



The Regional Municipality of Durham

Committee of the Whole Agenda

Council Chambers
Regional Headquarters Building
605 Rossland Road East, Whitby

Wednesday, March 9, 2022

9:30 AM

Please note: In an effort to help mitigate the spread of COVID-19, and to generally comply with the directions from the Government of Ontario, it is requested in the strongest terms that Members participate in the meeting electronically. Regional Headquarters is closed to the public, all members of the public may [view the Committee meeting](#) via live streaming, instead of attending the meeting in person. If you wish to register as a delegate regarding an agenda item, you may register in advance of the meeting by noon on the day prior to the meeting by emailing delegations@durham.ca and will be provided with the details to delegate electronically.

1. Roll Call

2. Declarations of Interest

3. Statutory Public Meetings

There are no statutory public meetings

4. Delegations

There are no delegations

5. Presentations

- 5.1 Gary Muller, Director of Planning; and Michael Blake, Senior Planner
re: Regional Incentive Program for Affordable Housing (2022-COW-7)
[Item 7. A)]

6. Correspondence

- A) Correspondence dated March 2, 2022 from Mary Medeiros, City Clerk, City of Oshawa re: Update on Security Surveillance and Guard Services Contract – Dedicated Downtown Patrol Enforcement Resource Option 3 - 20
- B) Correspondence dated February 18, 2022 from the Greater Oshawa Chamber of Commerce and the Downtown Oshawa Business Alliance re: Safety and Security of Downtown Oshawa 21 - 22

Recommendation: Refer Correspondence Items 6. A) and B) to staff for a report

7. Reports

- A) Regional Incentive Program for Affordable Housing (2022-COW-7) 23 - 55
- B) Approval to Award and Additional Capital Financing for Regional Municipality of Durham Contract #T-1149-2021 for the Construction of Clarington Police Complex Phase 2 in the Municipality of Clarington (2022-COW-8) 56 - 63

8. Confidential Matters

There are no confidential matters to be considered.

9. Other Business

10. Adjournment

Notice regarding collection, use and disclosure of personal information:

Written information (either paper or electronic) that you send to Durham Regional Council or Committees, including home address, phone numbers and email addresses, will become part of the public record. This also includes oral submissions at meetings. If you have any questions about the collection of information, please contact the Regional Clerk/Director of Legislative Services.

File: 03-05

REVISED

March 2, 2022

DELIVERED BY E-MAIL
clerks@durham.ca

Regional Municipality of Durham

Re: Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure

At its meeting of February 28, 2022 Oshawa City Council adopted the following recommendation of the Finance Committee:

- “1. That the Manager, Procurement & Accounts Payable be authorized to extend the existing contract for a one year term as outlined in Report FIN-22-22, “Update on Security Surveillance and Guard Services and Capital Project 11-0411 Security Technology Infrastructure”, dated February 22, 2022, to Logixx Security Inc. for the provision of security surveillance and guard services; and,
2. That Council approve Option 1, as outlined in Section 5.4.2 of Report FIN-22-22 “Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure”, dated February 22, 2022 and that the cost of \$857,000 plus H.S.T. be funded from the Remuneration Reserve; and,
3. That the Region of Durham be requested to assist with the cost and enter into a memorandum of understanding with the City of Oshawa for fifty (50) per cent of the cost of the Dedicated Downtown Patrol Enforcement Resource Option as selected by Oshawa City Council for the calendar year 2022, and that the Commissioner, Corporate Services be authorized to enter into the agreement in a form and content to the satisfaction of the Commissioner, Corporate Services and the City Solicitor; and
4. That a copy of this report and Council resolution be provided to the Region of Durham Council, Region of Durham Social Services Department, Region of Durham Health Department, Region of Durham Planning & Economic Development Department, Lakeridge Health and Durham Regional Police Service Board, Chief of Police, Greater Oshawa Chamber of Commerce and the Downtown Oshawa Business Alliance.”

.../2

Oshawa City Council respectfully requests Regional Council's consideration of this matter. Enclosed please find a copy of Report FIN-22-22.

Please advise me of the meeting date when this matter will be considered.

If you need further assistance concerning the above matter, please contact me at the address listed below or by telephone at 905-436-3311.



Mary Medeiros
City Clerk

/jl

Attachment

- c: John Henry, Regional Chair
- Elaine Baxter-Trahair, Chief Administrative Officer
- Region of Durham Social Services Department
- Region of Durham Health Department
- Region of Durham Planning & Economic Development Department
- Lakeridge Health
- Durham Regional Policy Service Board
- Chief of Police
- Greater Oshawa Chamber of Commerce
- Downtown Oshawa Business Alliance

To: Finance Committee

From: Stephanie Sinnott, Commissioner,
Finance Services

Report Number: FIN-22-22

Date of Report: February 22, 2022

Date of Meeting: February 28, 2022

Subject: Update on Security Surveillance and Guard Services Contract
and Capital Project 11-0411 Security Technology Infrastructure

Ward: All Wards

File: 03-05

1.0 Purpose

The purpose of this report is to provide Council with information regarding the Security Surveillance and Guard Services Contract with Logixx Security Inc. and Security Technology Infrastructure.

This report responds to April 26, 2021 Council’s direction regarding Report FIN-21-33:

- Part 2 which states “That the Manager, Purchasing Services or Supervisor, Purchasing and Support Services prepare an information report annually with a recommendation to extend or not the contract for an additional two, one-year terms, subject to favourable service and pricing”; and,
- Part 4 which states “That the annual information report include information on KPIs as well as savings or avoided costs that were achieved through the implementation of the security surveillance and guard services contract.”

In addition, the report provides information on Capital Project 11-0411 Security Technology Infrastructure as requested during the 2022 Capital Budget deliberations.

This report also provides an update on the Council approved Community Safety, Security and Well-Being in Oshawa’s Downtown Area Action Plan ([Report CNCL-21-72](#)) Action Items:

- #28 Increase Municipal Law Enforcement staffing on weekends dedicated to the downtown to provide a consistent presence in the downtown to enforce municipal by-laws including properties with property standards and lot maintenance infractions; and,

- #29 Increase Corporate Security foot patrol to ensure a consistent presence in the downtown.

2.0 Recommendation

That the Finance Committee recommend to City Council:

1. That the Manager, Procurement & Accounts Payable be authorized to extend the existing contract for a one year term as outlined in Report FIN-22-22, "Update on Security Surveillance and Guard Services and Capital Project 11-0411 Security Technology Infrastructure", dated February 22, 2022, to Logixx Security Inc. for the provision of security surveillance and guard services;
2. That the Finance Committee select an option detailed in Section 5.4.2 Proposed Dedicated Downtown Patrol Enforcement Resource Options for 2022, of Report FIN-22-22, "Update on Security Surveillance and Guard Services and Capital Project 11-0411 Security Technology Infrastructure", dated February 22, 2022;
3. That the Region of Durham be requested to assist with the cost and enter into a memorandum of understanding with the City of Oshawa for fifty (50) per cent of the cost of the Dedicated Downtown Patrol Enforcement Resource Option as selected by Oshawa City Council for the calendar year 2022, and that the Commissioner, Corporate Services be authorized to enter into the agreement in a form and content to the satisfaction of the Commissioner, Corporate Services and the City Solicitor; and
4. That a copy of this report and Council resolution be provided to the Region of Durham Council, Region of Durham Social Services Department, Region of Durham Health Department, Region of Durham Planning & Economic Development Department, Lakeridge Health and Durham Regional Police Service Board, Chief of Police, Greater Oshawa Chamber of Commerce and the Downtown Oshawa Business Alliance.

3.0 Executive Summary

Not applicable

4.0 Input From Other Sources

Community Services
Economic Development Services
Facility Management Services
Legal Services
Municipal Law Enforcement and Licensing Services (M.L.E.L.S.)

5.0 Analysis

5.1 Background

The City currently contracts security surveillance and guard services to help protect the City's physical assets, as well as the safety of all Council members, employees and the public in City operations and in public use of City facilities. According to the Occupiers' Liability Act, R.S.O. 1990, c. O.2, and the Occupational Health and Safety Act, R.S.O. 1990, c. O.1, it is the legislative duty and responsibility of the City to:

- provide a safe, healthy working environment for its employees;
- ensure that all persons entering City premises are reasonably safe while on the premises;
- provide for the safety of all Council members, employees and the public in City operations and in public use of City facilities.

Security surveillance and guard services both aid in reducing property damage, minimizing the loss of City assets and personal belongings, and protecting against threats or assaults through video surveillance monitoring and mobile patrols.

Municipal Law Enforcement Officers ("M.L.E.") may require the assistance of Corporate Security when addressing issues in the downtown as they do not have the required training (e.g. use of force) or related equipment and expertise to be able to safely address unlawful and aggressive behavior. Their priority and training is geared toward educating, enforcing and ensuring compliance with municipal by-laws. This approach is consistent with other municipalities such as Belleville, Brantford, Sault Ste. Marie, who have experienced increased safety issues in their downtown areas and have engaged security companies for assistance.

Amidst the COVID-19 pandemic, many municipalities have witnessed an increase in mental health challenges, addictions and housing needs among residents, while local businesses also face additional unprecedented challenges. These challenges include among other matters, the impact on our individual health, the impact on our healthcare system, the closure and lockdown of and restrictions on our businesses and services as well as the closure of our schools. The unsheltered population has been impacted as well due to the number of services they rely on have been either closed or restricted.

Many community stakeholders are working together to address the complex issues for those who are unsheltered, many of whom have mental health and addiction challenges. Community stakeholders are trying to address issues that members of the public, including seniors, families and businesses, are experiencing as a result of unlawful behavior by others (e.g. vandalism, open illegal drug use in public, loitering) and increased aggression as well as the economic development impact. These issues being experienced in Oshawa are prevalent across Canada; however, the impact of these challenges is especially visible in downtown Oshawa due to the concentration of social service agencies that provide duplication of services and do not have a coordinated and effective approach to end homelessness.

In Q2 and Q3 2021, Municipal Law Enforcement and Corporate Security increased patrols using existing resources, in the downtown area defined as Adelaide Avenue on the north, Ritson Road on the east, Park Road on the west and Gibb Street or Olive Avenue on the south. Unfortunately, a reduction of unlawful activities incidents did not occur. Instead, there were increased complaints and safety concerns received from downtown businesses and residents regarding vandalism, illegal drug use, loitering, and aggressive behavior and the negative impact it was having on their quality of life and economic development advancements.

As result of ongoing concerns from Oshawa downtown property owners and residents, at its September 27, 2021 meeting, Council approved [Report CNCL-21-72](#) Proposed Community Safety, Security and Well-Being in Oshawa's Downtown Area Action Plan, which included a number of action items, such as:

- #28 Increase Municipal Law Enforcement staffing on weekends dedicated to the downtown to provide a consistent presence in the downtown to enforce municipal by-laws including properties with property standards and lot maintenance infractions; and,
- #29 Increase Corporate Security foot patrol to ensure a consistent presence in the downtown.

On November 29, 2021, additional Corporate Security (three guards per shift) and Municipal Law Enforcement (one Officer per shift) ("Downtown Patrols") were assigned to provide 24/7 enforcement dedicated to the downtown area.

In 2021, the costs incurred for the dedicated Downtown Patrols was \$101,700, which was funded by the 2021 Our Program account and the 2021 Council approved M.L.E.L.S. Operating Budget.

In 2022, the costs incurred to date for the dedicated Downtown Patrols are approximately \$193,400, of which \$100,000 can be funded by the 2022 Our Program account, \$52,000 can be funded by the 2022 Council approved M.L.E. Operating Budget and \$41,400 can be funded by the Remuneration Reserve. While M.L.E. had the capacity to manage this dedicated patrol through an increase in part-time hours and overtime, the upcoming spring and summer seasons and increased demand on resources requires a different approach. For the dedicated Downtown Patrols to continue in 2022, staff require direction from Council on the desired approach to enforcement.

Staff have outlined four options in Section 5.4 for consideration that provide various levels of Municipal Law Enforcement and Corporate Security enforcement staffing. Based on the results from the last three months and feedback received from downtown businesses and residents, staff recommend Option 1 as it has been the most effective in addressing unlawful behavior, connecting unsheltered individuals with necessary services as well as supporting downtown businesses and residents.

The perception of safety, security and well-being in the downtown area impacts the overall reputation of the City of Oshawa. The ability to foster economic investment and job growth, community vibrancy and effective place making are predicated on reputation. The City of

Oshawa's capability to take an active role in extending downtown community supports will yield positive impacts throughout the entire city and support the reputation of the city as a safe, balanced and vibrant place where people and businesses alike want to invest, live, work, learn and visit.

5.2 R.F.P. C2021-031 Security Surveillance and Guard Services

In 2021, the City issued R.F.P. C2021-031 to known companies providing security surveillance and guard services. Logixx Security Inc. best satisfied the City's requirements and was the highest ranked and recommended proponent.

On April 26, 2021, Council approved awarding of the security surveillance and guard services contract to Logixx Security Inc. as detailed in [Report FIN-21-33](#), Request for Proposal C2021-031 Security Surveillance and Guard Services.

On June 1, 2021, Logixx Security Inc.'s contract began. The scope of services includes:

- CCTV Surveillance and Dispatch
- Crime and Disorder Incident Response
- Access Control
- Respond to Parking Garage Elevators and Gates
- After Hours Call Response and Dispatch
- Visible Deterrent
- Mobile Patrols of City Facilities, including special event services and other emergency or contingency response services as required
- Fire and Security Alarm Response Services
- Public Education and Enforcement of the City's Trespass By-Law
- Incident Reporting and Data Maintenance
- Strategic Collaboration with internal and external partners

In addition, all guards must comply with all applicable laws and regulations including criminal record and vulnerable sector check, trained and licensed as per the Private Security and Investigative Services Act, 2005, S.O. 2005 c.34.

On November 29, 2021, three additional Corporate Security guards (per shift) were added to the Corporate Security team to dedicate their time in the downtown. The additional resources are in accordance with the R.F.P. and the Purchasing By-law.

5.2.1 Key Performance Indicators

In response to Council Direction 4 from FIN-21-33 requesting that the annual information report include information on KPIs, **Table 1** provides Key Contract Performance Indicators from Logixx Security for June 1 until December 31, 2021.

Table 1: Key Contract Performance Indicators

Requirement	Result
<p>Staffing One (1) Level 3** Trained Mobile Guard on every shift* Two (2) Level 2*** Trained Mobile Guards on every shift* Two (2) Level 2 Trained Dispatch Guards on every shift* All Level 3 Mobile Guards equipped with Body Worn Cameras (BWC)*</p>	<p>Complete All shifts are properly staffed with qualified individuals</p>
<p>Guard Response Time Consistently maintain a response time to any call in under 10 minutes</p>	<p>Complete Average response time is between 6 and 10 minutes</p>
<p>Training Diversity and Inclusion Training Non-violent Crisis Intervention Training* Mental Health First-aid Training* Narcan or Naloxone Training* Self-defense Training* Use of Force Baton and Handcuff Training* Level 2 IAED or 911 dispatch Training*</p>	<p>Complete</p>
<p>Processes and Procedures* City approved procedures implemented and maintained* Radio-Frequency Identification (RFID) patrol points installed at all regular patrol locations*</p>	<p>Complete</p>
<p>Vehicle Requirements Equipped with GPS, dash cam*, spot and roof lights*</p>	<p>Complete</p>
<p>Customer Satisfaction* Complaints received by members of Council, employees, member and the public are reviewed and resolved</p>	<p>Complete</p>

* New City contract requirement

** Level 3 guard has body-worn camera, hands-on tactical enforcement training, and Level 2 guard training

*** Level 2 guard has non-violent crisis intervention training, mental health first aid training, first responder level first aid/AED training, Narcan or Naloxone Administration training

The following summarizes results of new tracking procedures and processes for 2021. It is intended that these results will be added and used as a baseline for future tracking and reporting purposes, in addition to the contract KPI's outlined in **Table 1** above.

- Weekly status meeting between City Staff, Logixx Security Site Supervisor and Management Staff.
- Monthly status meeting between City Staff and Logixx Security Vice President.
- Completion of Security Assessment of Oshawa Executive Airport, where several risks have been identified and mitigation of those risks are scheduled to take place in 2022 - 2023.
- Crime Prevention Through Environmental Design ("C.P.T.E.D."). Several City facilities are scheduled for assessment by Logixx Security in 2022.
- Over 9,200 regular mobile patrols have been conducted throughout City facilities since June 2021.
- Incidents tend to peak during Wednesdays to Saturdays and are lower from Sunday to Tuesday.
- Incidents peak during the evening time of 6 p.m.
- Average incident duration spent by Corporate Security is 56 minutes per incident.
- 8 arrests have been made under the Trespass to Property Act, R.S.O. 1990, c T.21, where individuals were involved in prohibited conduct and refused to leave or stop the activity.
- Daily collaboration with Municipal Law Enforcement (M.L.E.) and Durham Regional Police Service (D.R.P.S.).
- Approximately 140 in-person visits with downtown business owners.

5.2.2 Security Incidents at City Facilities

The incidents that security guard services respond to are diverse and range in severity. Security guard services regularly respond to critical incidents including, but not limited to, suicides and suicide attempts; assaults and threat of assault against members of Council, public, staff and security guards; persons impaired by drugs and/or alcohol; and persons suffering from mental illness-related crisis.

Table 2 below is a breakdown of June – December 2021 Security Incidents by Type at all City Facilities as reported by Logixx Security. A year-over-year incident type comparison has not been included as the incident type has been modified from previous reports based on feedback by members of Council to more clearly identify the type of incidents.

Table 2: Security Incidents by Type at all City Facilities (June – December 2021)

Incident	Total
Trespass to Property: Escort from the Property, Loitering, Removed	2,409
Medical, Intoxication, Drugs	656
Garbage/Litter/Debris-broken pieces and old objects that are not wanted	391
Cause Disturbance/Noise	350
Trespass known repeat offense	226
Mischief/Graffiti/Vandalism	180
Insecure Gate/Door/Vehicle	111
Facility Alarms	88
Indecent Exposure	43
Naloxone Administration	34
Vehicles in question/Abandoned	29
Theft	22
Injury (security employee/public)	12
Arrests	4
Total Number of Security Incidents	4,555

Table 3 outlines the number of security incidents at City facility locations from June 1 until December 31, 2021 reported by Logixx Security. The vast majority of incidents occurred within the downtown core, particularly in the vicinity of City Hall and the surrounding area.

Table 3: Number of Security Incidents at City Facilities (June – December 2021)

Name of Facility	Number of Security Incidents
Centre Street Parking Garage	673
Mobile Patrol/ Dispatch	628
McLaughlin Band Shell	554
Mary Street Parking Garage	488
City Hall	308
McMillian Parking Garage	268
Oshawa Public Libraries – McLaughlin Branch	255
Robert McLaughlin Art Galley	174
Midtown Mall	113
Lakeview Park	108
John Street Bridge	107
Tribute Communities Centre	77

Name of Facility	Number of Security Incidents
Brick Valley Park	76
Rotary Pool	60
Oshawa Senior Community Centre – John Street Branch	53
Civic Recreation Complex	48
Arts Resource Centre	43
Children’s Arena	39
Consolidated Operations Depot	37
Oshawa Executive Airport	36
Northview Community Centre	35
Donevan Recreation Complex	33
Alexandra Park	31
South Oshawa Community Centre	30
Delpark Homes Centre	29
North Oshawa Skateboard Park	25
Sunnyside Park	23
Fire Hall #1	21
Fire Hall #3	21
Animal Services	21
Fire Hall #5	20
Fire Hall #6	20
Howden Depot	20
Chopin Park	14
Adelaide Open Space	12
Lakefront West Park	11
Oshawa Senior Community Centre – Conant Branch	11
Harman Park Arena	9
Fire Hall #2	8
Oshawa Community Museum	7
Kinsmen Stadium	6
Oshawa Public Libraries – Northview Branch	2
Fire Hall #4	1

Table 4 is a breakdown of reported security incidents by Corporate Security services annually from 2016 to 2021.

Table 4: Security Incidents at all City Facilities by Year

2016	2017	2018	2019	2020	2021
1,166	1,422	3,003	4,524	6,035	7,069

5.2.3 Savings or Avoided Costs

Council Direction 4 from Report FIN-21-33 requested that the annual information report include information on savings or avoided costs that were achieved through the implementation of the security surveillance and guard services contract. In 2021, there

were no reported savings or avoided costs through the implementation of the security surveillance and guard services contract due to the cost of the additional dedicated downtown Corporate Security Guards (three per shift), with one additional vehicle providing 24/7 patrols in the downtown.

In 2022, Logixx Security has proposed the implementation of a bike patrol initiative during spring/summer for two Corporate Security guards, which could potentially have a cost saving of up to \$14,600 due to vehicle usage cost reduction.

5.2.4 Renewal

Based on the KPIs noted in Section 5.2.1, the Security Incidents in Section 5.2.2 and the results of the dedicated Downtown Patrol Resources in Section 5.4, staff recommend renewing and extending the contract with Logixx Security Inc. for an additional one-year term.

5.2.4.1 Advantages of Renewing

The advantages to renewing the security surveillance and guard services contract with Logixx Security Inc. are:

- Logixx Security is providing favourable services, is responsive to the City's requests, and is meeting the requirements of the contract
- Creating long-term contracts are a standard practice and fosters confidence
- Creates a stable environment for the security company's staff
- Logixx Security understands the City's environment, is familiar with the City's facilities and any issues each may encounter
- Logixx Security is knowledgeable about the City's technology infrastructure

5.2.4.2 Disadvantages of Terminating

The disadvantages of terminating the security surveillance and guard services contract after year one are:

- Staff will need to issue another R.F.P. including a time-consuming bid process
- There is a learning curve for the successful bidder and their staff
- Cost of change i.e. potential change in supplier means employees have to re-train to their new company standards and practices; switching supplier takes four weeks to implement, as there is a lot of transferring of information
- Potential lack of competition due to short-term contract and perceived uncertainty
- Potential increased costs
- Unsettling work environment for the employees; employees transfer from one employer to another in a short period of time

5.3 Security Technology Infrastructure

Council approved 2022 Capital Project 11-0411 Security Technology Infrastructure in the amount of \$250,000, which relates to the installation and maintenance of hardware and software required to support security cameras, monitors and access control devices (e.g. key scan) at various City facilities. Security technology is installed in response to C.P.T.E.D., site specific assessments and in consultation with D.R.P.S. to ensure adequate security at City facilities, monitor access to buildings and monitor activity on properties. In addition to technology requirements, Capital Project 11-0411 will also provide physical security upgrades at all City Facilities, prioritized based on C.P.T.E.D. assessment recommendations.

In 2022, security infrastructure priorities include locations such as:

- City Hall security office upgrades
- Donevan Recreation Complex skateboard park
- Oshawa Valley Botanical Gardens
- Northview Community Centre
- Oshawa Executive Airport
- Downtown Parking Garages

In collaboration with D.R.P.S., the City is able to remit invoices to D.R.P.S. for security technology equipment up to a total of \$80,000 inclusive only of the non-rebateable H.S.T. (1.76%), of which 50 per cent will be reimbursed to the City by D.R.P.S. through funding received from the Ontario CCTV (Closed Circuit Television) Grant.

5.4 Downtown Patrol Resources

On November 29, 2021, additional Corporate Security (three guards per shift) and Municipal Law Enforcement (an Officer per shift) (“Downtown Patrol”) were assigned to the downtown area to provide 24/7 dedicated coverage as a result of increasing complaints and concerns received from downtown businesses and residents regarding vandalism, illegal drug use, loitering, aggressive behaviour, etc. as well as to provide a resource to individuals needing assistance.

Corporate Security and Municipal Law Enforcement staff provide wellness checks for those who are unsheltered, assist in connecting unsheltered individuals with services, enforce municipal by-laws, address unlawful behaviour and contact D.R.P.S. when appropriate.

In addition, Municipal Law Enforcement arranged for outreach workers from social service agencies (Back Door Mission, CAREA and Cornerstone) to be paired with the dedicated Downtown Patrol Municipal Law Enforcement Officers for one hour each morning, effective February 14, 2022, to assist in connecting unsheltered individuals with appropriate supports and services. The various agencies are considering expanding this collaboration in the coming weeks and months. **Table 5** provides a summary of the dedicated Downtown Patrol Enforcement Resources including timing, costs incurred to date and funding source.

Table 5: Downtown Patrol Enforcement Resources Summary

	Resources	Timing and Cost
Municipal Law Enforcement	1 Officer (per shift) patrols the downtown area Monday to Sunday, 24 hours a day with Corporate Security	December 2021: approximate cost \$31,000, funded by the 2021 M.L.E.L.S. Council approved Operating Budget January – February 2022: approximate cost \$52,000, funded by the 2022 M.L.E.L.S. Council approved Operating Budget
Corporate Security	1 Level 3 Guard (per shift), paired with a M.L.E. Officer, Monday to Sunday, 24 hours a day 2 Level 3 Guards with a vehicle (per shift), Monday to Sunday, 24 hours a day	December 2021: approximate cost \$70,700, funded by the 2021 Our Program account January – February 2022: approximate cost \$41,400, funded by the Remuneration Reserve January – February 2022: approximate cost \$100,000, funded by the 2022 Our Program account

5.4.1 Downtown Incidents

The dedicated Downtown Patrol initiative providing increased patrols in the downtown over the last three months have resolved approximately 2,080 incidents or 100 on a weekly basis that range in severity. **Table 6** provides information on downtown incidents from November 29, 2021 to February 18, 2022 reported by Logixx Security.

Table 6: Downtown Incidents (November 29, 2021 – February 18, 2022)

Incident	Total
Trespass to Property: Escort from the Property, Loitering, Removed	1,525
Garbage/Litter/Debris-broken pieces and old objects that are not wanted	243
Medical, Intoxication, Drugs	220
Mischief/Graffiti/Vandalism	61
Fire	27
Arrest	4
Total Number of Downtown Incidents	2,080

- There have been a total number of incidents: 2,080, including 74 calls to D.R.P.S. for assistance
- 220 incidents out of 2,080 could be categorized as criminal in nature, but were addressed by Corporate Security and M.L.E. and avoided calling D.R.P.S. –

specifically intoxication (public consumption of alcohol), or what appeared to be drugs

5.4.2 Proposed Dedicated Downtown Patrol Enforcement Options for 2022

Based on positive feedback received by downtown businesses, residents and social service agencies, it is recommended that Municipal Law Enforcement and Corporate Security resources be allocated to continue to provide the dedicated Downtown Patrol initiative. Due to other seasonal priorities, if a dedicated downtown Municipal Law Enforcement Officer per shift continued from March – December 2022, the hiring of two temporary Municipal Law Enforcement Officers, in addition to an increase in contracted security guard services, would be required.

Table 7 provides four different enforcement resource options for consideration for a dedicated Downtown Patrol from March to December 2022. Should Council select a dedicated Downtown Patrol Option below, staff will continue to monitor the environment in the downtown and reduce the dedicated resources and patrols if deemed appropriate (e.g. reduction of incidents).

Table 7: Dedicated Downtown Patrol Enforcement Resource Options (March – December 2022)

	Staffing Resources	Cost and Funding
Option 1	24/7 Patrol – Current Complement Municipal Law Enforcement Officer paired with Corporate Security (1 Officer and 1 Guard per shift) Corporate Security Guards (2 Guards per shift), including a vehicle	\$857,000, which can be funded from the Remuneration Reserve
Option 2	24/7 Patrol Municipal Law Enforcement Officer paired with Corporate Security (1 Officer and 1 Guard per shift)	\$376,000, which can be funded from the Remuneration Reserve
Option 3	24/7 Patrol Corporate Security team (2 Guards per shift), including a vehicle	\$481,000, which can be funded from the Remuneration Reserve
Option 4	24 hours/ Four Days per Week Corporate Security Guards (3 Guards per shift), including a vehicle	\$404,000, which can be funded from the Remuneration Reserve

5.4.3 Recommendation

Members of the Mayor's Task Force on Community Safety, Security and Well-Being, Greater Oshawa Chamber of Commerce, the Downtown Oshawa Business Alliance, downtown businesses, residents and community social service agencies have provided feedback that the dedicated Downtown Patrol initiative has garnered positive results and support the continuation of the initiative. In addition, based on the results of the three-month dedicated Downtown Patrol, staff recommend Council select **Option 1** for the following reasons:

- Continuation of COVID-19 Pandemic challenges;
- Concentration of social service agencies in downtown Oshawa and associated challenges;
- Positive feedback received from downtown businesses, residents and social service agencies;
- Unsheltered individuals are being connected with appropriate support services;
- Unlawful incidents and nuisance behaviours are being addressed in a timely manner and safety concerns are being addressed;
- The patrol goes hand-in-hand with Economic Development advancements that are being made to support enhanced business retention and attraction of new businesses and investments;
- Proactive and continued security engagement aids in establishing a safe environment to support a return of cultural activity to downtown spaces to foster community connections and supports to the small business community with increased pedestrian traffic resulting from the scheduled events;
- Businesses have received guidance on C.P.T.E.D. recommendations and security information.

If Committee were to choose **Option 1**, the following motion should be passed:

That Council approve Option 1, as outlined in Section 5.4.2 of Report FIN-22-22 "Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure", dated February 22, 2022 and that the cost of \$857,000 plus H.S.T. be funded from the Remuneration Reserve.

If Committee were to choose **Option 2**, the following motion should be passed:

That Council approve Option 2, as outlined in Section 5.4.2 of Report FIN-22-22 "Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure", dated February 22, 2022 and that the cost of \$376,000 plus H.S.T. be funded from the Remuneration Reserve.

If Committee were to choose **Option 3**, the following motion should be passed:

That Council approve Option 3, as outlined in Section 5.4.2 of Report FIN-22-22 “Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure”, dated February 22, 2022 and that the cost of \$481,000 plus H.S.T. be funded from the Remuneration Reserve.

If Committee were to choose **Option 4**, the following motion should be passed:

That Council approve Option 4, as outlined in Section 5.4.2 of Report FIN-22-22 “Update on Security Surveillance and Guard Services Contract and Capital Project 11-0411 Security Technology Infrastructure”, dated February 22, 2022 and that the cost of \$404,000 plus H.S.T. be funded from the Remuneration Reserve.

6.0 Financial Implications

The estimated annual costs for security surveillance and guard services approved in the Council approved 2022 Operating Budget is \$180,000 for the Municipal Parking System and \$1,138,106 plus H.S.T. for all other corporate services (which is an increase of \$333,406 from 2021 and reflects the contract increase).

In 2022, the costs incurred to date for the dedicated Downtown Patrols are approximately \$193,400, of which \$100,000 can be funded by the 2022 Our Program account, \$52,000 can be funded by the 2022 Council approved M.L.E. Operating Budget and \$41,400 can be funded by the Remuneration Reserve.

The financial implications for the additional Municipal Law Enforcement and Corporate Security Guard resources dedicated to the Downtown Patrol from March - December 2022 are as follows:

Should Option 1 be selected, the cost of one Municipal Law Enforcement Officer and three Corporate Security Guards per shift, 24/7, including a vehicle would be \$857,000 plus H.S.T., which can be funded from the Remuneration Reserve.

Should Option 2 be selected, the cost of one Municipal Law Enforcement Officer and one Corporate Security Guard per shift, 24/7 would be \$376,000 plus H.S.T., which can be funded from the Remuneration Reserve.

Should Option 3 be selected, the cost of two Corporate Security guards per shift, 24/7 and one vehicle would be \$481,000 plus H.S.T., which can be funded from the Remuneration Reserve.

Should Option 4 be selected, the cost of three Corporate Security guards per shift, 24 hours 4 days a week, and one vehicle, would be \$404,000 plus H.S.T., which can be funded from the Remuneration Reserve.

Due to a process change in the administration of payments to the City’s benefit provider in late 2021 and the return of surplus funds resulted in an uncommitted balance in the Remuneration Reserve of approximately \$1.075 million. It would be appropriate to use the

uncommitted funds for this initiative as they would be funding contracted and staff resources.

It is important to note that the use of the Remuneration Reserve for these services in 2022 is a one-time funding source, should a need continue in 2023 there will be implications for the 2023 Operating Budget.

7.0 Relationship to the Oshawa Strategic Plan

The recommendations in this report respond to the Oshawa Strategic Plan Goals and Themes: Accountable Leadership: Our Corporate Culture Demands Excellence and Respect and Social Equity: An Active, Healthy and Safe Community.



Paul Ralph
Chief Administrative Officer



Stephanie Sinnott, Commissioner
Finance Services



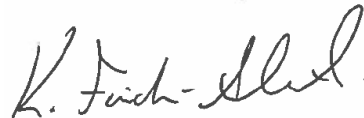
Tracy Adams, Commissioner
Corporate Services



Ron Diskey, Commissioner
Community Services



Warren Munro, Commissioner
Development Services



Kevin Finch-Alexander
Director, Facilities Management Services



Brenda Jeffs
Director, Municipal Law Enforcement and
Licensing Services



Hailey Wright,
Director, Economic Development Services



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Greater Oshawa Chamber of Commerce
www.oshawachamber.com

February 18, 2022

VIA EMAIL

mayor@oshawa.ca

His Worship Mayor Dan Carter, City Hall

2nd Floor, West Wing, City Hall

50 Centre Street South

Oshawa, ON L1H 3Z7

Dear Mayor Carter,

RE: Safety and Security of Downtown Oshawa

The Greater Oshawa Chamber of Commerce and the Downtown Oshawa Business Alliance (DOBA) would like to extend our thanks to the City of Oshawa for providing us with the Downtown Cleanup Program and resultant increased security and bylaw enforcement in our community. As you are aware, between the Chamber and DOBA, we represent the voices of over 680 local businesses, over 120 of which identify as being located in Oshawa's downtown area. Most of these downtown businesses have noted a significant improvement as a result of the enhanced security initiatives the City has provided to date, and we thank you for your timely implementation of this successful pilot project.

We're submitting this letter as business owners, but each of us are citizens first and view the downtown through an integrated lens. We believe there's a need to continue investment in supporting our entire downtown community, which includes creating a safe and welcoming environment for our vulnerable populations, our residents, our businesses, and people who shop, dine, and conduct business downtown.

To best accelerate post-COVID economic recovery and positive momentum downtown, we are advocating for continuation of efforts to create a safe and welcoming environment in our community.

DOBA's 2022 membership survey provided us with key insights into what businesses and property owners would like to see downtown:

- Expansion of security measures, including enhanced lighting, CCTC and cameras across the downtown area
- Continued assistance with our unsheltered population, with emphasis on supports and services to facilitate housing, addictions treatment, and mental health supports
- Continued support from MLE and Corporate Security to ensure that bylaws are being respected and enforced, and to de-escalate situations as required
- Increased police presence, with more foot patrols and greater accountability for DRPS to ensure charges and fines are administered to those who break the law

With COVID-19 restrictions being lifted and warmer weather coming, we anticipate downtown Oshawa will see an increase in pedestrian and other activity. It is critical that we establish standards for a safe and friendly downtown, and protect economically diverse citizens who may be spending time in the area.

After consultation amongst group members, and analysis of our survey feedback, we would like to suggest that the extended security efforts be positioned as an ambassador-type program, administered through Corporate Security. We feel that Corporate Security personnel have the necessary skills to be proactive in providing support to the unsheltered, to help people with wayfinding/directions to shelters and resources, to ensure that bylaws are being respected and enforced, and to de-escalate situations if/when required. An Ambassador Program through Corporate Security also allows for quick access to bylaw and DRPS as required. Visually, they provide businesses and residents with an increased sense of safety and security. As Corporate Security is already working with a social service outreach worker (9-10am 3X/wk), it is clear that this extra support is coming from a place of compassion and solution-seeking, not from fear or an anti-homelessness bias.

Both of our groups are open to further discussion of this matter at your convenience and are happy to engage with necessary City staff to support the evolution and implementation of this program.

Sincerely,

A handwritten signature in black ink, appearing to be 'JK' with a stylized flourish extending downwards.

Domenic Albis
Chair, DOBA

Jason King
CEO, Greater Oshawa Chamber of Commerce

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 2564.



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioners of Planning and Economic Development, Finance, Social Services and Works
Report: #2022-COW-7
Date: March 9, 2022

Subject:

Regional Incentive Program for Affordable Housing, File: D19-11

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That in order to support the Region's commitment under At Home in Durham, the Durham Housing Plan 2014-2024 and the Region's Master Housing Strategy to initiate the development of 1,000 new affordable rental housing units by 2024, a new "At Home Incentive Program" be approved and implemented to provide Regional financial assistance to increase the supply of purpose-built affordable rental housing in Durham Region, with the following key elements:
- i) Eligible projects will be selected through an open and transparent process, with special focus on the highest needs for affordable rental housing within the Region at the time of the selection process;
 - ii) An interdepartmental staff committee will review applications and recommend eligible projects to be approved by Regional Council on a project-by-project basis;
 - iii) Complete applications must include the submission of a business model that is feasible and sustainable;
 - iv) Eligible projects may be initiated by both non-profit and for-profit organizations;

- v) Eligible affordable housing rental projects under the Program will provide a minimum of 5 affordable housing units and will include:
- New construction;
 - Conversion of non-residential buildings to purpose-built rental housing;
 - Addition of new affordable buildings/units to existing sites/buildings;
 - Community housing redevelopment that increases the supply of affordable housing units;
- vi) Eligible projects must provide a minimum of 5 per cent affordable units of total units in the building, with funding tied to the number of affordable units to be constructed;
- vii) Affordable units must be no more than the 100 per cent of Canada Mortgage and Housing Corporation (CMHC) average market rent for a minimum 25-year period of affordability with a preference for higher proportion of affordable units and a longer affordability period;
- viii) Applicants for eligible affordable units must meet the income eligibility requirements for the Durham Access to Social Housing (DASH) wait list, or successor wait list in Durham, at the time they are selected for the affordable unit; and
- ix) Selected housing providers will enter into an agreement to maintain affordable rents for the specified affordability period and continue to use the eligibility requirements for tenants;
- B) That staff develop program guidelines for the At Home Incentive Program to inform complete eligibility requirements, the application process and a communications plan to ensure maximum uptake of the program in order to promote the At Home Incentive Program;
- C) That the draft Municipal Housing Facilities By-law (MHFB), enabling the use of capital grants for eligible purpose-built affordable rental housing projects, be endorsed and forwarded to Regional Council for adoption as provided within Attachment #2 to this report and that the previous by-law be repealed;
- D) That an “At Home Incentive Program Reserve Fund” (AHIPRF) be established through an approved by-law to provide one-time funding to new purpose-built affordable rental housing projects approved under the At Home Incentive Program, and include the following sources of funding:

- i) an initial level of \$5 million of seed funding to be transferred from the Regional Revitalization Program upon start-up;
 - ii) base funding of \$500,000, which has been included in the 2022 Business Plans and Budget and subject to Regional Council approval at the time of writing this report; and
 - iii) annual contributions to the AHIPRF, subject to the annual Business Plans and Budget process;
- E) Funding under the At Home Incentive Program may be stacked with funding from the Regional Revitalization Program, the Housing Services Development Charges Reserve Fund, and other available grant funding; and
- F) The Regional Solicitor be directed to prepare the necessary by-laws.
-

Report:**1. Purpose**

- 1.1 The purpose of this report is to describe and recommend a framework for a new “At Home Incentive Program” to actively encourage the creation of new purpose-built affordable rental housing projects in Durham. The Program would to be implemented under a revised Regional Municipal Housing Facilities By-law (MHFB).

2. Background

- 2.1 Durham has a variety of housing options available, but affordability is a barrier. Both housing prices and rents have increased significantly and there continues to be a shortfall in the delivery of purpose-built affordable rental housing. Increasing the supply of affordable rental housing helps address the needs of low-income households, including households on the Durham Access to Social Housing (DASH) wait list.
- 2.2 At Home in Durham, the Durham Housing Plan 2014-2024 is the Region’s long-term vision for housing which commits to a strong housing sector that offers affordable, accessible and suitable housing choices for everyone at all life stages. Ensuring that safe, adequate and affordable rental housing is available to households in Durham Region is vital. Providing for housing affordability is an essential component of a healthy and complete community.

- 2.3 The Region's Master Housing Strategy emphasizes a holistic and systems-level approach to the planning of community, supportive and transitional housing, as well as homelessness supports and prevention.
- 2.4 At Home in Durham and the Master Housing Strategy commit to initiating the development of 1,000 new affordable rental housing units by 2024.
- 2.5 On April 24, 2019 Regional Council directed staff to review current policies and research additional potential relief mechanisms to promote the development of affordable rental housing in Durham Region – including defining the criteria for projects to be eligible for potential relief mechanisms – and to report back to Regional Council with the results of that review and any recommended policy amendments or additions required to implement those mechanisms.
- 2.6 In December 2019, Regional Council authorized staff to initiate a comprehensive review for the design of a proposed Community Improvement Plan for Durham Region. In support of this request, the Region retained the services of N. Barry Lyon Consultants Ltd. (NBLC) to identify and examine various incentive programs that could be offered, as well as eligibility criteria for the evaluation of candidate projects.
- 2.7 Supported by a review of best practices and proforma analysis completed by NBLC, the Planning Division together with the Finance Department, the Social Services Department, the Works Department and the Office of the CAO have developed a framework for a proposed incentive program.

3. Affordable Housing Incentive Analysis

- 3.1 NBLC completed a proforma analysis (see Attachment #1) to estimate the funding necessary for a typical non-profit and a for-profit developer to deliver an affordable housing¹ building in Durham under different financing scenarios. These scenarios adjusted the depth and length of affordability, the proportion of the project that would be affordable, and financing conditions. The analysis factored in assumptions regarding land acquisition costs, capital costs, operating income and expenses of a

¹ Affordable housing is defined in the Regional Official Plan for both ownership and rental housing. Affordable rent is the least expensive of either 30% of gross annual household income or rent that is at or below the average market rent.

The average market rent (AMR) in 2020 for apartments in Durham was \$1,312 as reported in the CMHC Rental Market Survey. Affordable rental housing must be affordable for low and moderate income households, which is defined as renters with income at or below the 60th percentile of income of all rental households in Durham.

candidate project, as well as financing and other costs to inform the level of funding that would be required for a housing operator to offer affordable rents.

- 3.2 NBLC also prepared an analysis based on the source of capital funding, under the Canada Mortgage and Housing Corporation (CMHC) National Housing Co-Investment Fund², and under a conventional mortgage.
- 3.3 The results of the analysis revealed that a non-profit housing provider would require funding between \$145,510 and \$235,703 per unit for a typical 50-unit rental apartment building, in which all of the units would be affordable.
- 3.4 While the non-profit analysis assumed that the units would be maintained as affordable for a period of 50+ years, the for-profit analysis assumed a 25-year affordability period. The results indicate that a small number of affordable units (about 5 per cent of total units) could be created with funding between \$98,175 and \$137,849 per unit.
- 3.5 A range of financial incentives were explored including:
 - a) Capital grants;
 - b) Tax increment equivalent grants (TIEGs);
 - c) Deferred payment of development charges (DCs);
 - d) Reduced or exempt DCs or grants equivalent; and
 - e) Reduced or exempt development application fees.
- 3.6 The Development Charges Act requires municipalities to defer DCs for rental housing development³. Further DC relief for affordable housing projects will be considered through the Region's next DC Background Study to be presented for public consultation in early 2023.
- 3.7 NBLC also noted that a combination of strategies including capital contributions, ongoing operating subsidies, providing land, rezoning properties, and reducing or eliminating parking requirements can work well together as effective incentives for creating affordable housing.

² The National Housing Co-Investment Fund supports the construction of affordable rental housing. Funded projects need support from another level of government to ensure a coordination of investments.

³ DCs for purpose-built rental housing, development charges are to be paid in six equal installments over five years, commencing the earlier of the date of issuance of occupancy permit or the date of first occupancy. For non-profit housing developments, DCs are to be paid in twenty-one equal installments over twenty years.

- 3.8 Capital grants are simple, transparent, and often the most helpful for building affordable housing. NBLC advises that a combination of capital contributions and operating subsidies have the greatest ability to incentivize affordable housing. Ongoing operating subsidies could be provided for non-profit projects that provide for longer periods or deeper levels of affordability.
- 3.9 The analysis also shows that CMHC's National Housing Co-Investment Fund is a powerful financing tool that can greatly reduce borrowing costs and overall equity requirements.
- 3.10 In addition to direct financial incentives, reducing or eliminating minimum parking requirements can significantly reduce project costs and improve the viability of affordable housing projects. Since underground parking can cost more than \$50,000 per space to construct, reducing parking in transit-supportive and urban/walkable environments improves the business case for affordable housing while contributing to community greenhouse gas (GHG) emission reductions by encouraging the use of public transit over personal vehicles.
- 3.11 Affordable rental housing projects must have a business model that is feasible and sustainable over the long-term. The Region has effective experience evaluating affordable rental housing projects under several federal/provincial capital funding programs.

4. Incentive Approaches

- 4.1 As part of its analysis, NBLC specifically investigated two legislative approaches to offer affordable housing incentives:
- a) A Community Improvement Plan (CIP), under section 28 of the *Planning Act*.
 - b) A Municipal Housing Facilities By-law (MHFB), under Section 110 of the *Municipal Act*.
- 4.2 An MHFB allows a municipality to offer financial incentives for affordable housing, as well as reduce or exempt eligible projects from the payment of property taxes and/or development charges. The MHFB also provides the added flexibility of allowing Council to make changes to programs without the need to undertake a longer review and approval process as is required under a CIP, or the added exposure of potential appeals.
- 4.3 Both [Toronto's Open Door](#) program and [Peel Region's Affordable Housing Incentives Pilot Program](#) use a MHFB to provide incentives for affordable rental

housing projects. There are fewer requirements to amend a MHFB, so it can be initiated and updated more quickly. To maximize flexibility and responsiveness for the proposed affordable housing incentives, the MHFB approach is preferred over the CIP approach.

5. Proposed Framework for the At Home Incentive Program

- 5.1 The proposed At Home Incentive Program is intended to support the development of new affordable rental housing projects. The program will provide the opportunity to increase the supply of affordable rental housing for low-income households, including households on the DASH wait list, and to grow the supply of safe, adequate and affordable rental housing.
- 5.2 Eligible affordable housing rental projects under the At Home Incentive Program will provide a minimum of 5 affordable housing units and will include:
 - a) New construction;
 - b) Conversion of non-residential buildings to purpose-built rental housing;
 - c) Addition of new affordable buildings/units to existing sites/buildings;
 - d) Community housing redevelopment that increases the supply of affordable housing units.
- 5.3 To expedite project delivery and to enable competition for Regional incentives, staff recommend that the Region publicly announce invitations for eligible affordable housing proposals through an annual call for applications. This approach can be facilitated through a registry of non-profit and private developers of affordable rental housing, which will be regularly updated by staff.
- 5.4 A minimum of 5 per cent of total units in eligible projects must be affordable at no more than 100 per cent of CMHC average market rent for a minimum 25-year period of affordability. However, a higher proportion of affordable units, deeper affordability and a longer affordability period will be preferred.
- 5.5 Eligible projects will be evaluated based on real-time community need and Regional preferences. Consideration of project eligibility will include an evaluation of the following, but not limited to:
 - a) financial and operational ability to carry the project and ability to meet debt coverage ratio requirements;
 - b) number of units and percentage of units in the project that will be affordable;
 - c) period of affordability;

- d) depth of affordability;
 - e) community need, including but not limited to, targeted groups, unit size and geographic location;
 - f) cost per unit;
 - g) extent to which the project meets accessibility standards with respect to barrier-free designs, elevators and other accessibility features;
 - h) extent to which the project aligns with the Region's climate emergency declaration and supports implementation of the Durham Community Energy Plan, including consideration of the project's energy efficiency measures to reduce utility operating costs and its operational GHG emissions footprint; and
 - i) proximity to transit, community amenities and services.
- 5.6 To be successful in providing adequate funding for the At Home Incentive Program, base funding is necessary to ensure that a critical mass of units can be funded. To initiate the At Home Incentive Program, it is recommended that the Region establish an At Home Incentive Program Reserve Fund (AHIPRF). To activate the Program, it is recommended that \$5 million from the Regional Revitalization Program Reserve be transferred to the recommended new AHIPRF.
- 5.7 To optimize project outcomes, the At Home Incentive Program will be stackable with other programs offered by the Region and other levels of government including but not limited to:
- a) the Regional Revitalization Plan (RRP) which allows the Region to provide capital grants for private redevelopment projects, sponsored by the area municipalities within their respective Community Improvement Plan (CIP) areas. The RRP has been successful in providing capital grants to eligible revitalization projects within downtown areas;
 - b) the Housing Services Development Charges Reserve Fund for eligible projects; and
 - c) incentive programs or funding opportunities offered by federal or provincial levels of government.
- 5.8 To activate the At Home Incentive Program, staff will develop a set of program guidelines and administrative framework, that will include but not be limited to:
- a) project eligibility requirements;
 - b) details of program administration, including the process for inviting and reviewing candidate affordable housing projects, processes for ensuring that affordability targets are achieved;

- c) monitoring and resourcing requirements to ensure that awarded projects continue to be compliant with program requirements;
- d) legal remedies in the event of a default, either during construction or once an awarded project is in operation, including repayment of Regional financial assistance or disposition of projects; and
- e) a communications plan to maximize uptake of the program.

6. Financial Implications

6.1 It is recommended that the AHIPRF be established, and an appropriate by-law approved by Regional Council, to support the development of new purpose-built affordable rental housing projects approved under the At Home Incentive Program, with funding from the following sources:

- i) an initial level of \$5 million of seed funding to be transferred from the Regional Revitalization Program upon start-up;
- ii) base funding of \$500,000, which has been included in the 2022 Business Plans and Budget and subject to Regional Council approval at the time of writing this report; and
- iii) annual contributions to the Reserve Fund, subject to the annual Business Plans and Budget process.

6.2 Funding under the At Home Incentive Program may be stacked with funding from the Regional Revitalization Program, the Housing Services Development Charges Reserve Fund, and other available grant funding.

7. Proposed Amendment to the Region's Municipal Housing Facilities By-law

7.1 The Region's existing Municipal Housing Facilities By-law (By-law 48-2003) needs to be amended to allow the Region to enter into individual Municipal Housing Facilities Agreements and enable incentives for eligible projects. To enter into a Municipal Housing Facilities Agreement, the amended MHFB must include:

- a) a definition for affordable housing;
- b) the eligibility requirements for housing units;
- c) updated references to current Acts and legislation;
- d) a summary of the provisions that agreements must contain, and other language as required by the Act.

- 7.2 An agreement under a MHFB must characterize the project, state whether the project would meet or exceed the definition of affordable housing in the by-law, detail the incentives being offered, and include other similar items.
- 7.3 It is recommended that Regional Council repeal By-law 48-2003 and adopt the proposed MHFB provided in Attachment #2.

8. Previous Reports and Decisions

- 8.1 Several reports have been prepared that provide background information related to this report:
- On September 30, 2008 Commissioners Report #2008-J-37 provided direction how the RRP would operate.
 - On January 14, 2016 Commissioners Report #2016-J-1 provided an update on Regional approaches to revitalization.
 - On June 4, 2019 Commissioners Report [#2019-P-31](#) presented a review of trends and policies affecting population and employment growth within the region's urban areas through the Envision Durham Urban System Discussion Paper.
 - On June 12, 2019 Commissioners Report [#2019-COW-19](#) provided an update on the GO East Extension and Transit Oriented Development Evaluation.
 - On November 13, 2019 Commissioners Report [#2019-COW-25](#) summarized the Region's five-year review report of At Home in Durham, the Durham Housing Plan 2014-2024, including a commitment to initiating the development of 1,000 new affordable housing units over five years.
 - On December 3, 2019 Commissioners Report [#2019-P-47](#) presented a housing trends and policies including a review of affordable housing in the region through the Envision Durham Housing Planning Policy Discussion Paper.
 - On December 11, 2019 Commissioners Report [#2019-COW-35](#) authorizing a Comprehensive Review for the Design of a Proposed Community Improvement Plan for Durham Region.
 - On March 2, 2021 Commissioners Report [#2021-P-7](#) presented proposed policy directions related to all key components of Envision Durham, including initial directions for employment and housing policies.
 - On June 9, 2021 Commissioners Report [#2021-COW-16](#) provided an update on the implementation of At Home in Durham.

- On December 7, 2021 Commissioners Report [#2021-P-26](#) presented Durham Regional Official Plan Amendment #186 to establish the policy framework for Protected Major Transit Station Areas.

9. Relationship to Strategic Plan

9.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a) Revitalize community housing and improve housing choice, affordability and sustainability.
- b) Revitalize existing neighbourhoods and build complete communities that are walkable, well-connected, and have a mix of attainable housing.
- c) Leverage Durham's prime geography, social infrastructure, and strong partnerships to foster economic growth.
- d) Build awareness and community capacity to address poverty.

10. Conclusion and Next Steps

- 10.1 The proposed At Home Incentive Program will support the delivery of needed affordable rental housing in Durham. An updated Municipal Housing Facilities By-law will replace the existing By-law and enable the proposed At Home Incentive Program to be activated sooner and to adapt to real time need. An open application process will accelerate the delivery of needed projects in Durham bringing the Region closer to its commitment for the initiation of 1,000 new affordable rental units by 2024.
- 10.2 The At Home Incentive Program Reserve Fund will be established through an approved by-law to provide funding to new purpose-built affordable rental housing projects approved under the At Home Incentive Program.
- 10.3 Program guidelines for the At Home Incentive Program will be established to the satisfaction of the CAO and the Commissioners of Finance and Legal Services.
- 10.4 The federal and provincial governments have vital roles to increase the supply of affordable housing, and availability of and access to support services. They must also support local planning and service delivery related to housing and homelessness. The Region will continue to advocate for long-term, sustainable funding commitments and legislative and policy changes from upper levels of government, to support the proposed At Home Incentive Program and affordable housing in Durham.

11. Attachments

- Attachment #1 Affordable Housing Proforma Analysis
- Attachment #2: Draft Municipal Housing Facilities By-law

Respectfully submitted,

Original signed by

Brian Bridgeman, MCIP, RPP
Commissioner of Planning and
Economic Development

Original signed by

Nancy Taylor
Commissioner of Finance

Original signed by

Stella Danos-Papaconstantinou
Commissioner of Social Services

Original signed by

Susan Siopis
Commissioner of Works

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer



Memorandum

To: Durham Region

From: N. Barry Lyon Consultants Limited

Date: July 2021

RE: Durham Region Affordable Housing Incentive Analysis

1.0 Introduction

NBLC is retained by Durham Region to assist with developing an affordable housing incentive program. To continue advancing this work, NBLC has been asked to undertake proforma analyses to understand the level of subsidy that might be necessary to advance a for-profit and non-profit development under several development and financing scenarios.

The analysis is meant to inform the level of subsidy needed and the types of subsidies that could be offered. This work expands on the incentive program best practice analysis completed by NBLC in January/February 2021.

2.0 Scenarios, Assumptions, and Methodology

Durham Region has requested an analysis of the order of magnitude subsidy necessary for a non-profit and for-profit developer to deliver an affordable housing building under several different scenarios (e.g. depth and length of affordability, proportion of project that is affordable, financing conditions, etc.).

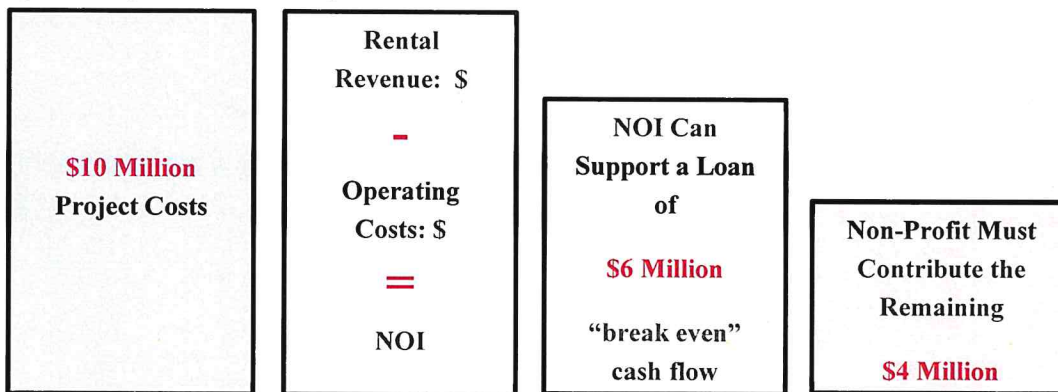
The following is a description of the development scenarios and core assumptions assessed in the analysis.

2.1 Non-Profit Analysis

Given that there is tremendous demand for affordable housing in Durham Region¹, this analysis will focus on the supply side challenges that a non-profit will likely encounter when attempting to develop a new affordable housing project. When looking to expand the supply of affordable housing, the following must be considered:

- The land acquisition cost (unless land is already owned);
- The capital costs (hard and soft costs) of building a project;
- The operating income and expenses of the project;
- The project costs that can be financed through the building’s Net Operating Income (“NOI”); and
- The project costs that must be front ended through equity (e.g. total project costs – financed costs = equity requirement).

Figure 1: Project Economics Example



Most non-profits will pursue long-term and deep affordability, which limits their operating income and the debt servicing capacity, requiring that a significant amount of project costs be front ended. This is exacerbated by the fact that most of these groups have limited financial resources, limiting their ability to purchase land and develop real estate. Incentives can directly address this issue by:

- Offering operating incentives (e.g. TIEG) that can reduce operating costs and increase the amount that can be financed.
- Offering capital incentives (e.g. development charges, grants) that reduce the total project costs.
- Offering land, which would also reduce total project costs for groups that do not currently own a development site.

¹ At Home in Durham Housing and Homelessness Plan 2014 and 2019 Update

To help identify the order of magnitude financial gap that might be encountered by these groups, we have run several cash flow proforma models to illustrate the upfront capital required for a project to move forward. The analysis assumes that a non-profit will be able to cover 10% of the projected equity requirement through a cash contribution but is unable to fund the remaining amount and will seek incentives/funding for support.

Assumptions for the analysis are as follows:

- Affordable Rental Rates: 100% of the CMHC Average Market Rent (“AMR”) for Durham Region for a period of 50+ years. Durham Region AMR is currently:
 - One-Bedroom: \$1,179
 - Two-Bedroom: \$1,351
 - Three-Bedroom+: \$1,579
- Conventional Mortgage: 30-year term, 4.5% permanent loan interest rate, 1.25 debt coverage ratio.
- Co-Investment Fund: 50-year term, 2.0% permanent loan interest rate, 1.0 debt coverage ratio up to a loan to value of 95%.
 - In addition, rents will be decreased to 80% of the CMHC Median Market Rent (“MMR”) for 30% of the units, a 10% premium on hard construction costs to account for the energy and accessibility requirements, and other metrics to mimic compatibility with the program.
 - The Co-Investment Fund is a low-cost financing program offered through CMHC within the National Housing Strategy. The program offers significantly lower financing costs in exchange for affordable housing as well as energy and accessibility requirements².
- Average unit size of 800 square feet to include both small and family size units in the project.
- An overall project size of roughly 47,000 square feet, a net to gross efficiency of 85%, and a total of 50 units ($44,000 \times 85\% / 800 = 50$ units). The building is three storeys (floorplate of 15,500 square feet).
- A parking ratio of 1.0, requiring 50 parking spaces provided at surface level (i.e. no underground parking).
- We assume a site size of 1.25 acres (54,500 square feet), allowing enough area for the building floorplate, parking, and landscape / open space.
 - Three storey building floorplate: 15,500 square feet

²<https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/co-investment-fund-new-construction-stream>

- Parking: 50 spaces * 350 square feet = 17,500 square feet
 - It is assumed the non-profit will already own land.
 - All other assumptions, including the full capital budget, is provided as an appendix to this memo.
- Accounting for the above, the following scenarios have been assessed:

- **Scenario 1:** Conventional lender, entire building is affordable (100% AMR)
- **Scenario 2:** Co-Investment Fund, entire building is affordable (80% MMR).
- **Scenario 3:** Conventional lender, 30% of units are affordable (100% AMR) and 70% at market rates.
- **Scenario 4:** Co-Investment Fund, 30% of units are affordable (80% MMR) and 70% at market rates.

2.2 For-Profit Analysis

Relative to non-profit organizations, a for-profit developer is more capable of allocating equity into a development project (e.g. land acquisition and the up-front equity not covered by the construction/permanent loan) to earn a cash flow over the life of the building. Developers often use the Internal Rate of Return (“IRR”) to assess the viability of a rental development opportunity. The IRR assesses the rate of growth that an investment is expected to generate by accounting for the initial capital investment (e.g. development costs), the cash flow of the building over a defined number of years, and the expected asset value in the future (Table 1).

Table 1: IRR Example

Year-0	-\$105,000	Expenditure
Year-1	\$8,000	
Year-2	\$11,000	
Year-3	\$14,000	Cash Flow
Year-4	\$14,000	
Year-5	\$115,000	Exit Value
	10.7%	IRR

The analysis follows a similar methodology as illustrated in **Figure 1**; however it is assumed the developer will contribute the equity requirement. Two scenarios are then assessed, one where the building is developed at 100% market rates, and one where the building is developed with affordable housing as detailed to follow. An estimate of the IRR is then calculated for both scenarios to understand how the profit yield is negatively affected by providing affordable housing. We then estimate the subsidy necessary for the IRR in the affordable scenario to match the IRR in the 100% market scenario. The effect of the subsidy is therefore to allow a developer to provide affordable housing while also achieving the return they would have experienced had the project advanced at

market rates. An effective incentive program, which is voluntary in nature, allows a developer to offer affordable housing and be “made whole” through the receipt of incentives.

The following scenarios were assessed:

- Port Perry in Scugog:
 - An overall project size of roughly 47,000 square feet, a net to gross efficiency of 85%, and a total of 50 units ($47,000 \times 85\% / 800 = 50$ units). The building is three storeys (floorplate of 15,500 square feet).
 - A parking ratio of 1.0, requiring 50 parking spaces at surface level.
 - We assume a site size of 1.25 acres (54,500 square feet), allowing enough area for the building floorplate, parking, and landscape / open space:
 - Three storey building floorplate: 15,500 square feet
 - Parking: 50 spaces * 350 square feet = 17,500 square feet
- Kedron in Oshawa:
 - An overall project size of roughly 94,000 square feet, a net to gross efficiency of 85%, and a total of 100 units ($94,000 \times 85\% / 800 = 100$ units). The building is six storeys (floorplate of 15,500 square feet).
 - A parking ratio of 1.0, requiring 100 parking spaces at surface level.
 - We assume a site size of 1.7 acres (74,200 square feet), allowing enough area for the building floorplate, parking, and landscape / open space:
 - Six storey building floorplate: 15,500 square feet
 - Parking: 100 spaces * 350 square feet = 35,000 square feet
- Downtown Oshawa:
 - An overall project size of roughly 200,000 square feet, a net to gross efficiency of 85%, and a total of 213 units ($200,000 \times 85\% / 800 = 213$ units). The building is 12 storeys.
 - A parking ratio of 0.7, requiring 150 parking spaces, of which 100 will be underground.
 - We assume a site size of 1.15 acres.
- Affordable Rental Rates: 100% AMR for Durham Region for a period of 25 and 50 years. 5% of units are assumed to be affordable.
- Market Rental Rates: NBLC has conducted market research to understand market rents and land values. These are presented in the financial appendix.
- Conventional Mortgage: 30-year term, 4.5% permanent loan interest rate, 1.25 debt coverage ratio.

3.0 Summary of Findings

3.1 Non-Profit Analysis

The results of the financial analysis are displayed below in **Table 2**, with the full capital budget and proforma available in the Financial Appendix. The following describes the results:

Table 2

Non-Profit Affordable Housing Subsidy Analysis				
	Non-Profit 100% Affordable Conventional Loan Scenario 1	Non-Profit 100% Affordable Co-Investment Fund Scenario 2	Non-Profit 30% Affordable Conventional Loan Scenario 3	Non-Profit 30% Affordable Co-Investment Fund Scenario 4
% Affordable	100%	100%	30%	30%
CMHC AMR	100%	80%	100%	80%
Total Units	50	50	50	50
Market Units	0	0	35	35
Affordable Units	50	50	15	15
Minimum DCR	1.25	1.00	1.25	1.00
Interest Rate	4.50%	2.00%	4.50%	2.00%
Amortization	30	50	30	50
Stabilized NOI	\$408,852	\$360,893	\$568,899	\$601,984
Loan Amount	\$5,327,796	\$11,340,561	\$7,413,387	\$18,916,513
Total Development Costs	\$20,422,413	\$21,424,475	\$20,422,413	\$21,424,475
Eligible Loan	\$5,327,796	\$11,340,561	\$7,413,387	\$18,916,513
Value of Land Contribution	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Equity Required	\$13,094,617	\$8,083,914	\$11,009,026	\$507,962
Equity Covered (10%)	\$1,309,462	\$808,391	\$1,100,903	\$50,796
Capital/Incentive Required	\$11,785,155	\$7,275,522	\$9,908,123	\$457,166
Per Unit	\$235,703	\$145,510	\$198,162	\$9,143
Per Affordable Unit	\$235,703	\$145,510	\$660,542	\$30,478

- Each scenario illustrated in **Table 2** is an identical development concept, however the financing and affordability requirements differ.
- As communicated in **Section 2.1** of this Memo, the analysis requires that the total project costs be covered by a combination of the construction/permanent loan and an equity contribution. It is assumed that the non-profit already owns land, with an estimated value of \$2.0 million, which can be provided as equity into the project. It is also assumed that the non-profit could cover 10% of the total equity commitment, with the rest being required through funding and incentives.
 - For example, in Scenario 1, the project might have an NOI of \$408,850 at stabilized occupancy, which could support a loan of \$5.3M. Once the land value and 10% equity contribution are accounted for, there is an outstanding amount of \$11.78M, or \$235,700 per unit.

- The eligible loan increases significantly in Scenario 2 because of the Co-Investment Fund financing conditions, allowing the non-profit to borrow more money (lower DCR and longer amortization) at a reduced interest rate. This directly lowers the equity requirement from \$11.78M to \$7.27M, despite the project accommodating the same proportion of affordable units (100% affordable), lower rents (80% AMR), and higher capital costs to accommodate the energy and accessibility requirements of the Co-Investment Fund.
 - In Scenario 4, the Co-Investment Fund combined with the introduction of market rents, results in a very modest subsidy of only \$30,500 per affordable unit.
- The results of the analysis therefore suggest that the Co-Investment Fund is a powerful financing tool that can greatly reduce borrowing costs and overall equity requirements. A mixed-income project that can secure the Co-Investment Fund could be viable without any additional subsidy or funding. It is also noted that there are capital grants available through this program, however none have been assumed in this analysis.
- The above confirms the general experience with Co-Investment Fund to date, which has been very popular amongst non-profits, housing corporations, and municipalities seeking to build deeply affordable housing. However, the Co-Investment Fund is highly competitive and not every project will be able to successfully secure funding.
- It is possible to incentivize a non-profit project that is proceeding under a conventional loan; however this is more expensive due to the project being able to secure less debt and therefore requiring more up-front equity. The results also illustrate that a mixed-income building would require less equity overall, \$11.78M in Scenario 1 vs \$9.9M in Scenario 3. The equity requirement is reduced in Scenario 3 because only 30% of the building is affordable, which increases the NOI of the building due to the introduction of market rents, allowing the developer to secure a larger loan. However, if the \$9.9M is isolated to only the 15 affordable units, the subsidy needed per affordable unit is significantly higher than Scenario 1. This is because the entire equity burden falls on only 15 affordable units in Scenario 3 rather than all 50 units in Scenario 1.
- The subsidy range identified by **Table 2** is generally in line with our findings across the Province with similar assignments. The concept evaluated is also considered “prototypical” across Durham Region (e.g. land is already owned, soft costs are relatively similar across the Region, parking is at surface level, market rents in similar contexts would be similar, etc.). Locational factors that would influence the results of the analysis would include land value (this analysis assumes land is already owned) or more urban forms of development (e.g. underground parking).

3.2 For-Profit Analysis

The results of the financial analysis are displayed in **Table 3**, with the full capital budget and proforma available in the Financial Appendix. The following describes the results:

Table 3

For-Profit Affordable Housing Subsidy Analysis			
	Port Perry Scugog	Kedron Oshawa	Downtown Oshawa
% Affordable	5%	5%	5%
CMHC AMR	100%	100%	100%
Total Units	50	100	213
Market Units	47	95	202
Affordable Units (5% Affordable)	3	5	11
Return Metrics			
IRR at 100% Market Rates	5.40%	5.61%	5.06%
IRR at 95% Market Rates (25 Years)	5.33%	5.54%	4.99%
IRR at 95% Market Rates (50 Years)	5.28%	5.49%	4.94%
Subsidy to Match Market IRR			
25 Year Affordability	-\$294,525	-\$600,277	-\$1,513,969
per affordable unit	-\$98,175	-\$120,055	-\$137,634
50+ Year Affordability Period	-\$480,538	-\$932,777	-\$2,572,334
per affordable unit	-\$160,179	-\$186,555	-\$233,849

- As communicated in Section 2.2 of this memo, a for-profit developer will purchase land and allocate equity to a rental project in exchange for a long-term cash flow. Therefore, if the IRR of the project is sufficient, a developer can advance the development. The IRR calculated in **Table 3** includes the initial capital investment, the cash flow (“NOI”) over a 30-year period, and an estimate of the asset value at the end of this term.
- The inclusion of affordable housing will directly impact the IRR of a project in several ways:
 - **Reduced Revenue and NOI:** Offering affordable homes will directly reduce the revenue of a building. Given that operating costs will remain similar for market and affordable units, the NOI of the building is reduced for each year that the units remain affordable.
 - **Building Value:** The building value at the end of the 35-year term is estimated by dividing the future NOI by a capitalization rate.
 - **25-Year Affordability Period:** These units reduce the NOI of the project for the period of time they are offered at below-market rates. However, since they revert to market rates at the end of year-25, they would not negatively influence the value of the building at year-35, as the NOI of the project in year-35 would be comprised entirely of market rents.
 - **50+ Year Affordability Period:** These units reduce the NOI of the project for the period of time they are offered at below-market rates. They will also remain

affordable at year-35, therefore reducing the estimated value of the building at this time and further impacting the IRR of the project.

- As illustrated by **Table 3**, the IRR in each scenario decreases as affordable housing is required. The IRR decreases further when affordable housing for 50-years is required, which is due to the discussion provided above.
- The subsidies noted in **Table 3** reflect the amount necessary for a project to match the IRR that could be achievable if no affordable housing were provided. This subsidy ranges from approximately \$98k - \$137k and \$160k - \$233k per affordable unit for a 25-year and 50-year affordability period, respectively.
- Despite the recent growth in rental rates within Durham over the past several years, construction costs have also been rapidly increasing. This is likely influencing the modest IRR calculated for each scenario. While developer expectations vary significantly, typically we would expect to see an IRR above 6%-7% as being necessary to motivate a developer to advance a rental project. These results likely explain the relative lack of rental development activity in the Region as identified by the At Home in Durham Plan.
- The analysis assumes the developer would proceed with a conventional loan. However, it is important to note that there are funding opportunities available to developers seeking to build affordable housing. This could include the Co-Investment Fund, however this program is more common for non-profits and housing corporations seeking to develop low-income housing (and therefore accounted for under the non-profit scenario in **Table 2**). However, the Rental Construction Financing Initiative also offers low-cost loans in exchange for affordable rental housing. If either of these programs were pursued, the IRR identified in **Table 3** would improve, as the equity requirement and ongoing debt servicing costs would decrease. However, it is important to note that the National Housing Strategy funding is limited, and not every project will successfully secure funding. It is therefore important to design the incentive program so that it can stack with other funding sources, but not entirely rely on them.

4.0 Conclusions and Directions

The analysis provides numerous considerations for Durham Region as they consider advancing an affordable housing incentive program.

- The subsidy necessary for a project to advance will be heavily dependent on the specific characteristics of the proposal and the motive/expectation of the developer. Any shift in density, parking requirements, rental rates, financing, development costs, profit expectations, affordability depth/length, available equity, and many others will influence the subsidy required.
- Incentivizing non-profit and for-profit developers will have different advantages and disadvantages. While non-profits want to build affordable housing and will often pursue longer and deeper affordability as their mandate, they also often lack resources, equity, and overall ability

to advance a complicated real estate development. Conversely, for-profit developers are more readily available to build a project but will require an adequate subsidy to cover the impact of providing affordable housing or they will not voluntarily seek out funding.

- The analysis in this memo illustrates that there is an opportunity to incentivize an affordable housing project, however an adequate budget must be secured to ensure a critical mass of units can be funded. A budget that can only subsidize a handful of units will likely be insufficient to attract interest from both non-profit and for-profit organizations.
- When considering the types of incentives to offer, it generally does not matter to the development community how the funding is provided, so long as it adequately covers the gap needed to advance the project. For example, if a project requires \$150k per unit, it is not a concern if the incentive is provided as a capital grant or a combination of incentives tied to fees and charges (e.g. development charge waiver, TIEG, building permit fees, etc.).
- Notwithstanding the above, a combination of capital contributions as well as ongoing operating subsidies (e.g. TIEG) have demonstrated the greatest ability to incentivize affordable housing³. The combined effect of reducing development costs as well as the ongoing operating budget can significantly improve the outlook and viability of an affordable housing project.
- Providing land to the development community in exchange for an affordable housing development can also be a highly effective strategy for encouraging the delivery of affordable housing. The municipality can offer land at a reduced purchase price in exchange for affordable housing and other benefits. If this avenue is selected, long-term and deep affordable rental housing should be required.
- In addition to direct financial incentives, reducing or eliminating parking requirements can also significantly reduce project costs and improve the viability of affordable housing projects. While the Port Perry and Kedron case studies in **Table 3** have surface parking, the Downtown Oshawa case study accommodates 100 underground parking spaces. This significant capital cost directly influences the lower IRR and higher subsidy needed relative to the other two scenarios, which could be significantly improved through the provision of less parking. An underground parking space can often cost more than \$50,000 to construct. This strategy will be most effective in transit-supportive and urban/walkable environments.
- The roles and responsibilities of upper and lower-tier municipalities should also be considered. For example, incentives such as parking reductions, cash-in-lieu of parkland, planning application / building permit fees, and other similar items are primarily or fully within lower-tier powers. Similarly, while the Region does charge property taxes, the administrative burden primarily falls on the lower-tier, which would be the case for any TIEG. Durham should therefore consult with the lower-tier municipalities as the program continues to advance.

³ NBLC Affordable Housing Best Practice Analysis

- Establishing an incentive program that allocates funding through a competitive process is becoming increasingly common in Ontario. This allows a municipality to review each application received and allocate funding to the project that best meets the objectives of the program. The municipality can establish eligibility requirements that must be met (e.g. affordability depth and length), as well as other criteria (e.g. environmental performance, provision of services/amenities, locational attributes, etc.) to score and assess applications to determine the best project(s) to receive funding.

5.0 Financial Appendix

Table(i): Capital Budget and Assumptions

Durham Region AH Analysis		Non-Profit Housing - Oshawa	Market AH Housing - Scugog Port Perry	Market AH Housing - Oshawa Kedron	Market AH Housing - Oshawa Downtown	Comments
<small>All inputs are as of the expiration date. Black text indicates a hard coded number, blue text indicates a calculation within the model. Green indicates an assumption from another consultant as noted in the comments to the right.</small>						
<small>Every reasonable effort has been taken to ensure that the information, analysis, conclusions, and recommendations in this report are accurate and timely. No responsibility for the information, analysis, conclusions, or recommendations is assumed by N. Barry Lyon Consultants Limited or any of its employees.</small>						
Comments						
Site and Project Statistics						
Site Area	sq. ft.	54,500	54,500	72,000	50,000	from work plan
	sq. m.	5,063	5,063	6,689	4,645	
	Ac.	1.25	1.25	1.65	1.15	
	ha	0.51	0.51	0.67	0.46	
Building Footprint	sq. ft.	15,667	15,667	15,667	16,667	from work plan
Surface Parking Area	sq. ft.	17,500	17,500	35,000	17,500	350 square feet per space
Underground Parking Area	sq. ft.	0	0	0	35,000	
Landscape Area	sq. ft.	21,333	21,333	21,334	15,833	residual site area
Base Site Statistics						
Gross Floor Area	sq. ft.	47,000	47,000	94,000	200,000	from work plan
	sq. m.	4,366	4,366	8,733	18,581	
Net to Gross Efficiency Ratio		85%	85%	85%	85%	nblc assumption
Net Saleable/Leaseable Floor Area	sq. ft.	39,950	39,950	79,900	170,000	
	sq. m.	3,711	3,711	7,423	15,794	
Building Height	storeys	3	3	6	12	from work plan
Average Net Unit Size	sq. ft.	800	800	800	800	from work plan
	sq. m.	74	74	74	74	
Total Residential Units		50	50	100	213	
Suite Mix						
Studio & 1-Bedroom		50%	50%	50%	50%	from NBLC market analysis, for DC calculation
2-Bedroom & 3-Bedroom +		50%	50%	50%	50%	
Parking						
Residential & Visitor Parking Ratio	per unit	1.00	1.00	1.00	0.70	from work plan
Total Parking Stalls Constructed		50	50	100	150	
Surface/Structure Stalls		50	50	100	50	from work plan
Underground Parking Stalls		0	0	0	100	
Development Timing and Variables						
Market Revenue Inflation	per year	2.0%	2.0%	2.0%	2.0%	nblc assumption
Capitalization Rate (Market)		4.00%	4.00%	4.00%	4.00%	nblc assumption
Capitalization Rate (Affordable)		5.00%	5.00%	5.00%	5.00%	nblc assumption
Approvals and Marketing		1.5	1.5	1.5	1.5	nblc assumption
Construction Period		1.5	1.5	2.0	2.5	nblc assumption
Period to Stabilization		2.0	2.0	2.0	2.0	nblc assumption
Development Time		3.0	3.0	3.5	4.0	
Stabilization Time		5.0	5.0	5.5	6.0	
Discount Rate		6.0%	6.0%	6.0%	6.0%	nblc assumption
Revenue Assumptions						
Vacancy & Bad Debt	of gross potential income	3.0%	3.0%	3.0%	3.0%	nblc assumption
Parking Stall Rent	per stall, per month	\$50	\$50	\$50	\$70	nblc assumption
Operating Expense Ratio (market)	of gross potential income	35.0%	35.0%	35.0%	35.0%	nblc assumption
Operating Expense Ratio (affordable)	of gross potential income	50.0%	50.0%	50.0%	50.0%	nblc assumption
Annual Operating Expense Inflation	per year	2.0%	2.0%	2.0%	2.0%	nblc assumption
Market Rents						
Market Rents	per sq. ft. per month	\$2.50	\$2.60	\$2.75	\$3.00	nblc assumption
Average Market Rent	total per month	\$2,000	\$2,080	\$2,200	\$2,400	based on average 800 square foot unit size
Affordable Rents (100% AMR)						
One-Bedroom	total per month	\$1,179	\$1,179	\$1,179	\$1,179	from CMHC - Durham Wide
Two-Bedroom	total per month	\$1,351	\$1,351	\$1,351	\$1,351	from CMHC - Durham Wide
Average	total per month	\$1,265	\$1,265	\$1,265	\$1,265	average base on 50/50 split of one and two bedroom units
Co-Investment Rents (80% MMR)						
One-Bedroom	total per month	\$955	\$955	\$955	\$955	from CMHC - Durham Wide
Two-Bedroom	total per month	\$1,043	\$1,043	\$1,043	\$1,043	from CMHC - Durham Wide
Average	total per month	\$999	\$999	\$999	\$999	average base on 50/50 split of one and two bedroom units
Cost Assumptions						
Hard Construction Costs						
Above Grade Construction Costs						
Apartment - Hybrid Construction	per sq. ft.	\$230	\$230	\$230	\$230	Altus provides range of \$195 - \$265
Cost Premium for NHS Funding for Affordable Units	per sq. ft.	\$253	\$253	\$253	\$253	10% premium to account for energy and accessibility requirements
Apartment - Concrete up to 12 storeys	per sq. ft.	\$273	\$273	\$273	\$273	Altus provides range of \$230 - \$315
Underground Parking Costs	per sq. ft.	\$145	\$145	\$145	\$145	Altus provides range of \$130 - \$60
Surface Parking Costs	per sq. ft.	\$18	\$18	\$18	\$18	Altus provides range of \$10 - \$25
Landscape and Open Space	per sq. ft.	\$20	\$20	\$20	\$20	nblc assumption
Site Prep and Servicing	per sq. ft.	\$20	\$20	\$20	\$20	nblc assumption
Cost Inflation	per year	2.0%	2.0%	2.0%	2.0%	nblc assumption
Contingency	% of hard costs	10%	10%	10%	10%	nblc assumption

Table(i): Capital Budget and Assumptions Continued

Durham Region AH Analysis					
All inputs are as of the expropriation date. Black text indicates a hard coded number, blue text indicates a calculation within the model, Green indicates an assumption from another consultant as noted in the comments to the right.					
	Non-Profit Housing - Oshawa	Market AH Housing - Scugog Port Perry	Market AH Housing - Oshawa Kedron	Market AH Housing - Oshawa Downtown	Comments
Soft Costs					
Planning Application Fees					
ZBL	base	\$12,093	\$12,365	\$12,093	\$12,093
Site Plan Application	base	\$3,983	\$8,180	\$3,983	\$3,983
Site Plan Application	per unit	\$336	\$415	\$336	\$336
CA Review	base	\$10,000	\$10,000	\$10,000	\$10,000
Development Charges (+ Impost and education Fee)					
Apartments 1 Bed and Bath.	unit	\$27,933	\$25,707	\$27,933	\$27,933
Apartments 2 + Bedrooms	unit	\$40,995	\$32,377	\$40,995	\$40,995
Section 37	per unit	\$0	\$0	\$0	\$0
Parkland Dedication Rates (cash-in-lieu)	% land value		5%		
Building Permit Fee	Per sq. m	\$13.91	\$13.43	\$13.91	\$13.91
Property Tax Rate (during construction)		2.14%	1.83%	2.14%	2.14%
Property Value	per unit	\$40,000	\$25,000	\$40,000	\$50,000
Property Value	total	\$2,000,000	\$1,250,000	\$4,000,000	\$10,650,000
Property Value	per sq.ft. GFA	\$43	\$27	\$43	\$53
Consultants, PM, Legal, Insurance, Marketing	% of hard costs	13.5%	13.5%	13.5%	13.5%
Lender's Administrative Fee	total costs	0.80%	0.80%	0.80%	0.80%
Construction Loan Interest Rate	term	4.50%	4.50%	4.50%	4.50%
Miscellaneous Fees	per sq.ft.	\$1	\$1	\$1	\$1
HST Rate	year	13%	13%	13%	13%
HST Rebate	unit	\$24,000	\$24,000	\$24,000	\$24,000
Cost Calculations					
Hard Costs					
Building Construction Cost - conventional lender		\$11,135,916	\$11,135,916	\$22,271,832	\$56,143,148
Parking Costs		\$315,483	\$315,483	\$630,967	\$5,543,492
Landscape Costs		\$439,530	\$439,530	\$439,537	\$326,214
Site Prep/Service Costs		\$1,122,863	\$1,122,863	\$1,483,422	\$1,030,150
Contingency		\$1,301,379	\$1,301,379	\$2,482,576	\$6,304,300
Total Hard Cost		\$14,315,172	\$14,315,172	\$27,308,334	\$69,347,304
	sq. ft.	\$305	\$305	\$291	\$347
	unit	\$286,303	\$286,303	\$273,083	\$325,574
Soft Costs					
Development Charges		\$1,775,154	\$1,495,880	\$3,550,307	\$7,562,154
Cash-in-Lieu of Parkland Dedication		\$0	\$62,500	\$0	\$0
Section 37 Fees		\$0	\$0	\$0	\$0
Planning Application Fee					
ZBA		\$12,458	\$12,738	\$12,458	\$12,458
SPA		\$21,410	\$29,802	\$38,716	\$77,829
CA		\$10,301	\$10,301	\$10,301	\$10,301
Building Permit Fee		\$62,568	\$60,409	\$125,137	\$266,249
Miscellaneous Fees		\$56,143	\$56,143	\$74,171	\$51,507
Property Tax		\$136,471	\$72,961	\$321,601	\$988,323
Consultants, PM, Legal, Insurance, Marketing		\$1,932,548	\$1,932,548	\$3,686,625	\$9,361,886
Lender's Administrative Fee		\$146,578	\$144,388	\$281,021	\$701,424
Construction Loan Financing Costs		\$498,696	\$491,245	\$1,262,695	\$3,922,478
HST		\$2,654,914	\$2,612,565	\$5,121,009	\$13,028,378
HST Rebate		(\$1,200,000)	(\$1,200,000)	(\$2,400,000)	(\$5,112,000)
Total Soft Cost		\$6,107,241	\$5,781,481	\$12,084,041	\$30,870,987
	sq. ft.	\$130	\$123	\$129	\$154
	unit	\$122,145	\$115,630	\$120,840	\$144,934
Total Development Cost		\$20,422,413	\$20,096,653	\$39,392,375	\$100,218,291
	sq. ft.	\$435	\$428	\$419	\$501
	unit	\$408,448	\$401,933	\$393,924	\$470,508

Table(ii): Non-Profit Equity Requirement Calculations

Durham Region AH Analysis				
	Non-Profit 100% Affordable Conventional Loan	Non-Profit 100% Affordable Co- Investment Fund	Non-Profit 30% Affordable Conventional Loan	Non-Profit 30% Affordable Co- Investment Fund
Scenarios/Stats/Assumptions				
Gross Floor Area	47,000	47,000	47,000	47,000
Net Floor Area	39,950	39,950	39,950	39,950
# Units	50	50	50	50
# Market Units	0	0	35	35
# Affordable Units	50	50	15	15
Market Rental Rate (psf per month)	\$2.50	\$2.50	\$2.50	\$2.50
Affordable Rental Rate (psf per month)	\$1.58	\$1.25	\$1.58	\$1.25
Average Rental Rate (psf per month)	\$1.58	\$1.25	\$2.22	\$2.12
Rental Rate 2018 (psf per year)	\$19.0	\$15.0	\$26.7	\$25.5
Revenue Inflation (Pre and During Construction)	2%	2%	2%	2%
#Parking Spaces	50	50	50	50
Parking Revenue (per stall per month)	\$50	\$50	\$50	\$50
Parking Revenue (per stall per year)	\$600	\$600	\$600	\$600
Discount Rate	6%	6%	6%	6%
Cap Rate	5.00%	5.00%	5.00%	5.00%
Costs				
Hard Cost (7% premium applied to Co-Investment)	\$14,315,172	\$15,317,234	\$14,315,172	\$15,317,234
Soft Costs	\$6,107,241	\$6,107,241	\$6,107,241	\$6,107,241
Total	\$20,422,413	\$21,424,475	\$20,422,413	\$21,424,475
Permanent Loan Eligible				
Minimum Debt Coverage Ratio	1.25	1.00	1.25	1.00
Stabilized NOI	\$408,852	\$360,893	\$568,899	\$601,984
Maximum Annual Debt Service to Support DCR	\$327,082	\$360,893	\$455,119	\$601,984
Interest Rate (permanent loan)	4.50%	2.00%	4.50%	2.00%
Amortization	30	50	30	50
Max Loan to Cost	0.75	0.90	0.75	0.90
Loan Amount	\$5,327,796	\$11,340,561	\$7,413,387	\$18,916,513
Actual Loan to Cost %	26%	53%	36%	88%
Annual Loan Payment	-\$327,082	-\$360,893	-\$455,119	-\$601,984
Limiting Factor of Loan Amount	DCR	DCR	DCR	DCR
Funding Sources				
Development Costs	\$20,422,413	\$21,424,475	\$20,422,413	\$21,424,475
Construction Loan	\$5,327,796	\$11,340,561	\$7,413,387	\$18,916,513
Value of Land Contribution	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Developer Equity (Cash)	\$13,094,617	\$8,083,914	\$11,009,026	\$507,962
Per Unit	\$261,892	\$161,678	\$220,181	\$10,159
Per Affordable Unit	\$261,892	\$161,678	\$733,935	\$33,864
Developer Equity (%)	74%	47%	64%	12%
Total	\$20,422,413	\$21,424,475	\$20,422,413	\$21,424,475

Table(iii): For-Profit Equity Requirement Calculations

Durham Region AH Analysis				
	Scugog - 100% Market	Scugog - 95% Market	Kedron - 100% Market	Kedron - 95% Market
Scenarios/Stats/Assumptions				
Gross Floor Area	47,000	47,000	94,000	94,000
Net Floor Area	39,950	39,950	79,900	79,900
# Units	50	50	100	100
# Market Units	50	47	100	95
# Affordable Units	0	3	0	5
Market Rental Rate (psf per month)	\$2.60	\$2.60	\$2.75	\$2.75
Affordable Rental Rate (psf per month)	\$1.58	\$1.58	\$1.58	\$1.58
Average Rental Rate (psf per month)	\$2.60	\$2.54	\$2.75	\$2.69
Rental Rate 2018 (psf per year)	\$31.2	\$30.5	\$33.0	\$32.3
Revenue Inflation (Pre and During Construction)	2%	2%	2%	2%
#Parking Spaces	50	50	100	100
Parking Revenue (per stall per month)	\$50	\$50	\$50	\$50
Parking Revenue (per stall per year)	\$600	\$600	\$600	\$600
Discount Rate	6%	6%	6%	6%
Cap Rate	5.00%	5.00%	5.00%	5.00%
Costs				
Land Cost	\$1,250,000	\$1,250,000	\$4,000,000	\$4,000,000
Hard Cost (7% premium applied to Co-Investment)	\$14,315,172	\$14,315,172	\$27,308,334	\$27,308,334
Soft Costs	\$5,781,481	\$5,781,481	\$12,084,041	\$12,084,041
Total	\$21,346,653	\$21,346,653	\$43,392,375	\$43,392,375
Permanent Loan Eligible				
Minimum Debt Coverage Ratio	1.25	1.25	1.25	1.25
Stabilized NOI	\$873,762	\$853,696	\$1,845,972	\$1,807,607
Maximum Annual Debt Service to Support DCR	\$699,009	\$682,957	\$1,476,778	\$1,446,086
Interest Rate (permanent loan)	4.50%	4.50%	4.50%	4.50%
Amortization	30	30	30	30
Max Loan to Cost	0.75	0.75	0.75	0.75
Loan Amount	\$11,386,084	\$11,124,609	\$24,055,070	\$23,555,132
Actual Loan to Cost %	53%	52%	55%	54%
Annual Loan Payment	-\$699,009	-\$682,957	-\$1,476,778	-\$1,446,086
Limiting Factor of Loan Amount	DCR	DCR	DCR	DCR
Funding Sources				
Development Costs	\$21,346,653	\$21,346,653	\$43,392,375	\$43,392,375
Construction Loan	\$11,386,084	\$11,124,609	\$24,055,070	\$23,555,132
Value of Land Contribution	\$1,250,000	\$1,250,000	\$4,000,000	\$4,000,000
Developer Equity (Cash)	\$8,710,569	\$8,972,044	\$15,337,306	\$15,837,243
Developer Equity (%)	47%	48%	45%	46%
Total	\$21,346,653	\$21,346,653	\$43,392,375	\$43,392,375

Table(iv): For-Profit Cash Flow and IRR Calculation Example

Scugog - 100% Market					
Net Operating Income Calculation to Stabilization					
	0	1	2	3 (stabilization)	36
Annual Rental Increase			2.0%	2.0%	2.0%
Vacancy Rate and Bad Debt		40.00%	10.00%	3.00%	3.00%
Operating Costs (% of Rent)		35%	35%	35.0%	35.0%
Revenue from rent		\$1,322,732	\$1,349,187	\$1,376,170	\$2,645,318
Revenue from parking		\$31,836	\$32,473	\$33,122	\$63,669
Vacancy + Bad Debt		-\$541,827	-\$138,166	-\$42,279	-\$81,270
Operating Costs		-\$474,099	-\$483,581	-\$493,253	-\$948,145
Annual Net Operating Cash Flow (before debt - Total Cost)	-\$21,346,653	\$338,642	\$759,913	\$873,762	\$33,591,440
Debt Service		\$0	\$0	-\$699,009	\$0
Annual Net Operating Cash Flow (with debt - Total Equity)	-\$9,960,569	\$338,642	\$759,913	\$174,752	\$33,591,440

Unleveraged	
Asset Value at End of Term	\$33,591,440
Unleveraged IRR	5.40%

Scugog - 95% Market					
Net Operating Income Calculation to Stabilization					
	0	1	2	3 (stabilization)	36
Annual Rental Increase			2.0%	2.0%	2.0%
Vacancy Rate and Bad Debt		40.00%	10.00%	3.00%	3.00%
Operating Costs (% of Rent)		35%	35%	35.0%	35.0%
Revenue from rent		\$1,291,625	\$1,317,458	\$1,343,807	\$2,583,108
Revenue from parking		\$31,836	\$32,473	\$33,122	\$63,669
Vacancy + Bad Debt		-\$529,385	-\$134,993	-\$41,308	-\$79,403
Operating Costs		-\$463,211	-\$472,476	-\$481,925	-\$926,372
Annual Net Operating Cash Flow (before debt - Total Cost)	-\$21,346,653	\$330,865	\$742,462	\$853,696	\$32,820,029
Debt Service		\$0	\$0	-\$682,957	\$0
Annual Net Operating Cash Flow (with debt - Total Equity)	-\$10,222,044	\$330,865	\$742,462	\$170,739	\$32,820,029

Unleveraged	
Asset Value at End of Term	\$32,820,029
Unleveraged IRR	5.28%

Change Needed to Match Market IRR

Annual Net Operating Cash Flow (before debt - Total Cost)	-\$20,866,115	\$330,865	\$742,462	\$853,696	\$32,820,029
Unleveraged IRR - Market	5.40%				
Unleveraged IRR - Affordable	5.28%				
Unleveraged IRR Adjusted to Match Market	5.40%				
Total Costs	-\$21,346,653				
Total Costs to Match Market IRR	-\$20,866,115				
Subsidy Needed	-\$480,538				
Subsidy Needed per Affordable Unit	-\$160,179				

By-law Number XX-2022
of The Regional Municipality of Durham

Being a by-law for the provision of municipal housing facilities.

Whereas The Regional Municipality of Durham is a service manager under the Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1;

And Whereas, the Region has adopted a Housing and Homelessness Plan pursuant to the Housing Services Act, 2011 for the purposes of making affordable housing available and to prevent homelessness for all Durham residents;

And Whereas pursuant to section 110 of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, the council of a municipality may enter into agreements for the provision of municipal capital facilities by any person;

And Whereas Ontario Regulation 603/06, as amended, sets out the classes of municipal capital facilities for which municipal councils may enter into agreements pursuant to section 110 of the Act;

And Whereas Ontario Regulation 603/06, as amended, provides that municipal housing project facilities is a class of municipal capital facilities for the purpose of section 110 of the Act;

And Whereas Ontario Regulation 603/06, as amended, provides that the council of a municipality may not enter into an agreement under section 110 of the Act, unless it first enacts a municipal housing facility by-law;

And Whereas Council is desirous of enacting a municipal housing facility by-law to permit Council to enter into agreements for the provision of municipal housing project facilities;

And Whereas, Council passed By-law 48-2003 being the Municipal Housing Facilities By-law on July 9, 2003;

AND WHEREAS, Council now wishes to repeal By-law 48-2003 and replace it with a new and updated Municipal Housing Facilities By-law in order to facilitate the provision of Affordable Housing in the Region;

Now therefore, the Council of The Regional Municipality of Durham hereby enacts as follows:

1. In this by-law:
 - a) "Act" means the Municipal Act, 2001 S.O. 2001, c.25, as amended, and its regulations;
 - b) "affordable housing" means affordable rental housing as set out in section 2 of this by-law;
 - c) "Region" means The Regional Municipality of Durham;

- d) "area municipality" means the municipality or corporation of the Town of Ajax, the Town of Whitby, the Township of Brock, the Township of Uxbridge, the Township of Scugog, the City of Pickering, the Municipality of Clarington, and the City of Oshawa;
- e) "Commissioners" means the Commissioners of Finance and Social Services, or their Commissioner delegates;
- f) "Council" means the Regional Council of The Regional Municipality of Durham;
- g) "Clerk" means the person appointed by Council pursuant to section 228 of the Act;
- h) "CMHC" means the Canada Mortgage and Housing Corporation;
- i) "average market rent" means the average monthly rent by unit type as determined in the annual survey of rents for the prior calendar year published by CMHC for the area municipality in which the municipal housing project facility is situated. If the average market rent for a unit type or for an area municipality is not published by CMHC, the "average monthly rent" will be the average monthly rent as determined by the Region;
- j) "household" means individuals and families who will be or are residing in a housing unit within a municipal housing project facility;
- k) "household Income" means the annual income from all sources of all persons who comprise a Household;
- l) "household income limit" means the maximum household income that a household can have to be eligible for placement on the wait list;
- m) "housing project" means a project or part of a project designed to provide or facilitate the provision of residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto;
- n) "housing unit" means a unit in a housing project for use as residential accommodation;
- o) "unit type" means the type of housing unit within a municipal housing project facility or potential municipal housing project facility, measured by the number of bedrooms;
- p) "housing provider" means a person who operates a housing project and with whom the Region has entered into or will enter into a municipal housing project facilities agreement under section 3;
- q) "wait list" means the Durham Access to Social Housing wait list or such other wait list as may be adopted by the Region for the purposes of selecting households for community or affordable housing;

- r) “municipal housing project facilities” or “municipal housing project facility” means the class of municipal capital facilities prescribed by paragraph 18 of section 2 of Ontario Regulation 46/94, as amended;
 - s) “municipal housing project facilities agreement” means a municipal housing project facilities agreement between the Region and a housing provider for the provision of municipal housing project facilities pursuant to a by-law passed by Council pursuant to subsection 110(1) of the Act;
 - t) “guideline” for any calendar year means the rent increase guideline as determined and published annually by the Minister of Municipal Affairs and Housing under the Residential Tenancies Act, 2006, S.O. 2006, c.17, as amended, or any successor thereto; and
 - u) “arm’s Length” means arm’s length as defined under s. 251 (1) of the Income Tax Act, R.S.C. 1985 (5th Supp.) c. 1, as amended.
2. For the purposes of this by-law, and of all municipal housing project facilities agreements, “affordable housing” and “affordable rental housing” mean units with monthly occupancy costs that are less than or equal to the average monthly rent for that unit type
 3. Subject to section 4, Council may pass by-laws permitting the Region to enter into municipal housing project facilities agreements with housing providers, pursuant to subsection 110(1) of the Act, for the provision of the municipal housing project facilities.
 4. The Region shall not enter into a municipal housing project facilities agreement unless it has determined that:
 - a) Council has enacted a by-law authorizing the entering into of the municipal housing project facilities agreement for the provision of the municipal housing project facility;
 - b) all of the housing units to be provided to households that are eligible for housing units as part of the municipal housing project facilities agreement meet the definition of affordable housing as set out in section 2;
 - c) The Region is a service manager under the Housing Services Act, 2011; and
 - d) the municipal housing project facilities agreement to be entered into contains the provisions set out in section 8.
 5. Upon passing of a by-law referred to in section 3, the Clerk shall give written notice of the by-law to the Minister of Finance or successor, as set out in the Act.
 6. A household shall be eligible for a housing unit within a municipal housing project facility if, at the time the household is selected for the unit, it is on the wait list, or is not on the wait list but has household income within the allowable limit to be on the wait list.
 7. Housing units subject to a municipal housing project facilities agreement shall not be rented or sold to the officer or director of the housing provider, or any individual not at

arm's length to the housing provider or shareholder, officer or director of the housing provider unless the housing provider is a non-profit co-operative as defined in the Co-Operative Corporations Act, R.S.O. 1990, c. C35, as amended.

8. The municipal housing project facilities agreements shall include, but shall not be limited to, the following provisions:
 - a) the term of the agreement;
 - b) the number of affordable housing units being provided;
 - c) each affordable housing unit to be provided in the municipal housing project facility meets the definition of affordable housing set out in section 2;
 - d) each housing unit to be provided shall be made available only to eligible households, in accordance with sections 6 and 7;
 - e) the Region may register the agreement on title;
 - f) the conditions attached to the financial or other assistance given to the housing provider;
 - g) the conditions respecting the sale, transfer, mortgage, or assignment of the municipal housing project facility;
 - h) the housing provider shall be required to report annually and submit documentation to the satisfaction of the Commissioners;
 - i) the consequences if the housing provider fails to comply with the terms and conditions of the agreement, which may include that the housing provider pay to the Region the financial assistance that has been provided to the housing provider; and
 - j) other terms and conditions satisfactory to the Commissioners and the Regional Solicitor, which may include, but which are not limited to, any and all forms of property transactions together with any and all general or specific security as the Commissioners and the Regional Solicitor consider necessary or desirable.

9. A municipal housing project facilities agreement may, with respect to the provision, lease, operation or maintenance of the municipal housing project facilities that are subject to the agreement:
 - a) provide for financial or other assistance at less than fair market value or at no cost to the housing provider, which assistance may include:
 - i) giving or lending money and charging interest;
 - ii) giving, lending, leasing or selling property;
 - b) exempt land or a portion of it on which a municipal housing project facility is or will be located from payment of all or part of the development charges imposed by the Region pursuant to the Development Charges Act, 1997;
 - c) subject to subsections 110(15), (17), (18) and (19) of the Act, exempt land or a portion of it on which a municipal housing project facility is or will be

located from all or part of the taxes levied formunicipal and school purposes.

10. Upon Council enacting a by-law under section 3 of this by-law, and subject to the requirements of any such by-law, authority is delegated to the Commissioners to:
 - a. enter into municipal housing facilities agreements with non-profit and private developers of affordable housing.
 - b. apply for and enter into agreements with the federal and provincial governments to receive provincial and/or federal financial or other support for the municipal housing project facility; and
 - c. enter into agreements with area municipalities for the purposes of funding, which may include financial or other assistance, from the area municipality to the Region to facilitate the delivery of the municipal housing project facility.
11. Despite the repeal of By-law 48-2003, none of the provisions of this by-law shall impact municipal housing project facility agreements entered into under the authority of By-law 48-2003.

This by-law may be cited as the Municipal Housing Facilities By-law.

By-law 48-2003 is hereby repealed.

By-law read a first time this Xth day of X, 2022.

By-law read a second time this Xth day of X, 2022.

By-law read a third time this Xth day of X, 2022.

J. Henry, Regional Chair and CEO

R. Walton, Regional Clerk

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3540.



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Commissioner of Works, Commissioner of Finance
Report: #2022-COW-8
Date: March 9, 2022

Subject:

Approval to Award and Additional Capital Financing for Regional Municipality of Durham Contract #T-1149-2021 for the Construction of Clarington Police Complex Phase 2 in the Municipality of Clarington

Recommendation:

That the Works Committee recommends to Regional Council:

- A) That the low compliant bid of Buttcon Limited in the amount of \$83,362,262* be awarded for Regional Municipality of Durham Contract #T-1149-2021 for the construction of Clarington Police Complex Phase 2 in the Municipality of Clarington;
- B) That the total project budget for the construction of Clarington Police Complex Phase 2 in the Municipality of Clarington be increased by \$16,237,560 for a revised project budget of \$102,747,560;
- C) Financing for the additional project costs be provided as follows:

Previously Approved Financing (Project G1405):

Debenture Financing	\$63,867,000
Development Charges	11,300,000
Climate Mitigation & Environmental Initiatives Reserve Fund	1,342,700
Capital Project Reserve	<u>10,000,300</u>

Total Approved Financing:	\$86,510,000
Additional Financing:	
Development Charges	\$10,000,000
Capital Project Reserve	<u>6,237,560</u>
Total Additional Financing	<u>\$16,237,560</u>
Total Project Financing	<u>\$102,747,560</u>

- D) That confirmation of support from the Durham Region Police Services Board for the continuation of this project and the additional financing necessary be received to give affect to Recommendations A, B and C prior to the April 8, 2022, tender award date.

Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval for additional capital financing and to award of Regional Municipality of Durham (Durham) Contract #T-1149-2021 for the construction of Clarington Police Complex Phase 2 in the Municipality of Clarington (Clarington).
- 1.2 Dollar amounts followed by asterisk (*) are before applicable taxes.

2. Background

- 2.1 The Clarington Police Complex is comprised of two phases. Phase 1 included the preparation of a Master Plan, the purchase of approximately 27 acres of land, site servicing and the construction and fit out of two buildings, namely the East Division Building and the Forensics Investigation Facility both of which opened for use in early 2016.
- 2.2 Phase 2 includes completing an update to the Master Plan, the acquisition of additional land, and the construction and fit out of two additional buildings, namely the Centre for Investigative Excellence and Regional Support Centre.
- 2.3 Through Report #2020-INFO-120, Bi-Annual Capital Program Reporting Requirements January 1, 2020 ending June 20, 2020 and Delegation of Authority

during a Recess of Council, informed Council of the contribution of \$1,342,700 from the Climate Mitigation and Environmental Initiatives Reserve Fund to the DRPS Clarington Phase 2 Budget for enhanced envelope treatment contingent on Regional Council's approval of the revised project cost of \$86 million as part of the 2021 Business Plans and Budgets process.

- 2.4 Through Report #2021-F-5, 2021 Regional Business Plans and Budgets for Property Tax Purposes, including General Purpose, Solid Waste Management and Durham Region Transit, approved financing in the amount of \$81 million for a total project budget of \$86,510,000, with total debt financing to a maximum of \$63,867,000.

3. Previous Reports and Decisions

- 3.1 Report #2015-F-19, 2015 Regional Business Plans and Budgets for Property Tax Purposes, including General Purpose, Solid Waste Management and Durham Region Transit, approved a project budget of \$5.51 million to be debenture financed for the initial design and related services for the Centre for Investigative Excellence and Regional Support Center (CPC Phase 2).
- 3.2 Report #2015-F-75, Approval for Land Acquisition, Architectural and Project Management Services Required for the Proposed Clarington Police Complex Phase 2 Project, authorized the acquisition of five (5) acres of land and the procurement of the architectural design, engineering and project management services. The report also authorized the Regional Chair and Commissioner of Finance/Treasurer to issue debentures to a maximum of \$5.26 million to finance the land acquisition and professional services.
- 3.3 Report #2017-INFO-100, Acquisitions of Real Property Interests and Lease Extensions during the 2017 Summer Recess of Regional Council, informed Council about the acquisition of the five (5) acre parcel of land located at 2192 Bloor Street, Clarington, at a cost of \$ 1.11 million, to facilitate the construction of CPC Phase 2.
- 3.4 Report #2019-INFO-7, Use of Delegated Authority During the 2018 Recess of Regional Council, informed Council of the award of Request for Proposal (RFP) 1047-2018 for consulting engineering services to produce an overall masterplan and provide full architectural and engineering services for the Durham Regional Police Service CPC Phase 2 to RPL Architects in joint venture with Parkin Architects Limited at an upset limit not to exceed \$3.456* million.

- 3.5 Report #2019-W-52, Award of Request for Proposal #1099-2018 for Commissioning Services for Phase 2 of the Clarington Police Complex, awarded a contract for commissioning services to Jones Lang LaSalle Real Estate Services Inc. for a total upset limit of \$98,800*.
- 3.6 Report #2020-W-7, Acquisition of Property Recommended for the Construction of Phase 2 of the Durham Regional Police Service Complex, authorized the acquisition of an additional 4.788 acres of land for CPC Phase 2 from 2188 Bloor Street, Clarington for \$650,000. The report also provided an updated total project cost based on the Class D estimate of \$85.26 million.
- 3.7 Report #2020-INFO-120, Bi-Annual Capital Program Reporting Requirements January 1, 2020, ending June 20, 2020, and Delegation of Authority during a Recess of Council, informed Council of the contribution of \$1,342,700 from the Climate Mitigation and Environmental Initiatives Reserve Fund to the DRPS Clarington Phase 2 Budget contingent on Regional Council's approval of the revised project cost of \$86 million as part of the 2021 Business Plans and Budgets process.
- 3.8 Report #2021-F-5, 2021 Regional Business Plans and Budgets for Property Tax Purposes, including General Purpose, Solid Waste Management and Durham Region Transit, approved financing in the amount of \$81 million for a total project budget of \$86,510,000, with total debt financing to a maximum of \$63,867,000.
- 3.9 Report #2021-COW-15, Standardization and Sole Source Acquisition of Building Systems and Equipment for the Durham Regional Police Service Complex, Phase 2, in the Municipality of Clarington and Authorization to Issue Debenture Financing to Facilitate the Award of Tender T-1149- 2021 During the Summer Recess of Regional Council.
- 3.10 Information Report #2021-INFO-115 - Economic Update: Inflation Pressures, Supply Chain Disruptions and Labour Shortages provided Council with an overview of the current economic conditions and significant inflationary pressures driven by the pandemic and global supply and demand imbalances.

4. Tender Information

- 4.1 The following four general contractors were pre-qualified to receive tender documentation for the construction of Clarington Police Complex phase 2 in accordance Region's Purchasing By-Law 16-2020:

- a. Buttcon Limited
- b. Chandos Construction Ltd. (Toronto)
- c. Graham Construction and Engineering LP
- d. Kenaidan Contracting Ltd

- 4.2 The tender for Contract #T-1149-2021 closed on Thursday, January 20, 2022. Compliant bids were received from three (3) of the four (4) pre-qualified general contractors:

General Contractor	Total*
Buttcon Limited	\$83,362,261.28
Chandos Construction Ltd. (Toronto)	\$84,789,901.50
Graham Construction and Engineering LP	\$86,755,717.48

- 4.3 Inflation in the range of 26 per cent has been seen on tenders for projects that have closed recently. Reduced productivity due to COVID protocols such as social distancing, sanitation, and disinfecting, and industry market conditions such as labour and material shortages are impacting construction bid pricing in many jurisdictions. Escalating costs of steel and aluminum also contribute to the increased tender pricing. This tender reflected increases in key areas including electrical, concrete, site works and finishes, driven by the current market conditions and representing inflation of close to 23 per cent over the Class A estimate.
- 4.4 In order to secure the required additional financing, bidders were asked for an extension to the tender award date previously set for March 21, 2022, to April 8, 2022. Buttcon Limited and Graham Construction and Engineering LP agreed to hold their pricing for this extended award period. Chandos Construction Ltd. indicated that due to the current price volatility in the marketplace they could not agree to hold their pricing beyond the original tender award date of March 21, 2022.

5. Financial Implications

- 5.1 Section 15.3 of the Budget Management Policy requires approval of the applicable Standing Committee and Regional Council to approve project financing in excess of \$250,000 prior to the award of the applicable contract.

The project budget increase for the construction of Clarington Police Complex Phase 2 required to award Contract #T-1149-2021 is \$16,237,560, resulting in a revised project budget of \$102,747,560:

	Approved Budget (\$)	Tender Buttcon (\$)	Additional Financing (\$)
Land	\$1,868,500	\$1,868,500	-
Design and Master Plan	\$3,999,950	\$3,999,950	-
Estimated Construction Costs	\$68,039,466	\$83,362,261	\$15,322,795
Solar Panels	\$927,000	\$927,000	-
Permits, Studies and Other Costs	\$320,050	\$408,491	\$88,441
Furniture & Fixtures	\$7,101,400	\$7,101,400	-
Net HST	\$1,436,234	\$1,744,958	\$308,724
Project Contingency	\$2,817,400	\$3,335,000	\$517,600
Total Project Costs	\$86,510,000	\$102,747,560	\$16,237,560

Financing for the adjusted project costs of \$102,747,560 will be provided as follows:

Previously Approved Financing (Project G1405):

Debenture Financing	\$63,867,000
Development Charges	11,300,000
Climate Mitigation & Environmental Initiatives Reserve Fund	1,342,700
Capital Project Reserve	<u>10,000,300</u>
Total Approved Financing:	\$86,510,000
Additional Financing:	
Development Charges	\$10,000,000
Capital Project Reserve	<u>6,237,560</u>
Total Additional Financing	<u>16,237,560</u>
Total Project Financing	<u>\$102,747,560</u>

- 5.2 Due to the increased capital costs for the Clarington Police Complex Phase 2 and the use of allowable additional police services development charges to fund the increased project costs, the current balance of the development charge reserve fund will be reduced significantly. As the development charges background study and bylaw are required to be updated for 2023, the timing and financing of future development charge growth related projects will be reviewed and may need to be adjusted.
- 5.3 Construction for the Clarington Police Complex Phase 2 will be completed in the summer of 2024 based on a tender award of April 8, 2022.

6. Relationship to Strategic Plan

- 6.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Goal #1 – Environmental Sustainability
 - Accelerate the adoption of green technologies and clean energy solutions through strategic partnerships and investment.
 - Demonstrate leadership in sustainability and addressing climate change
 - b. Goal #2 – Community Vitality
 - Support a high quality of life for all through human services delivery.
 - c. Goal #5 – Service Excellence
 - Optimize resources and partnerships to deliver exceptional quality services and value.
 - Collaborate for a seamless service experience.
 - Drive organizational success through innovation, and skilled workforce, and modernized services

7. Conclusion

- 7.1 It is proposed that the additional funding totalling \$16,237,560 required for the award of Regional Municipality of Durham Contract #T-1149-2021 to the lowest compliant bidder, Buttcon Limited, be approved from the sources identified in this report for a revised total project budget of \$102,747,560.

7.2 For additional information, please contact Jenni Demanuele, Director of Business Services at 905-668-7711, extension 3456.

Respectfully submitted,

Original signed by:

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Original signed by:

Susan Siopis, P.Eng.
Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer