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Date July 6, 2022 **Report No.** 2022-210

To Chair and Members
Social Services Committee

From Marlene Miranda, General Manager
Community Services and Social Development

1.0 Type of Report

Consent Item []
Item For Consideration [X]

2.0 Topic Trillium Way Paris New Development Update 2022 [Financial Impact – None]

3.0 Recommendation

- A. THAT report 2022-210 Trillium Way Paris New Development Update 2022 BE RECEIVED; and
- B. THAT the City Clerk BE DIRECTED to forward a copy of the final resolution and staff report to the County of Brant.

4.0 Executive Summary

The City of Brantford acting as the Consolidated Municipal Service Manager (CMSM) for the City and the County of Brant has created an affordable housing plan to build 506 municipal housing units from 2020 to 2030, as identified in the 10 Year Housing Stability Plan and further articulated in the Municipal Housing Master Plan and the Mayors' Housing Partnerships Task Force Affordable Housing Action Plan. To date the CMSM has developed 34 units within the City of Brantford, with an additional 26 units underway at 177 Colborne Street West,

Brantford. Additionally, an estimated 49 units will be added in the County of Brant at 170 Trillium Way, Paris.

This report provides an update on the progress of the new affordable housing development at 170 Trillium Way, Paris, including the March 22, 2022 City and County Council approvals to sign a Contribution Agreement between the City and the County of Brant, as well as a Land Exchange Agreement which will facilitate the construction of a future traffic circle at the intersection of Grand River Street North and Trillium Way, adjacent to the residential development.

In accordance with the new cost-sharing agreement between the City of Brantford and County of Brant for services provided by the CMSM, a Contribution Agreement is necessary with any new affordable housing development and establishes the financial contributions to be made by the County towards the capital costs of the project. For the Trillium Way development, the Contribution Agreement states that County of Brant will be covering the remaining capital costs after grants are applied.

An RFP for a Design/Build Contractor was released on March 25, 2022, and the successful proponent, VERLY Construction Group, commenced work before the end of May 2022. This report provides an update on current development progress, proposed operating budget, and identifies next steps.

5.0 Purpose and Overview

The purpose of this report is to provide Social Services Committee with an update on the new affordable housing development located at 170 Trillium Way in Paris, Ontario (the “Property”).

6.0 Background

The goal of the 10 Year Housing Stability Plan, the Municipal Housing Master Plan and the Mayors’ Housing Partnerships Task Force Affordable Housing Action Plan is for the development of 506 municipally-owned and operated affordable rental housing units and the development of 337 non-profit and private sector rental units between 2020 – 2030.

The Municipal Housing Master Plan outlines the plan to reach the goal of creating 506 new municipally-owned units over a ten year period starting in 2020 (Report 2019-584 “HHS–IC–Brantford Brant Municipal Housing Master Plan Initiative”). The Mayors’ Housing Partnerships Task Force continued the process by: 1) identifying and mapping properties owned by the City and County

potentially suitable for affordable housing development, and 2) identifying funding options, which resulted in an Affordable Housing Action Plan to help achieve this goal.

The City of Brantford, acting as the Consolidated Municipal Service Manager (CMSM) for the City and the County of Brant, is responsible for the development of the 506 municipally-owned and operated rental housing units. The Trillium Way housing site in Paris is one of the proposed housing developments that will contribute to this overall target.

The property municipally known as 170 Trillium Way, Paris (the “Property”) is part of the Brantford Brant Local Housing Corporation (BBLHC), which is wholly owned by the City as the CMSM, and currently has an existing fifty (50) unit apartment building for seniors, with approximately 0.4 hectares (1 acre) of the site currently being vacant. This portion of the Property was identified by the BBLHC for the construction of an additional residential building and Council approved the commencement of the development process in June 23, 2020 (June 3, 2020 Social Services Committee Report 2020-183 “HHS – IC – Feasibility Work to Construct New Affordable Housing at Trillium Way, Paris and Approval of Property Title Transfer”).

In September 2020, approval was given to transfer the title of the Property from the Brant and Brantford Local Housing Corporation (BBLHC) to the City of Brantford to facilitate the development process of the vacant portion of the Property (Report 2020-318 “New Development on Housing Corporation Land at Trillium Way, Paris”).

A pre-consultation meeting with County planning staff was held on December 3, 2020, as part of the regular development process. The purpose of the pre-consultation was to present the draft concept plans and to receive feedback from various County departments including Planning and Development Engineering to identify any significant planning or operational concerns. The initial feedback was very positive and now that the procurement process has been completed for a design/build contractor, VERLY will be completing the land use planning process, to address these various items.

A report to Social Services Committee on January 6, 2021 (Report 2021-3 “Trillium Way Development Update”) gave an update on the increased density that would be permitted on the Property, based on a feasibility study completed in October 19, 2020, which confirmed that up to an additional 49 one and two bedroom units could be constructed on the Property, maximizing the density that is already permitted by current zoning by-law (see Attachment A: Trillium Way

Concept Drawing). This report also provided staff authorization to sign any agreements should there be a successful outcome of the submission for the federal Rapid Housing Initiative (RHI) for up to 60% of the capital costs. An application had been submitted in December 2020 for RHI Round One, and the unsuccessful outcome was communicated on March 3, 2021. When Round 2 was announced on June 30, a second submission was sent at the end of August 2021. Once again, communication was received on November 30, 2021 that the submission for RHI Round Two was unsuccessful, as they received many more applications than there was available funding.

In May 2021, Social Services Committee received an update on the progress of the Affordable Housing Action Plan and the Municipal Housing Master Plan (Report 2021-338 “Housing Development Progress of the Affordable Housing Action Plan and the Housing Master Plan”), and approved the new development on the Property conditional upon the City and County finalizing a mutually agreeable cost-sharing agreement. The Cost-Sharing Agreement was finalized and approved by both the City of Brantford and the County of Brant at the end of November 2021.

The Cost-Sharing Agreement outlines that each new residential development project will require a separate capital contribution agreement outlining the proportionate contribution portion of the County. The Cost-Sharing Agreement also requires that the City make available to the County the opportunity to acquire an ownership interest in any project for which it provides a capital contribution. The ownership interest made available would be equal to their proportionate contribution to the development as a whole.

The Municipal Housing Master Plan estimated that the creation of 506 new affordable units between 2020 – 2030, would cost approximately \$105 million; of this, an estimated \$55 million of municipal (City and County) non-debt capital is required for the remaining 476 units (30 had already been created at 5 Marlene Ave, Brantford), after grants and other sources of capital funding have been applied to the estimated \$105 million total. The Cost-Sharing Agreement identifies the County’s portion for this project as \$15.1 million, which is 27.5 percent of this municipal portion (which is the current proportion of population split between the City and the County).

On December 22, 2021, the City as CMSM, executed a Contribution Agreement (CA) with an external funder for a capital grant of \$260,000. This grant had to be committed by the end of December 2021, with a requirement that construction

be started within 120-days. The funder information must be kept confidential until this project has been officially announced by the funder.

Housing staff have met with County staff regarding a potential future traffic circle that has been identified for improvements to the intersection at Grand River Street North and Trillium Way, to specify the area needed for the development of the traffic circle and to confirm the area to be included in a land exchange. The County has offered a portion of adjacent parkland that will be re-zoned for residential development, in exchange for a corner of the Property's existing parking area that will be required for this future traffic circle, and have agreed to cover all related costs.

On March 8, 2022, Committee of the Whole – Planning and Administration approved a Contribution Agreement that identifies the County's contribution to the development of the Property (Report 2022-193 "Trillium Way Paris New Development Agreements"). The Land Exchange Agreement was also approved at this time and identifies the portions of lands to be exchanged as described above. This will facilitate the overall design of the new building to allow for the revised site entrance and required parking spaces.

On March 22, 2022, both City and County Councils gave final approval to execute these agreements. This allowed for the RFP to be released March 25, 2022 for the Design/Build contractor. As this timing did not provide sufficient time to complete the procurement process including the selection of the successful proponent, staff requested, and gained approval from the external funder for the extension of the 120 day project commencement to the end of May 2022 and still qualify for the \$260,000 grant. County staff participated in the project procurement evaluation process, as part of the evaluation team, and will continue to participate as part of the project construction team. A Project Management Officer (PMO) has already been selected as part of an earlier procurement process, and Mettko Limited was the successful proponent.

An additional \$340,000 from an external funder was approved at City Council on May 24, 2022. The funder information must be kept confidential until this capital project has been officially announced by the funder.

On May 25, 2022, a kick-off meeting with the consultant, City and County staff, and the project manager was held which identified the immediate next steps, key contacts and set in motion the planning and development process.

7.0 Corporate Policy Context

2021-2022 Council Priorities Desired Outcome: Social Service support is provided to Brantford residents in need, specifically Tier 1 Priority; commence one or more additional housing developments funded through the proceeds from the disposition of municipal assets. This report also supports the County of Brant's 2019-2023 Strategic Priorities: "Healthy, safe and engaged citizens".

8.0 Input From Other Sources

Various departments including Finance, Legal and Real Estate Services, and Planning staff were consulted throughout this process and as part of this staff report. County of Brant CAO and Planning Department were also consulted in this process.

9.0 Analysis

Capital Cost of the New Development

For the Trillium Way project, the approved Contribution Agreement states that the County will fund the municipal contribution up to \$15.1 million for the Trillium Way development and pay all municipal costs. The payment will be made at the completion of construction with interest charges, as the City will carry the costs during the construction phase.

The County will be granted an option to obtain an ownership interest in the development. The County will contribute 100 percent of the project costs which will approximately double the size of the development site which entitles them to a 50 percent ownership interest in the final development.

Land Exchange

The two portions of lands identified for the exchange are approximately equal in size and value. The County has committed to undertaking the necessary planning processes, including paying for associated costs for the zoning by-law amendment to permit the residential use, as well as the boundary adjustments necessary to "swap" the two portions of land.

A Land Exchange Agreement has been signed which addresses the following items;

- (i) the parcel to be conveyed to the County;
- (ii) the parcel to be conveyed to the City;

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- (iii) the re-zoning of the parcel, if necessary, to be undertaken by the County;
 - (iv) cost responsibility arising from the land exchange;
 - (v) the ability for the Parties to acquire additional lands, if necessary, to allow for the redevelopment of the housing facility and/or the traffic circle;
 - (vi) the relocation of the parking spaces (which will be eliminated when the County proceeds with the construction of their road widening and traffic circle).

Development Update

The design/build RFP was released on March 25, 2022 and closed on April 29, 2022. The submission evaluation team included County representatives, and the successful proponent of this procurement process was VERLY Construction Group.

Staff requested and received approval for an extension of the external funder's timeline to start construction to the end of May 2022. This requirement has been met within this tight timeframe, and a press release circulated on May 30, 2022 announcing the successful proponent and where to direct inquiries. Tenants at 170 Trillium Way were also informed.

The development of the Property is now at the design stage, with the expectation that the construction stage will start in October 2022, and completion and occupancy achieved before the end of December 2023.

This information was communicated through a press release on May 30, 2022; additional notification was also provided to the tenants of 170 Trillium Way. Staff, in collaboration with County staff, will prepare a Community Engagement Strategy to provide opportunities to share the progress of this development, including obtaining community responses to early concept designs.

Operating Budget

Average Market Rent (AMR) means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the Canada Mortgage and Housing Corporation (CMHC) Annual Market Rent Survey. Each year, the CMSM submits a business case to the Ministry of Municipal Affairs and Housing (MMAH) to request an Alternate AMR (AAMR) for

the City of Brantford and County of Brant, based on more recent and realistic rental rates.

While this is termed a new “affordable housing” development, there will be an income mix within the building. Of the total 49 units:

- 15 units will be at the low end of market using the CMHC 100 percent (100%) adjusted average market rent (AAMR), and
- 15 units will be at 80 percent (80%) AAMR or 80 percent (80%) of median rent, whichever is lower, and
- 19 units will be at an affordable rent level for those on benefits such as Ontario Works (OW), Ontario Disability (ODSP) or receiving low earnings (30% of income).

The external funder requires 30 percent (30%) of the units (15 units) to be at 80% AMR or AAMR if we have an approved business case. Another potential grant funder has requirements for 30 percent (30%) of units (15 units) to be at 80 percent (80%) median market rent, which is lower so the median rates are used below in Table 1, which shows the rent levels and estimated annual rent revenue.

Table 1 - Estimated Rental Revenue

	Number of units	Number of bedrooms	Monthly Rent levels*	Annual Rent levels
100% AAMR	15	12 one bedroom 3 two bedroom	\$1,200 \$1,350	\$221,400 \$172,800 \$ 48,600
80 % Median Rents	15	12 one bedroom 3 two bedroom	\$883 \$920	\$160,272 \$127,152 \$ 33,120
OW/ODSP/low wage (ODSP max shelter rate)	19	15 one bedroom 4 two bedroom	\$497 \$781	\$126,948 \$ 89,460 \$ 37,488
Total Rent Revenue	49	39 one bedroom	\$40,201	\$508,620

		10 two bedroom		
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*2021 AAMR levels (placeholder until business case approved for 2022)

Estimated expenses based on a 49 unit building (without any debt) is approximately \$300,000 per year.

Some of the units have been designated for specific groups: five (5) units are for Sensity (deaf/blind), five (5) units are for Brant Native Housing, and five (5) units are for Nova Vita Domestic Violence Prevention Services. To be eligible to apply for a unit in the new building, clear eligibility criteria must be met by all applicants. Those interested can apply to the Centralized Wait List (see website at: <https://www.brantford.ca/en/living-here/find-affordable-housing.aspx>)

10.0 Financial Implications

The approved capital budget is \$12,500,000 for the construction costs (estimated at \$250,000 per unit), including \$250,000 for early development soft costs and the hiring of a Project Manager to assist with the construction process. The subject lands are currently owned by the City as CMSM.

According to the signed Contribution Agreement approved by both Councils in March, the County will pay the full costs for the Trillium Way development after grants and other sources of capital funding were applied, to a maximum of \$15.1 million. Now that the RFP process for the design/build contractor has been completed, the County will contribute an estimated \$11,900,000 towards the capital costs of this development, including repaying earlier project costs already paid by the City, including the feasibility study, environmental testing and project management costs for reviewing the RFP.

Development capital costs are reduced by applying for and receiving grant funding. As stated previously in this report, there have been two unsuccessful submissions for federal Rapid Housing Initiative (RHI) funding. However, the City as CMSM for Housing and Homelessness signed a Contribution Agreement (CA) with an external funder on December 22, 2021 for a \$260,000 capital grant, and has approval for an additional \$340,000 from another external funder.

Project costs are currently estimated and may be increased or decreased due to project scope adjustments, design or construction factors as well as additional grant funding allocations. Staff are in the process of applying for additional

grants through the federal National Housing Strategy, such as SEED and Co-Investment grants and forgivable loans.

The capital budget was based on current estimated construction costs for recent similar size and type construction projects.

<u>Sources of Funding</u>	<u>Capital Budget</u>
Grant (external)	\$ 260,000
Grant (external)	\$ 340,000
County Contribution	\$11,900,000
TOTAL (without land value)	\$12,500,000*

*Based on assumption of \$250,000 per unit for construction

The successful proponent VERLY Construction Group's signed contract is for \$11,300,000 plus tax, and is within the proposed capital budget (\$12,500,000 - \$250,000 = \$12,250,000) and allows for contingencies, if needed.

11.0 Climate and Environmental Implications

Any climate or environmental impacts will be addressed now that the design/build contractor is in place and once this information is available to report, with the goal of aligning with the City's climate goals to reduce Greenhouse Gas (GHG) emissions from electricity and natural gas use.

12.0 Conclusion

There is an acute and critical need for affordable housing options in both the City of Brantford and the County of Brant as highlighted in the October 2019 Brantford-Brant Housing Stability Plan 2014 – 2024 Five Year Review (Report 2019-575, "Provincially Legislated Five Year Review of the Brantford-Brant 10 Year Housing Stability Plan"). The Municipal Housing Master Plan outlines the target of creating 506 new municipally owned and operated units of affordable housing between 2020 – 2030, and the Mayors' Housing Partnerships Task Force Affordable Housing Action Plan estimated \$55M of municipal (City and County) non-debt capital would be required for the remaining 476 units (30 had already been created at 5 Marlene Ave), after grants and other sources of capital funding were applied.

The recently approved cost-sharing agreement between the City and County provides a clear path forward to fund new municipal housing developments in the future, beginning with the new affordable housing development at 170 Trillium Way, Paris, with the mutually agreed upon Contribution Agreement and Land Exchange Agreement. Now that the procurement process has a successful proponent for the design/building construction, VERLY Construction Group, the design phase is underway. Estimated construction will be started this year with expected completion and occupancy by the end of 2023, and will provide decent and affordable homes for 49 households in our community.



Marlene Miranda, General Manager
Community Services & Social Development

Reviewed By:

Tricia Givens, Director, Housing & Homelessness Services

Prepared By:

Deb Schlichter, Manager, Housing Development

Attachments

Attachment A: Trillium Way Concept Drawing

Copy to: NA

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required ☐ yes ☒ no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk ☐ yes ☒ no

Is the necessary by-law or agreement being sent concurrently to Council? ☐ yes ☒ no