grow: Growth Plan for the Greater Golden Horseshoe*. Once the Province finalizes Amendment 1, Regional forecasts will be updated and reflected in the new Niagara Official Plan.

Niagara Region Grants and Incentives Review

In 2018, the Niagara Region Grants and Incentives Review was initiated to promote greater transparency, accountability, and efficiency in the administration of the financial incentives offered by Niagara Region, and to ensure they continued to align with Council priorities, economic trends, and growth management strategies.

In September 2019 through PDS 34-2019, Council endorsed the following four target areas for Regional incentives: affordable/rental housing; brownfield remediation; employment growth in key sectors; and public realm.

The Regional Incentive Review Team continues its work to focus and coordinate incentives in these four areas in light of the significant changes caused by COVID-19. Specifically, the Team is monitoring the impact of the pandemic on the construction sector and the housing market and how these changes will affect affordable/rental housing. More information on potential incentive programs related to affordable/rental

housing will come forward when there is a better understanding of these impacts and how affordable housing incentives may best be adapted to address them.

Short-Term Approaches to Housing Affordability

Municipalities across Canada continue to address the impacts of COVID-19. Given the sudden shifts in the ways government services and private businesses have been run since the declaration of the pandemic, significant changes are expected to previously established demographic and economic trends.

Because of these changes, a better understanding of the socio-economic impacts of COVID-19 on Niagara's economy and housing market is needed prior to pursuing long-term investments and actions to support the development and availability of affordable housing in Niagara.

While the opportunities and risks associated with long-term housing strategies are reassessed, however, staff will continue to pursue the following short-term approaches to support affordable housing choices in the region as coordinated by the AHSSC.

Coordination of Affordable Housing with Local Area Municipalities

Like all development proposals, affordable housing projects must be consistent with Provincial, Regional and local land use policies, and must adhere to the processes outlined in the *Planning Act, 1990*, the *Building Code Act, 1992*, and the *Local Planning Appeal Tribunal Act, 2017*.

Due to the nature of affordable housing developments, there are a number of obstacles associated with these applications which can delay the approvals process, including discriminatory opposition from members of the public (NIMBYism) and associated appeals. This is further complicated by the varying fees, timelines, and study requirements implemented by each of Niagara's twelve local municipalities to process these applications.

Development delays can be particularly detrimental for affordable housing projects. For the private market, delays can lead to increases in the final housing sales price, which in turn can reduce or negate the affordability of planned housing units. For non-profit organizations, Niagara Region, or Niagara Regional Housing, project delays can run the risk of exceeding funding deadlines associated with government grants and subsidies on which these developments are often dependent.

Niagara Region is part of a Memorandum of Understanding (“MOU”) with Local Area Municipalities to outline the respective responsibilities and timelines associated with the delivery of planning functions and services. The AHSSC has discussed the use of a similar MOU or equivalent agreement with Local Area Municipalities specifically aimed at the review, administration, and approval of affordable housing projects and development applications.

The intent of this agreement would be to facilitate a consistent approach to processing development applications and building permits for affordable housing projects across all twelve municipalities, as well as to ensure a common understanding of the process and timing restrictions associated with Provincially- or Federally-funded developments.

Additionally, a component of the MOU and associated discussions with Local Area Municipalities can include the identification and assessment of vacant or underutilized municipal lands that can be made available for future affordable housing developments. The parcels identified will be assessed for their suitability for affordable housing based on a number of criteria, including:

- the proximity and availability of transit service;
- the proximity of public service facilities, such as social services, recreation, and health and educational programs; and
- the location of adjacent or surrounding incompatible land uses, such as heavy manufacturing or industrial, or other uses with adverse impacts on sound and air quality.

Community Services and NRH staff collaboratively have already been working with Local Area Municipalities to review municipal properties that may be available and appropriate to support affordable or supportive housing projects and to create readiness to respond to Provincial or Federal funding opportunities. Often these funding opportunities have tight turnarounds and require shovel-ready projects to access.

Further coordination and consultation with Local Area Municipalities can lead to innovative programs and initiatives that can more effectively address housing and homelessness. In addition to the initiatives above, the Region will continue to seek partnerships with municipalities to support the development of new affordable housing options.

Funded Housing Projects

Regional staff will continue to process and support previously funded housing projects, including the Partnership Housing Program and the Park Street development in the City of Niagara Falls.

Partnership Housing Program

The 2018 Capital Budget approved a budget of \$1.75 million for the Partnership Housing Program (CSD 14-2018, CSD 34-2019), with \$1.575 million funded from Development Charges, and the balance from reserves. The purpose of the project is to partner with the private sector for the purposes of developing new, affordable purpose-built rental housing.

In return for the Region's investment, a number of units in the development would be allocated to Niagara Region to prioritize candidates on the centralized waiting list. Additionally the tax revenue on the property would be utilized to fund the required rent subsidy on the units allowing the Region to subsidize more households without an incremental budget increase.

A negotiated request for proposal requiring a two part submission was issued in July of 2019 and closed in October 2019. Part A submissions were evaluated by a team of representatives from Finance, NRH, Community Services and Planning and Development Services. A Part B submission was requested from one proponent on February 18, 2020 and the response was received on March 18, 2020. An initial review of Part B took place in March of 2020, however, some additional information was required of the proponent. Due to the COVID-19 pandemic the continued evaluation of the proponent has been delayed. Staff are following up with the proponent at this time to understand the impact of the pandemic on the submission.

City of Niagara Falls Park Street Development

The Park Street property, owned by the City of Niagara Falls, has been offered by the City to form part of an affordable housing project in the downtown area (CSD 33-2019). This development has been approached as a partnership opportunity between the City, Region, NRH and not-for-profit agencies to develop approximately 200 units on this property, with NRH committed to provide Rent Geared to Income for up to 50 units.

To date the City, with the support of the Region, has completed Phase 1 and 2 Environmental Assessments for the site, and has budgeted \$500,000 this year to commence the remediation of the property, with additional monies budgeted for this purpose in 2021, as well as to demolish the existing structure on the property.

Official Plan Amendments for the development have already been approved, and Zoning By-law Amendments for the site are currently underway to allow for a 10 storey structure to be developed on the property. The project's next steps will be to coordinate a joint RFP process during the fall of 2020, with a project award targeted for spring of 2021.

Alternatives Reviewed

Not applicable. This report provides an update on the short term activity related to the affordable housing strategy that is continuing during the COVID-19 pandemic. Evolving available information limits deliberation of long term alternatives at this time. As new information becomes available, additional long term options will be presented in future reports.

Relationship to Council Strategic Priorities

The retention, protection, and increase in the supply of affordable housing stock to provide a broad range of housing to meet the needs of the community is contemplated as part of Objective 2.3 of the 2019-2022 Council Strategic Plan and supports the Council Priority of a Healthy and Vibrant Community.

Other Pertinent Reports

- CSD 14-2018 Alternative Service Delivery Social Housing
- CSD 33-2019 Affordable Housing Development
- CSD 34-2019 Partnership Housing Program
- COM 40-2019 Five-Year Review of Niagara's 10-Year Housing and Homelessness Action Plan
- PDS 17-2019 Niagara Housing Statement: Affordable Housing Data
- PDS 34-2019 Grants and Incentives Review
- PDS 37-2019 Growth Scenario Analysis Related to the Housing Strategy
- CWCD 421-2019 New Niagara Official Plan Updates
- PDS 9-2020 Niagara Official Plan - Consultation Details & Revised Framework

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