

**UPDATE AND RECOMMENDATIONS: *Opening Doors to Attainable Housing*
*An Attainable Housing Action Plan for the Town of St. Marys (Feb 16, 2023)***

OVERVIEW:

This report provides an update and details of five specific priority recommended actions within the *Opening Doors, An Attainable Housing Action Plan for St. Marys (Council: Feb 16, 2023)*. The priority actions and recommendations below are the subject of separate reports to Council from Town Staff, including the covering report to this update.

Appendix A (att) provides an overview and update of the *Opening Doors Action Plan* to date.

DETAILS: *OPENING DOORS* UPDATE AND RECOMMENDED ACTIONS

The following five recommendations are based on priority work that has been advanced in each of the four strategic areas of *Opening Doors*. The recommendations are as provided by the Housing Consultant to Town Staff based on work done together with them.

These initiatives represent the first actions supporting affordable and attainable housing development, and as such are partially administrative and foundational in nature.

Priority Action 1: Create a Municipal Capital Facilities By-law (MCFB) – See Separate Report

Opening Doors Ref: Strategic Area 1: Municipal Policies Action Plan Initiative 1.1

Summary: *A Municipal Capital Facilities By-law (MCFB) allows affordable and attainable housing to be negotiated as a municipal need, in accordance with the Opening Doors plan. Authority for a MCFB is provided in the Municipal Act, 2001 (Reg 603/06: "Municipal and School Capital Facilities—Agreements and Tax Exemptions". This law provides municipalities the ability to engage with non-profit and private developers, on non-municipal or municipally held sites with incentives and programs aimed to advance a need for municipal capital infrastructure – in this case affordable and attainable housing – through various programs and services.*

Examples of incentives may include funding (grants or loans), leasing, land and property deals, and fee exemptions related to property taxes and development charges. Any negotiated municipal contributions or other arrangements would be bound on title within an associated contribution agreement between the parties.

Recommendation: *Town Staff will advance a recommendation to Council to create a MCFB.*

Justification: This proposed policy is required to support funding and plans within the current Community Improvement Plan (CIP) and other future programs and initiatives, including those noted in this report.

Financial Impact: There is no financial impact related to this recommendation.

Priority Action 2: Create a Template Municipal Contribution Agreement - See Separate Report

Opening Doors Ref: Strategic Area 2: Municipal Programs/Incentives
Action Plan Initiative 2.1 and 2.3

Summary: A Contribution Agreement ensures that a municipality's investments through incentives, resources, or other real or in-kind contributions is done in a confirmed exchange for affordable and attainable housing, and that any such units are built, acquired, and/or maintained as intended. A Contribution Agreement may be part of another agreement that similarly defines the required actions and services under the housing facilities bylaw (MCFB) and ensures they are implemented.

The MCFB and associated agreement should outline the number of units, size, rental rates (at or below a housing program guideline required to justify the associated municipal contributions), priority populations, means of access to tenancy, duration, and other criteria determined by the associated program. It would also define the consequences and remedies if an agreement is not upheld. It would define the housing provider, their obligations related to accessing the programs and funding, the means of payments (if applicable), and the provisions for managing and reporting on the program, units, and tenancies over time.

A template Contribution Agreement will be provided as part of a separate report.

Recommendation: *Subject to final legal review, Council should authorize a draft affordable and attainable housing Contribution Agreement template established within Opening Doors, Town policies, and within associated budget and spending limits as part of the Municipal Capital and Facilities By-law.*

Signing authorities for any specific Agreements will be established through existing policies, Staff recommendation, and Council direction, including by delegated authority where appropriate.

As a template, the Agreement could be adapted to various housing programs. Each signed Agreement will be reported to Council and the public with all associated details as part of staff update reports on Opening Doors.

Justification: This delegation is intended for expediency to allow staff the ability to structure contribution agreements to the associated programs and site considerations. Any affordable/attainable housing programs or permissions (such as zoning considerations) would still advance through Council in the normal manner.

Financial Impact: There is no financial impact related to this recommendation.

Priority Action 3: Advancing Plans on Municipal Surplus Lands - See Separate Report

Opening Doors Ref: Strategic Area 3: Surplus Land Use Plans
Action Plan Initiative 3.1 and 3.3

Summary: Reviews continue on municipal land and other vacant/underutilized land parcels suitable for housing development in St. Marys. As this work continues, there are municipally owned properties that have increased readiness for development, including those already defined as surplus or underutilized municipal properties.

Given the nature of these sites and their potential for development, the discussion of priority sites should remain confidential until Council approvals on land actions is confirmed. The Feb 16, 2023 *Opening Doors* report noted that “Plans will advance to Council in 2023 with priority sites (in confidence) looking at options related to testing development interests and potential.”

Reviews of these and other sites included comparator sites and market information including related to institutional and other lands. The intent of these exercises was to explore and challenge the development potential of local lands within existing developed areas and to guide future land strategies within *Opening Doors* (See: Initiative 3.2).

Staff discussions of the various sites used criteria considered within planning and development related to land potential and value. These were not fixed, scored, or valuation-based criteria, but rather factors guiding Staff to help prioritize land potential. The factors included:

- **Consistency:** The ability to align potential land use and general built form concepts (eg. mid-rise multi-residential) within the existing range of dwellings and building types and within the existing or planned neighbourhood attributes.
- **Capacity:** This factor considers how well the land is currently utilized in the existing use and the capacity to add residential intensity and density. This factor also considers infrastructure capacity to service and support any such intensification and other soft infrastructure such as neighbourhood amenities, to service any proposed enhanced land use.
- **Complexity:** This factor considers the level of difficulty, time, and costs associated with readying a site for increased capacity. These matters are often highlighted within planning justification reports and may include matters such as roadway considerations or various preservation requirements and studies that can challenge the timelines of a development.

- Cooperation: This factor speaks to the potential for lands to serve multiple and complementary uses or positively influence/enhance another associated municipal uses or neighbourhood plans.
- Compatibility: This factor more specifically considers the size and configuration of potential built forms that could be considered in advancing a regenerative or repurposed land use for affordable/attainable housing. Compatibility is also governed by planning and other land use considerations, such as permissions, easements, or land use restrictions;
- and
- Connectivity: This factor considers the attributes of strong communities related to its walkability to amenities, access to transportation, and general availability of services and supports for those in the neighbourhood or community as a whole.

(Established by London HDC staff and referred to as the Six C's),

Any one of these factors may individually pose a barrier to land reuse or repurposing for housing but it is more likely that the combined considerations would illuminate certain viable plans and sites over others - due in part to the ease and fit of a plan within the associated neighbourhood setting.

Recommendation: *Recognizing that work continues related to future land use strategies as proposed in Opening Doors, the Housing Consultant and Staff will recommend advancing two initial priority sites, as identified in the separate in-camera report to Council, for proposed affordable and attainable housing within the partnership outlined later in this report.*

Recommendations on final actions for identified priority site(s) and proposed approaches for other potential sites will be advanced to Council in Q3 2023 for further confidential discussion. No final actions related to the priority site(s) are recommended at this time.

Justification:

Land use planning can be endlessly detailed. The intent of advancing priority sites for consideration will provide the motivation and momentum to also advance a partnership to explore these sites in greater detail (see below), make applications for funding supports (see below), and learn from these processes.

Financial Impact:

There is no financial direct financial impact related to this recommendation. If the priority sites are advanced, there will likely be sale municipal land considerations, including the use of or more likely the offsetting of revenues from the sale as a contribution towards affordable and attainable housing.

Using the proposed procurement approach will ensure that Council is kept apprised of all related actions and next steps in this process.

Priority Action 4: Advancing Plans on Municipal Surplus Lands - See Staff Cover Report

Opening Doors Ref: Strategic Area 3: Direct Engagement and Additional Plans
Action Plan Initiative 3.3 and 3.4

Summary: The intent of the *Opening Doors* plan is to work with various sectors and service partners to advance affordable and attainable housing in St. Marys.

When considering land use and potential transfers or repurposing of municipal land holdings, it is important that the public value of the subject sites is retained and preferably enhanced through any proposed action.

As an initial venture into a land re-use plan, it is proposed that St. Marys establish a strategic partnership with an organization that has the capacity to advance the shared interests of the *Opening Doors* plan, as well as support the combined learnings within the process.

Recommendation: *Based on past practice, available opportunities, and the defined criteria noted below, Town Staff advance a recommendation to Council for a single source procurement with Habitat for Humanity Heartland Ontario as a strategic partner in exploring the use of the defined priority lands.*

Future reports to Council will confirm recommended land use actions, in consultation with the strategic partner.

Justification: The criteria for a single sourced strategic partnership approach included the following considerations and guiding principles:

Non-profit:

It was proposed that an initial land use partnership be formed with a non-profit housing organization. This would mitigate certain profit requirements and provide a more true cost of development. This would not limit private sector partners in the future once there is greater familiarity with local housing development costs and services. Discussions with private sector housing developers continue as part of regular pre-consultation meetings.

Advancing a “Stage and Gate” Approach:

An initial partnership would benefit from a graduated process. A “stage and gate” approach to procurement allows for the project to be phased between the initial expressed interests, formal planning processes, and the final business plan approvals.

Experience:

It would be advantageous to have a partner with experience in developing and executing residential construction in St. Marys and/or in the geographic area.

Leveraging Learnings:

It would be advantageous for St. Marys to acquire a partner with experience in developing multiple sites and with various building typologies.

Technical Development Experience:

Many non-profit housing organizations specialize in tenant management but not development. It would be advantageous to have a partner with staff and resource capacity in project management. This should include planning, development, construction, and post-development tenancy and property management.

Ownership with Rental Capacity:

Opening Doors is not looking to advance deep affordable housing or housing with supports – where other government programs and agencies - including those of the Service Manager or other service sector providers - have greater knowledge and ability. These services may be achievable within a mixed-use approach, but *Opening Doors* focuses St. Marys resources, authority, and expertise as a single tier municipality toward land, policies, and resources to advance affordable and attainable housing as defined within the plan.

Multi-residential/Missing Middle Housing:

Opening Doors prioritizes housing options that address the missing middle in both built-form and tenancy/residency. The experience of a partner in developing soft density options aligned with priority low-and middle-income populations would assist St. Marys to advance new *Opening Doors* units.

Familiarity and Relations with Government:

It is anticipated that the priority sites and future prospective development plans will align and be able to take advantage of other government programs and investments. St. Marys would benefit from a partner versed in working with local governments and especially with experience working with CMHC.

Familiarity with Contribution Agreements:

It would benefit St. Marys to have a partner with technical experience in structuring contribution agreements and program plans, working in a mutually supportive environment.

Proof of Concept and Time Sensitivity:

As noted below in this report, there are indications of government funding that will be available to assist municipalities in advancing plans to activate more housing units. These plans will be time sensitive and require a partnership ready to advance on the necessary applications.

Overall:

The overall intent of the single source approach is to advance initial discussions with a trusted and competent partner able to support and help advance land use plans in partnership with the Town of St. Marys as a proof of concept.

Given the nature of this relationship, the potential costs/value considerations are not yet able to be determined as the role of the strategic partnership would include the exploration of how these sites may be best utilized.

Habitat for Humanity Heartland Ontario:

Habitat for Humanity Heartland Ontario has overseen developments in almost every part of Southwest Ontario, including within the town of St. Marys and with lands previously owned by the Town of St. Marys.

Habitat is the only organization known to meet all the desired factors. Habitat has expressed an interest in working with St. Marys to advance best practices related to municipally held lands being used for the purposes of long-term affordable and attainable housing. Habitat retains a unique model of single and multi-residential developments focused on ownership but also able to provide rental through relationships with other housing service providers.

The partnership approach with Habitat, if approved, will be anchored within a letter of understanding outlining the steps and shared interests of advancing plans related to the priority sites.

Procurement Policy:

This process adheres to St. Marys Procurement By-law No 36 (May 2012) 9.1 (vi) related to Single Source Procurement related to the cost/value efficacy and benefit to the town. Recognizing that the Procurement Policy requires updating, the function of the proposed strategic partnership is best outlined within the intended goals of this approach, noting that land disposition is generally not included within the policy (3.2).

Future updates to the Procurement Policy are already under consideration by Town Staff to better incorporate language related to strategic partnerships for municipal development. The current language supports these actions within the noted justifications and with Council concurrence.

Financial Impact: The financial impact of the proposed recommendation remains subject to further review of the associated lands and plans. The maximum impact would be the potential value of a sale of land and possible consideration for any associated municipal fees related to a future development.

These and other development costs may be offset by other government funds as noted in the next section of this report.

Priority Action 5: Working with New Government Programs – Housing Accelerator Fund

See Cover Report

Opening Doors Ref: Strategic Area 4: Housing Integration Team and Approach
Action Plan Initiative 4.2

Summary: *Opening Doors* anticipated the continued rollout of new government programs and initiatives to help advance affordable and attainable housing.

Most recently, CMHC has announced the Housing Accelerator Fund or HAF. The intention of HAF is to assist single tier municipalities in advancing on their housing plans. The intent of the HAF, specific to smaller local governments under a population of 10,000 people, will provide incentive funding to local governments to remove barriers and support the development of affordable and inclusive communities. Approved applicants can use incentive funding for investments to advance housing plans and units and related infrastructure.

Recommendation: *The Chief Administrative Officer seek Council endorsement to make application to the Canada Mortgage and Housing Corporation (CMHC) including but not limited to the Housing Accelerator Fund (HAF) program on behalf of the Town of St. Marys and report back at their earliest opportunity on any such application.*

Justification: This authority will allow staff to advance an application to the HAF program quickly upon its opening. This will mitigate potential delays, noting that CMHC has indicated the HAF application will only be opened for a limited period over the summer of 2023 on a one-time basis.

All proposed initiatives to be detailed in the HAF application will come from the *Opening Doors, Attainable Housing Action Plan* and shall not commit funds beyond current budget approvals.

Town Staff will meet with CMHC to prepare for the HAF application. This will include a review of measures and metrics associated with local housing needs and plans as outlined in *Opening Doors*. Additional details related to HAF will be provided to Council as they are received.

The St. Marys application will focus on leveraging municipally controlled permissions and real estate as well as working with partners in establishing programs and services that are sustainable within the Town's resources. The proposed priority sites and partnership with Habitat will form part of the HAF application.

Appendix A: Opening Doors Action Plan Update (Feb 2023 to Present)

This update on the *Opening Doors, An Attainable Housing Action Plan for St. Marys* (Feb 16, 2023) provides a high-level overview of actions being taken on all initiatives advanced to Q2, 2023:

Strategic Area 1: Municipal Policies Supporting Attainable Housing			
Initiative	Actions and Next Steps	Timeline	Update
1.1 Municipal Facilities Capital By-law for Housing	Allows incentives and negotiations for units considered as “municipal facilities” based on local needs.	Q2 Complete	Included in this report
1.2 Review of best practices and response to Bill 23	Discussions with other municipalities in Ontario specifically related to tools to advance affordability	Q4 Report	Ongoing and awaiting provincial regulations.
1.3 Surplus Land Policy Update	To be updated for greater range of options and directions related to surplus, strategic, or held lands with development potential.	Q3	Included in this report and subject to future report
1.4 Preventative Policy Review	A review of policies and directions geared to helping retain current affordable units in St. Marys.	Q3	Pending This will be aided by other municipal best practice review.
1.5 Review Procurement Policy	Policy updates to allow for strategic/ innovative initiatives incl. for municipal lands.	Q3	Specific reviews completed and recommendation included in this report. Future changes pending.
Strategic Area 2: Municipal Programs and Incentives Supporting Attainable Housing			
2.1 Review of existing tools and incentives incl. CIP and Ancillary/Additional Units	Assembly and review of all “tools” (permissions and incentives) provided by St. Marys to advance attainable housing	Q4 2023 and 2024	Initiated
2.2 Review and training on all CMHC and SM funding programs and incentives	Engagement of CMHC and SM to promote projects incl. those that take advantage of stacked/layered funding (for deeper affordability, efficiency, or more units)	Q3	Initial meeting with CMHC. Ongoing
2.3 Monetizing Municipal Services and Expedited Practices	Allows municipal services and staff resources dedicated to supporting attainable housing to be monetized as a contribution to projects	Q2	Subject to CMHC applications and specific projects. Approach has been discussed. (Likely in Q3)
Strategic Area 3: Municipal Land Plans Supporting Attainable Housing			
3.1 Surplus Land Use Plans	Identification of all surplus municipally owned lands and potential for alternative use (See 1.1)	End of Q2	Initial recommendations part of this report.
3.2 Sale of Land and Revenue Strategy	Establishing an interest-bearing reserve fund to support potential strategic land acquisition or assembly (See 1,1 and 3.1)	Q3	To be aided by other municipal best practice review.
3.3 Strategic Land Plan	Engagements (and where possible and appropriate acquisitions) related to strategic lands that may have attainable housing potential.	2024 and ongoing	Acquisition Strategy Pending This report includes pilot initiative
3.4 Engaging Developers	Exploring underutilized land use plans (maximizing permissions)	Ongoing	Ongoing with developers (as per Council Direction of Feb 2023)

Strategic Area 4: Housing Integration Team and Backbone Administration			
Initiative	Actions and Next Steps	Timeline	Update
4.1 Improved data and metrics related to attainable housing goals	Discussions with other municipalities in Ontario specifically related to tools to advance affordability.	Ongoing Q4 Report	This work has been ongoing by staff and the consultant.
4.2 Impact analysis and recommended advocacy measures related to new government programs and regulations.	Immediate reporting on new info related to regs for Bill 23 as available. Review of all CMHC affordable housing programs	Underway Ongoing and ASAP	Town Staff have engaged CMHC in Attainable Housing plans. Municipal best practices will change once regulations associated with Bill 23 are publicly available. Underway (This report)
4.3 Working with consultant to establish a semi-annual reporting process aimed at engagement, training and ongoing planning by Staff and Council.	As part of the ongoing work, Council will be updated twice each year on activities related to the attainable housing plan	Q3	Underway (This report)
4.4 Cross functional staff training (Town and ABC and strategic partners)	Establishing a common understanding across Town Staff related to all development plans	Underway and Ongoing	Part of internal meetings and developer meetings as per Council Direction (Feb 2023)
4.5 Communications Plans	Targeted discussions and briefing notes for specific service areas, other ABCs, governments, and networks	Q4 and beyond	Pending
4.6 Overall Plan Management and Leadership	Under the stewardship of the CAO, each policy and initiative will be advanced by a senior director through interdepartmental teams.	Underway	Team approach is in use.
Others subject to ongoing review	At present, the Attainable Housing plan is based on existing municipal allocations and resources. This will continue to be monitored.	Q4 report and future reports	Matters related to resourcing allocations and needs will be part of existing Town processes