

Municipality of Chatham-Kent

Community Human Services

Housing Services

To: Mayor and Members of Council

From: Ray Harper, Director, Housing Services

Date: December 22, 2022

Subject: Affordable Housing Development RFP Pre-Design – 2022 Canada Mortgage and Housing Corporation (CMHC) SEED Funding

Recommendations

It is recommended that:

1. The Director, Housing Services execute all funding agreements on behalf of the Corporation of the Municipality of Chatham-Kent with the Canada Mortgage Housing Corporation (CMHC) for Seed Funding, including:

a. The execution and delivery by the Corporation of a Loan and Contribution Agreement dated September 27, 2022 ("Agreement") to be made between Canada Mortgage and Housing Corporation ("CMHC") and the Corporation providing for funding in the total principal amount of two hundred and ten thousand dollars (\$210,000) Dollars ("Funding Amount") for the Project. Specifically, \$134,500 as a contribution and \$75,500 as an interest free loan.

2. The Director, Housing Services be authorized to issue a Request For Proposal (RFP) for the pre-design development of affordable housing in the Municipality of Chatham-Kent using the Canada Mortgage and Housing Corporation (CMHC) Seed Funding (\$210,000)

Background

At its meeting held on [December 20, 2021](#), Council considered a Report titled, "[Recommendations to Encourage and Develop Affordable Housing in Chatham-Kent](#)". Council approved several recommendations for encouraging and developing affordable housing In Chatham-Kent.

One of the approved recommendations in this report was that:

"Administration prepare a feasibility study for development of affordable housing on Municipality of Chatham-Kent owned lands, including Park Avenue East, Chatham, Westcourt Boulevard and Minnie Street, Wallaceburg, and that a consultant (or

consultants) be retained to provide design options and cost estimates for site servicing, construction, and environmental site remediation (if necessary). This is to be funded from the Housing Services Operations reserve and through non-municipal sources, where available, such as Canada Mortgage and Housing Corporation Seed Funding.”

In implementing Council’s direction, Housing Services staff submitted a Canada Mortgage and Housing Corporation (CMHC) Seed Funding¹ Application on September 22, 2022. This funding would support the completion of pre-construction activities for housing development at the Westcourt Boulevard property in Wallaceburg. CMHC approved the project for \$210,000 of Seed Funding on September 27, 2022.

CMHC Seed Funding is administered through a Contribution and Loan Agreement. The maximum CMHC Seed Funding under the Contribution Agreement is \$134,500 and an additional \$75,500 under a Loan Agreement for a total amount of \$210,000.

This report recommends using the seed funding to acquire preliminary architectural design drawings and a cost analysis for the project, through the issuance of an RFP for professional services.

Housing Services suggests developing a 60-70 unit housing development consisting of a combination of both affordable rent and market rent units. This development is planned to utilize a portion of the property, while the remaining land is planned to be developed as a municipal park.

Affordable developments undertaken in Chatham-Kent that were not communal dwellings have been one bedroom and a few two bedroom (less than 1%) units. Although one bedroom units are still highest demand, there is a growing need to provide new family units due to markedly low turnover rates in Rent Geared to Income (RGI) family units, particularly in Wallaceburg. As home prices continue to rise in Chatham-Kent, families who would have left community housing remain in community housing due to unaffordable market rents and starter home prices. This has increased demand. Households that do not qualify for community housing but cannot afford market units based on the amount of their gross income vs rapidly increasing average market rent are falling through gaps. Providing market units with rents set at CMHC’s average market rent assists this demographic that are currently blocked from advancing on the housing continuum.

As there is demand across all cohorts and limited large scale development opportunities, an intergenerational community development would be ideal for the community of Wallaceburg. This concept has the advantage of allowing older families and baby boomers to age in place as unit size needs change when children leave and adults move into a senior cohort. This also provides a wide range of social and health

¹ <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/seed-funding>

benefits through intergenerational interaction and assistance. This development allows Chatham-Kent to develop a project that will be a benefit for all cohorts on the Centralized Waitlist.

Site information, and location map shown in Figure 1, below:

Civic Address: Westcourt Boulevard,

Property Roll Number: 3650 442 006 03500

Property Identification Number: 00580 0460 and 00580 0459

Acres: 4.38 estimated data from MPAC

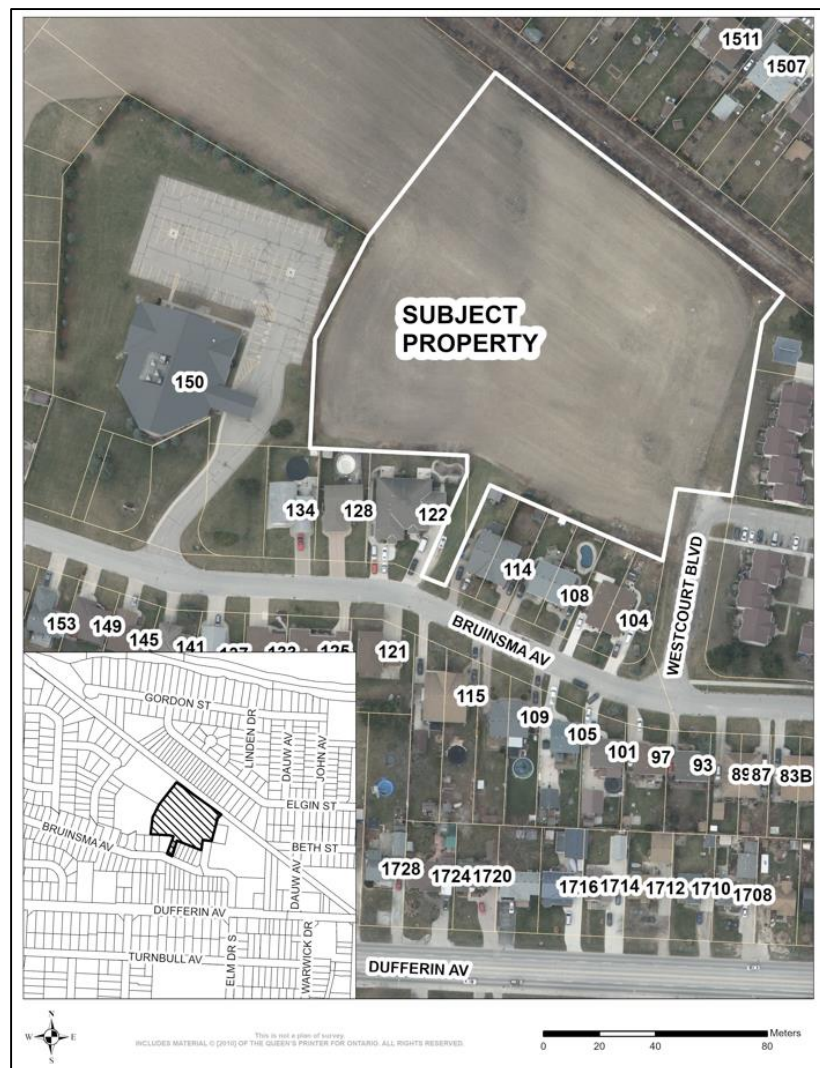


Figure 1 – Location Map – Westcourt Boulevard Property, Wallaceburg

Comments

The Director, Planning Services, and the Director, Parks, Recreation and Cemeteries have been consulted throughout this project in an effort to realize full value and utilization of this property for the community of Wallaceburg. Through this consultation, it was concluded that in addition to a housing development at this property, it is also an ideal location for a new neighbourhood park. This property provides an opportunity to meet multiple community needs, to improve the quality of life for residents of Wallaceburg. A neighbourhood park at this location is capable of including a playground along with other possibilities such as a walking trail, multi-use court, basketball, ball hockey, or volleyball, as ideas.

A Let's Talk CK community engagement page has been developed to inform the residents of Wallaceburg of the potential development options of this land, and to seek feedback on the needs of the community for a neighbourhood park at this location. This feedback will assist in the design of the neighbourhood park that fits the needs of the area.

Chatham-Kent recognizes the importance of early and meaningful engagement with residents, businesses, and stakeholders in Wallaceburg. Starting with the Let's Talk CK community engagement page, the public is encouraged to share their thoughts and ideas regarding the Westcourt Boulevard project. Administration monitors this webpage daily and will consider community feedback into project decision making. As part of the communications plan for this project, further engagements may be planned. Communication about this project will be supported by website updates, social media posts, media releases, or advertising, where appropriate

A Concept Plan for a housing and park development is shown below in Figure 2. This information was provided to the community through the Let's Talk CK community engagement process, and is being used as a basis for further community engagement and refinement of the design alternative.



Figure 2 - Concept Plan, Westcourt Boulevard, Wallaceburg

Affordable housing is a priority focus area in the Municipality of Chatham-Kent's Strategic Plan. It recognizes the shortage of affordable housing in Chatham-Kent and the importance of providing residents with housing options that meet their needs. Rental housing in particular is deficient in Chatham-Kent, especially in Wallaceburg. The rental vacancy rate in Chatham-Kent is 1.2%.

The proposed development Wallaceburg (Westcourt Boulevard) is envisioned as a mixed-income rental housing development, with both market and affordable units near the heart of Wallaceburg. Within walking distance to transit and daily amenities, the site is a supportive location for households of various needs. The development will likely contain up to 70 units and aims to integrate a mix of affordable and market housing, targeting the community's critical deficiencies along the housing continuum.

The proposed development compliments the housing, intensification/infill, and mixed-use development policies of the municipality that are contained in the Official Plan.

Affordable Housing is part of Community Wellness, which is a key Council Priority in the CK Plan 2035 community strategic plan. The recommendations of this report make a significant contribution to advancing the Municipality of Chatham-Kent's affordable housing objective of ensuring that housing is accessible to all residents at any age or stage in life. The priority areas of Growth, Environmental Sustainability and Community Engagement are also supported, as is the Strategic Plan's Vision, Mission and Values.

Net Zero Carbon New Construction of the Affordable Housing Development

The project presents an excellent opportunity for integrating the concept of Net-Zero Carbon into the design and construction of this affordable housing development. At its simplest, net-zero is achieved when a building or facility produces as much energy as is required to operate it on an annual basis through low carbon onsite renewable energy generation. The design process for net-zero buildings places a priority on energy efficiency, which reduces the amount of energy that then needs to be generated onsite.

Well designed net-zero buildings are also less expensive to operate over the long term, since the additional upfront costs required to build net-zero buildings are recovered through the ongoing energy cost savings they are able to generate. An example of this is the [Net-Zero fire hall recently constructed in the community of Port Stanley](#), which is projected to generate over \$2.5 million in net-savings for the municipality over the 60 year lifespan of the building compared to a conventional fire hall design.

Within the context of the Westcourt Boulevard project, pursuing a net-zero building design not only has the potential to generate long term savings for the Municipality, it also has the potential unlock grant funding and capital financing opportunities that would otherwise not be available through a conventional design. For example, the Federation of Canadian Municipalities (FCM) offers two grant and financing programs for municipal net-zero building projects, which are summarized below.

- FCM's [New Construction of Net-Zero Facilities Program](#)
 - o Regular projects: Capital funding for up to 80% of construction costs to a maximum of \$5 million via a low interest loan (85%) and a grant (15%). The maximum grant available under this funding stream is \$750,000.
 - o High Priority projects: Capital funding for up to 80% of construction costs to a maximum of \$10 million via low interest loan (85%) and a grant (15%). The maximum grant available under this funding stream is \$1.5 million.
- FCM's [Sustainable Affordable Housing Program](#)

- Funding to cover planning, studies, and construction of net-zero affordable housing projects for up to 20% of total project costs up to \$10 million via a low interest loan (50%) and a grant (50%). The maximum grant available under this funding stream is \$5 million.

With buildings contributing up to 18% of Canada's greenhouse gas emissions², investing in energy-efficient, net-zero housing aligns with Canada's climate targets while also providing more community members with a safe, affordable, and sustainable place to call home. Through potential grant funding opportunities for projects like this, the Municipality could access external funding to help finance construction, capitalize on the ability to lower emissions, reduce long term operating costs, and build a more sustainable and resilient community.

Using CMHC Seed Funding provides cost efficiencies to the Municipality of Chatham-Kent and allows for early stage pre-development work to commence in a timely manner. Housing Services staff intend to use the \$210,000 in CMHC Seed Contribution to complete the pre-design development process and other ancillary work. This work will commence upon the signing of the CMHC Contribution Agreement in 2023.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- ☐ Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- ☐ A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- ☐ People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- ☐ Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- ☐ Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable

² <https://www.nrcan.gc.ca/energy-efficiency/green-buildings/24572>

☐ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☒ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

Consultation

Corporate Communications; Planning Services; Parks, Recreation and Cemeteries; Municipal Governance; and Financial Services were consulted in the writing of this report.

The General Manager, Community Human Services was consulted to discuss funding options and strategies for the development of this affordable housing project.

The Managers of Housing Assets have reviewed the contents of this report and support the recommendations of this report.

The Manager, Purchasing and Accounts Payable was consulted on the procurement process.

The Acting General Manager, Infrastructure and Engineering Services was consulted on the CMHC SEED funding contribution agreement.

Financial Implications

There are no municipal financial implications resulting from the recommendations.

Approval of the recommendations of this report will allow Housing Services staff to commence early pre-development activities using the \$210,000 CMHC Seed Funding.

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Attachments: none

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