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**Date** June 2, 2021 **Report No.** 2021-395  
**To** Chair and Members  
Social Services Committee  
**From** Marlene Miranda, General Manager  
Community Services & Social Development

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### 1.0 Type of Report

Consent Item  [X]  
Item For Consideration  [ ]

**2.0 Topic** **New Affordable Housing Development at 177 Colborne St. W. Brantford Update [Financial Impact- \$5,545,920]**

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### 3.0 Recommendation

- A. THAT Report 2021-395 New Affordable Housing Development at 177 Colborne St. W. Brantford Update 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 Clerk.

### 4.0 Executive Summary

This Report provides an update from a request from Social Service Committee on the development of 26 new affordable modular housing units with main level commercial space located on City-owned land at 177 Colborne Street West in Brantford. This housing development will relieve emergency shelter system pressures, assist in the wait list for residents of Brant and Brantford, and in addition will have the benefit of counting these units towards the City's Municipal Housing Master Plan goal of creating 506 more units by 2030. An earlier report was brought to The Committee of the Whole – Community Development on

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February 9, 2021 (Report 2021-152) for funding approvals due to tight timelines regarding third party funding. This report is a summary of the previous report with some updated information.

## **5.0 Purpose and Overview**

This Report is a summary of a previous report to the Committee of the Whole – Community Development on February 9, 2021 (Report 2021-152 - New Affordable Housing Development, 177 Colborne Street West, Brantford) regarding a proposed affordable modular housing development creating 25 (now 26) new studio units with main floor commercial space at 177 Colborne Street West, Brantford that will address the wait list need for older adults transitioning from the emergency shelter system to the community who are looking for affordable housing options. These new units will also help the City move closer to the Municipal Housing Master Plan goal to create 506 new units by 2030.

This report also outlines planning issues that will need to be addressed for this parcel of land, and includes information as to why there was a recommendation to single source this development to Andrew Neill Construction Inc. (ANC), a local modular construction company, with a negotiated contract price that was derived from a recent contract for the CASE Home competitive process. Modular development can be faster since the units can be constructed off-site while planning issues are addressed, and this will help meet the tight timeframe requirements for third party grant funding. The number of units has now been increased to 26 studio units that can be created at this site for the same negotiated contract price.

## **6.0 Background**

The City of Brantford as the Service Manager for the County of Brant and the City has chosen to align its emergency shelter system with best practices that include year round shelters that operate 24/7 with the provision of case management supports delivered through a “housing first” framework. It can take time to right-size the system in terms of bed capacity, since it relies on many factors impacting both the inflow and outflow of the system. One of the factors impacting people moving out of the emergency shelter system (outflow) is housing market affordability. The impacts of the COVID-19 pandemic have put further pressures on the emergency shelter system, and on the housing market with rising rent levels that are even less affordable to many on fixed incomes. When people are not able to move out of the emergency shelter system, we need to use diversion strategies to reduce inflow or else we end up

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continuously adding more shelter spaces to accommodate those currently in the system as well as any new arrivals, which is unsustainable.

There is a need to create new affordable housing to relieve some pressure on the emergency shelter system, which will also help address the wait list demands. This need for more affordable housing is supported by the 10 Year Housing Stability Plan, the Mayors' Housing Partnerships Task Force and the Municipal Housing Master Plan to create 506 new units of municipally-owned and operated housing over a ten year period, 2020 – 2030. Currently, there are 30 units completed at Marlene Avenue, as well as a number of developments at various stages. These 26 units will also contribute towards this target.

Staff were first made aware of the site at 177 Colborne St. W. in late January which did not give enough time to prepare a report for the regularly scheduled Social Services Committee meeting on February 3, 2021 and still meet the required timelines for the third party funding. The property was originally listed as a "leased" site, and not identified on the Mayors' Housing Partnerships Task Force inventory of city-owned sites potentially suitable for affordable housing development. A closed report (Report 2021-137) went to Special City Council on February 9, 2021 to get approval for a third party funding opportunity, which has restrictions about sharing information until it is announced by the third party. However, the funding announcement is now scheduled for June 11<sup>th</sup> 2021 and will be followed by a media release on the funding and overview of the development project. An open report also went to Committee of the Whole – Community Development on February 9, 2021 (Report 2021-152) requesting approval for this new development due to the tight timelines. A press release was also sent out after the meeting. These approved recommendations were presented to City Council on February 23, 2021 for final approval.

In order to meet the third party funder tight timelines, a modular development was identified as the only option that was feasible. The timelines set did not afford the opportunity for a competitive procurement process. As this funding opportunity was crucial to develop more immediate housing solutions for under-housed/homeless citizens of Brant and Brantford, staff recommended a non-competitive award approach. This report further outlines why modular construction was chosen and why ANC was recommended as the contractor for this development.

The contractual agreement for 177 Colborne St. W. was signed by ANC Inc. on April 1, 2021.

## **7.0 Corporate Policy Context**

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Desired Outcome: Social services support is provided to citizens in need, specifically Tier 1 Priority; commence one or more additional housing developments funded through the proceeds from the disposition of municipal assets.

## **8.0 Input From Other Sources**

Finance, Legal and Real Estate Services, Facilities Management and Security, and Planning staff were consulted on this process and report.

## **9.0 Analysis**

Staff investigated a number of options that would fit the requirements and tight timeframe (both City-owned and privately-owned properties), and proposed the construction of a four storey modular affordable housing development on the City-owned site at 177 Colborne Street West, Brantford (Attachment A – 177 Colborne St. W. Location Map). Following construction completion, the City acting as the Service Manager, would own and operate the rental apartment building, as part of its affordable housing portfolio as well as the main floor commercial portion.

The proposed apartment building originally included 25 studio units (5 units per floor), with a main level commercial space, however the number of units has now increased to 26 studio units for the same contracted price. The use of the commercial space has not yet been determined, and staff is proposing engaging the community surrounding the location for their ideas. It will be targeted to older adults age 55 or older leaving the emergency shelter system who need little to no support and are trying to find a home with affordable rent. Eighteen percent of the total population who accessed emergency shelter or motel spaces (Oct. – Dec. 2020) were age 55 or older. This much needed affordable housing development will provide safe, secure and dignified housing to some of the City and County's older (55+) vulnerable homeless or under-housed individuals and further serve to free up shelter spaces and help address the wait list demand for Brantford and Brant in subsequent years.

The 26 small sized studio units (327 square feet) will be suitable for single persons without dependents and will provide affordable rent for those who are on fixed incomes such as Ontario Works (OW), Ontario Disability Support Program (ODSP), or senior's pension.

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### **Site Information**

The City owned lands identified for the proposed development consist of 49 acres and was acquired by the City in 2004 from the Canadian National Railway Company. The lands were previously used as part of a larger rail line which was decommissioned by CN and the tracks were removed. The lands have remained vacant, however a small portion fronting Colborne Street is leased to Pattison Signs for maintaining a commercial billboard. The lease provides the option for either Party to terminate the agreement on thirty (30) days' notice, and the City has since given notice to terminate this agreement. It should also be noted that the lands have been encroached upon for parking of motor vehicles from abutting businesses. Staff has also been in contact with the commercial businesses on either sides of the property to inform them of the new development.

An internal real estate circulation was completed and there was no other municipal need identified for the lands. The lands have not been appraised by an accredited Appraisal Firm, however based on a review of sales of similar type properties, an estimated value range of \$400,000.00 to \$600,000.00 may be expected on the open market.

The proposed development is located along a main transit corridor. The Official Plan designation is "Residential Area – Medium Density" on the northeast portion of the site, and "Residential Area – Low Density" on the southwest portion of the site. The subject lands are also located within Special Policy Area 1 (SPA1). The new Official Plan, which is not yet in force and effect, designates the site as "Strategic Growth Area – Intensification Corridor". The Zoning of the site is "Flood - General Commercial (F-C8) Zone". According to Planning Staff, the building would require a commercial component on the ground floor with a height of 4.5 metres. The proposed development is anticipated to be compatible with the surrounding neighbourhood. The site requires an Official Plan Amendment, Zoning By-law Amendment and will be subject to Site Plan Control. Preliminary comments from Development Engineering include that servicing with storm, sanitary and water appears sufficient, but wastewater modelling and several studies such as Noise and Traffic Impacts will be needed. It should be noted that comments provided were made in absence of a development proposal and/or planning application. A pre-consultation meeting has been scheduled for June 15, 2021 with the applicant/developer, which will outline a full list of requirements to support any required planning applications.

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### **ANC Selection**

Staff had applied for third party funding with a very tight timeline requiring a capital project completion by December 31, 2021. For these reasons, staff recommended a non-competitive procurement process with the construction contract award to Andrew Neill Construction Inc. (ANC), a local modular construction company. It will be ANC's responsibility to obtain clarification on what is required for site preparation, after the pre-consultation meeting, and to address any planning issues.

Modular construction was the only option for consideration due to third-party funder tight timelines, since units can be built while planning issues are addressed so that overall construction timing is quicker, and much needed housing can be delivered faster. Options were limited due to current market volatility, with price increases, supply shortages, and more municipalities moving to and competing for modular construction as a preferred federal and provincial housing model.

ANC was the successful proponent for the recent Request for Proposal of the pilot CASE project at 18 Stirton St., so was able to provide recent modular costing and designs.

In addition, ANC was chosen as the single source contractor for the following reasons:

- ANC has a modular manufacturing plant, located 4 minutes away from the project location
- ANC is able to pre-manufacture housing units, which gives them the ability to produce housing for the residents of the City of Brantford and the County of Brant 70% faster than other conventional building contractors
- There are few or no other modular manufacturers that will take on the entire scope of development, including environmental studies, zoning amendments, design build/full project management services and the manufacturing, all within the same firm; and
- ANC is able to order materials for their manufacturing right away, to avoid as many unexpected delays as possible. This is very difficult to do with conventional construction.

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**Development Costs**

With the 26 units at 327 square feet each and an allowance of 25 percent in additional space required for common spaces within the building to support the units, as well as commercial space on the first floor, the building size is estimated to be between 10,000 and 12,000 square feet.

The full costs (property & building) are:

Soft Costs	\$ 500,000
Hard Costs	\$4,950,000
Non-rebateable HST	<u>\$ 95,920</u>
TOTAL	\$5,545,920

The full cost of the new construction exclusive of HST is approximately \$495/square foot, and the industry is currently seeing rates of \$500/square foot minimum for commercial construction. These costs include all the potential costs for preparing the property for development such as planning and engineering plans, studies and site servicing, as well as contingency for any unforeseen site related issues. Assuming 75% of the building is the units and tenant common space, the cost per unit is around \$160,000. The CASE project at 18 Stirton St. cost per unit is lower at \$106,250 since prices were lower at the time of the Request for Proposals, and it does not include corridor space, centralized heating system for common space, an elevator and the same level of soft costs.

**Benefits:**

- The modular construction allows a faster process where modular units can be constructed while working through the planning processes.
- The non-competitive procurement process speeds up the timing for starting this development, in order to meet tight timelines.
- Some of the emergency shelter system outflow pressures are relieved, reducing the need to add more shelter spaces.
- The additional units help the City more quickly reach its goal of creating 506 new units of housing over the next 10 years.

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Risks and Challenges:

- Additional planning issues and possible concerns may be discovered depending on what studies are required after the pre-consultation process, which may result in delays or additional costs.
- Depending on planning and development approval timelines, and what studies may find, ANC may not be able to complete the build within the approved capital funding and expected timeline for the third party funding which is completion by December 31, 2021.
- There will be a public consultation process for any Zoning and/or variances required and neighbours may not support the proposed development or feel it is not compatible with their community.
- There is no plan as of yet regarding the commercial space on the main level.

Staff planned a community engagement strategy for this development that provided opportunities for the community and neighbours to view concept drawings and share ideas about possible uses for the commercial space. A virtual Open House was held on Monday, May 17 at 6:30 p.m. Information is also available through the Let's Talk Brantford page of the City's website. The neighbours will also have the opportunity for input as part of any required Zoning and/or variances processes.

The third-party funder has scheduled an official announcement for June 11, 2021 at 10:00 a.m. and the invitation will be shared with Social Services Committee and City of Brantford Council members.

## **10.0 Financial Implications**

Staff has proposed the following amounts of funding from various capital fund sources to cover the full land and construction costs for this new development. It is important to note that around half of the capital funding needed for this development comes indirectly from senior levels of government.

In 2019, staff prepared report 2019-472 titled Canada - Ontario Community Housing Initiative (COCHI) and the Ontario Priorities Housing Initiative Investment Plan (OPHI). The report identified a number of projects totaling \$2,208,262 that were included in the City's Capital Program as funded from the Social Housing Capital Reserve. This report



also identified that projects be approved to be funded from the available grant funding and the identified reserve funding be made available for future housing development. Staff has recommended that these funds, being held in the Social Housing Capital Reserve (RF473) be used to fund this project.

The \$650,000 from the Social Housing Acquisition Reserve is funding from the sale of community housing units that were originally transferred to the Service Manager from the Province. The Ministerial Consent received for the sale of these units specifically directed the proceeds to go towards the future development of affordable housing.

<b>Funding Source</b>	<b>Amount</b>
Social Housing Capital Reserve (RF473)	\$2,208,262
Social Housing Acquisition Reserve (RF565)	\$ 650,000
Debenture Financing	\$2,687,658
<b>TOTAL</b>	<b>\$5,545,920</b>

Table 1 – 177 Colborne St. W. Funding Sources

At such time as the proceeds from the City owned land sales previously directed to the affordable housing reserve are received, the goal would be that \$1,437,658 from this funding would replace a portion of the debenture financing requirement. The goal is also that the remaining portion of \$1,250,000 in debenture financing would be replaced by third party funding.

Although the Social Housing Capital Reserve in the chart above is identified for funding this project, the funds noted above per Report 2019-472 (COCHI & OPHI Investment Plan), is an allocation of Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) funding that was identified to go toward future builds. Therefore no direct County of Brant funding was allocated to this project.

The commercial space on the main level of the building will also provide additional revenue for the building to help keep the rent charges affordable, and support the operating budget including any potential debenture financing costs.

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## 11.0 Conclusion

Expanding the supply of affordable housing is a key action that must be taken to offset the current erosion of existing lower rent units, and to plan for population growth, in order to ensure our community has sufficient supply for those on the affordable housing wait list and those moving through the emergency shelter system. This proposed new modular housing development will provide suitable longer term homes with affordable rents for older adults trying to exit the emergency shelter system. This impacts the whole emergency shelter system when the outflow options are not there, forcing people to stay longer and service managers to add more shelter spaces. This proposed development will both reduce pressures on the emergency shelter system, and the wait list, as well as help the Service Manager for the County of Brant and the City of Brantford more quickly reach its goal of creating 506 new units of housing over the next 10 years.



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Attachments:

Appendix A: 177 Colborne Street West Location Map

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