



**City of Kingston  
Report to Council  
Report Number 21-194**

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**To:** Mayor and Members of Council  
**From:** Lanie Hurdle, Chief Administrative Officer  
**Resource Staff:** Kate Lillicrap, Project Manager, CAO's Office  
**Date of Meeting:** July 13, 2021  
**Subject:** Tiny Homes/Micro Living Spaces Pilot Project – Habitat for Humanity

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**Council Strategic Plan Alignment:**

Theme: 2. Increase housing affordability

Goal: 2.4 Promote secondary suites and tiny homes.

**Executive Summary:**

Kingston's 2019-2022 Strategic Plan and the Mayor's Task Force on Housing Report both supported the development of tiny homes/micro living spaces as a pilot project. City staff have been working to advance this priority and the purpose of this report is to propose a pilot project in partnership with Habitat for Humanity that would enable the development of up to eight (8) tiny homes/micro living spaces.

In 2019 and 2020, City staff started to have discussions with Habitat for Humanity (Habitat) in regard to the development of tiny homes/micro living spaces. Habitat expressed an interest in this newer form of housing through a pilot project and developed a proposal that would allow for up to eight (8) tiny homes/micro living spaces which are expected to have two (2) to three (3) different designs and measure between 300 to 500 square feet each.

City staff reviewed City-owned lands that could possibly accommodate the development of these tiny homes/micro living spaces. The City-owned unaddressed property on MacCauley Street was identified as the preferred property to implement this pilot project due to its proximity to a number of community amenities including a community centre, library, park, social services and nearby express transit access. The property is also designated and zoned for residential

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uses but would require further planning approvals for the implementation of tiny homes/micro living spaces. Based on discussions between City staff and Habitat, it is proposed that the property be divided in two (2) parcels and that the smaller parcel be transferred to Habitat for the development of up to eight (8) tiny homes/micro living spaces. The plans for parcel 2 of the property have not yet been finalized but it is anticipated that it would include a mix of market and affordable town houses and semi-detached homes, as per the current planning approvals.

The total cost of the pilot project is estimated at \$1,686,000 including the land value of \$260,000. Construction soft costs and infrastructure costs are estimated at \$786,000. City staff are recommending that the City donates the land to Habitat and provides funding up to \$646,000 from the Social Housing Capital Fund to offset some of the construction soft costs and infrastructure costs.

It is recommended that the rental rates for the tiny homes/micro living spaces use a formula geared to income which would be based on a maximum of 25% of the tenant's gross income under the Housing Income Limits (HIL). This would allow for a range of rents dependent on the income of the resident(s). Habitat will work with the City and partners to provide housing to individuals on the social housing wait list and assess the level of support required. The City and Habitat will also work with partners to build social services and supports for tiny homes/micro living spaces' tenants.

Next steps, should Council approve this partnership, would include preparing a legal survey to divide the unaddressed MacCauley Street property and bring a short report to Council in the near future to declare the smaller parcel 1 surplus to municipal need. This process will not delay the project as it will take months to complete the zoning by-law amendment application process to allow for the proposed development. Work with partners for the construction and social services supports would continue while Habitat advances the planning process.

City staff are also recommending that the City continues discussions and negotiations exclusively with Habitat for the potential future development of parcel 2 of the unaddressed MacCauley Street property. It is important to note that Habitat will incur costs in constructing the tiny homes/micro living spaces that will not be recovered in rents received. In order to generate enough funds to make this pilot project feasible, it is critical that Habitat have a chance to consider a redevelopment plan for parcel 2 to make the entire property development viable and sustainable.

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**Recommendation:**

**That** the City of Kingston enter into a partnership with Habitat for Humanity for the development of up to eight (8) tiny homes/micro living spaces based on the following contributions and actions:

- a) The City divides the property located on MacCauley Street and transfers the ownership of parcel 1 of the unaddressed property, which has an estimated value of \$260,000, to Habitat for Humanity for nominal consideration; and
- b) The City approves up to \$646,000 from the Social Housing Capital Reserve Fund to Habitat for Humanity to cover soft costs related to City fees and charges as well as infrastructure costs; and
- c) The City develops an agreement with Habitat for Humanity for the development of up to eight (8) permanent tiny homes/micro living spaces with a maximum rental rate of 25% of tenants' gross income under the Housing Income Limits (HIL); and
- d) Habitat for Humanity to prepare and file a planning application for up to eight (8) tiny homes/micro living spaces on parcel 1 of MacCauley Street property.

**That** Council approve up to \$15,000 from the Social Housing Capital Reserve Fund to cover the surveying and legal costs for the unaddressed MacCauley Street parcel 1 property transfer from the City to Habitat for Humanity; and

**That** the Mayor and Clerk be authorized to execute an agreement with Habitat for Humanity for the development and rental of up to eight (8) tiny homes/micro living spaces to be located on MacCauley Street based on the details included in Report Number 21-194, together with all documents and agreements required to facilitate the transfer of parcel 1 of the unaddressed property to Habitat for Humanity, all in a form satisfactory to the Director of Legal Services; and

**That** City Council direct staff to continue exclusive discussions and negotiations with Habitat for Humanity for the potential development of parcel 2 of MacCauley Street and report back to Council; and

**That** Council approve the by-law, attached as Exhibit A to Report Number 21-194, 'A By-law to Enter into a Municipal Contribution Agreement with Habitat for Humanity Kingston Limestone Region for the Provision of Affordable Housing Units at an Unaddressed Residential Property on MacCauley Street'.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY CHIEF  
ADMINISTRATIVE OFFICER

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**Lanie Hurdle, Chief  
Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Paige Agnew, Commissioner, Community Services

Peter Huigenbos, Commissioner, Business, Environment & Projects

Brad Joyce, Commissioner, Corporate Services Not required

Jim Keech, President & CEO, Utilities Kingston Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

Sheila Kidd, Commissioner, Transportation & Public Works Not required

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**Options/Discussion:****Background**

As part of Kingston's 2019-2022 Strategic Plan, under the Council Priority 'Increase Housing Affordability', is the commitment to 'Promote Secondary Suites and Tiny Homes'. Furthermore, the action to 'Develop a tiny home pilot project with the City as a partner' is identified.

The Mayor's Task Force on Housing report, endorsed in 2020, also recommended that City staff work to partner on a pilot project for tiny homes in Kingston.

In 2019, it was identified that Staff would report back to Council in 2020 with a proposed tiny homes pilot project which could include land contribution and potential partners. This initiative and Council report were postponed to 2021 due to the pandemic.

This report identifies the following proposed Tiny Homes pilot project elements:

- **Partner** – an organization for the City to partner with;
- **Property** – identification of a possible land contribution to facilitate development of the tiny homes; and
- **Proposal** – a proposal/concept for proceeding with the development of the tiny homes pilot project.

**Partner**

In November 2019, the City of Kingston developed a Working Group to begin discussions on possible opportunities for pursuing a pilot project for Tiny Homes.

Membership of this team included:

- 2 City Staff (Housing and Social Services, CAO's Office);
- 2 Habitat for Humanity Kingston Limestone Region representatives; and
- 2 interested members of the public.

The Working Group met to review the needs of the City in order to fulfill the objectives of the tiny homes pilot project, as well as the interests of Habitat and other possible partnerships/resources that may be helpful for residents in the tiny homes development.

Habitat for Humanity Kingston Limestone Region (Habitat) is one of 49 local organizations across Canada and one of many affiliates in 70 countries worldwide, sharing a common vision of safe and decent housing for all. Habitat serves the City of Kingston and Counties of Frontenac and Lennox & Addington to ensure families in need of better housing have a safe and affordable place to live.

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Habitat has experience developing properties in and around Kingston to serve a certain component of the community through standard and innovative homeownership models. With a national network and further resources from around North America, Habitat has contributed to providing housing opportunities in virtually every conceivable configuration known in the industry. Locally, Habitat has developed small scale housing projects that have been sold to people who cannot afford market homeownership. Most not-for-profit housing providers in Kingston provide multi-residential rental units only. Habitat has been identified as the only local provider who offers ownership models for affordable housing. Some of Habitat's existing locations in Kingston were provided by the City.

Though the local Habitat branch has not previously built tiny homes, Habitat has reviewed a number of Canadian (Halton and Sarnia-Lambton), US (California, Texas and North Carolina) and international (Australia) Habitat branches that have developed tiny homes. Having direct access to examples, best practices and learned lessons from these other associated branches would provide Habitat with the education and knowledge necessary when preparing for a local development.

Given Habitat's proven track-record of implementing diverse affordable housing in Kingston, interest in the project and Habitat's expertise in building tiny homes/micro living spaces internationally, Habitat has been identified as a preferred partner for the tiny homes/micro living spaces pilot project.

City staff did not issue a request for proposal for this project as staff reviewed opportunities with not-for-profit organizations only in order to ensure long term affordability. Other not-for-profit housing providers including Kingston Frontenac Housing Corporation (1316 Princess Street), Home Base Housing (484 Albert Street/620 Princess Street), Tipi Moza (113 Lower Union Street) and Kingston Co-op (1316 Princess Street) are all currently working on developing a number of additional housing units and therefore have limited capacity to take on multiple development projects at once.

City staff have also not reached out to the private sector for this pilot project as the intent is to make sure that the tiny homes/micro living spaces remain affordable permanently, either through rental or ownership.

Habitat and City staff are working with other partners to support the actual construction of the tiny homes/micro living spaces and social and support services.

### **Property**

The City completed a review of City-owned properties for potential tiny homes locations. This review included: 71 Sutherland Avenue and an unaddressed parcel on Sutherland Avenue (Rideau Heights), 367 Gore Road, 1100 and 1121 Montreal Street and the Shannon Park market block on MacCauley Street (Rideau Heights) locations.

As part of the review, the Sutherland Avenue and Montreal Street properties were eliminated for consideration due to proximity to Environmental Protection Area lands, servicing difficulty, and

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environmental remediation requirements at this time. The Gore Road property has not received any development approvals and would require servicing – meaning the potential for significant delays in order to be development-ready.

City staff also considered other factors such as access to transit, access to other community amenities such as parks, community centres, library and other social services providers in order to facilitate the provision of wrap around services for people residing in tiny homes/micro living spaces.

The final City-owned property that was reviewed as a potential site for the tiny home/micro living space pilot project is in the Shannon Park market block on MacCauley Street in Rideau Heights. The Shannon Park market block is the property being proposed for the tiny homes/micro living spaces pilot project discussed in this report. The subject site is well located in terms of access to community services, proximity to transit, employment locations and commercial uses.

This Shannon Park market block property (identified as 'Block 1' in Figure 1) occupies the northwest corner of the site along MacCauley Street which was recently extended across Shannon Park, creating an east-to-west connection from Montreal Street to Wilson Street. Block 1 is 1.1 hectares (2.9 acres) in size. It was zoned for residential development and is currently vacant land.

**Figure 1 – Shannon Park Market Block**



A Phase 1 Environmental Site Assessment was completed on Block 1, as part of the Rideau Heights Regeneration Project (see section titled 'Rideau Heights Regeneration' below for more

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information). No concerns were identified about past industrial or commercial activities contaminating Block 1 lands. At the time of the assessment, Block 1 was considered suitable for residential development with no further environmental investigation required.

Immediately surrounding land uses include:

- Low and medium density residential (to the north and west)
- Parkland (to the south)
- Rideau Heights Community Centre and Rideau Heights Public School (to the east)

On May 19, 2015, Official Plan amendment, zoning by-law amendment and draft plan of subdivision applications were submitted by Fotenn Consultants on behalf of the City of Kingston for the purpose of:

- developing a mixed-use subdivision (including low-to-medium density residential uses and open space uses); and
- the westerly extension of MacCauley Street

Two conceptual layouts were prepared at the time by Fotenn for the future housing block. The concepts put forward included 27 and 35 townhomes (units). The objective of this development proposal was to sell market value units. The Fotenn concepts did not include the addition of (affordable) tiny homes/micro living spaces.

On August 6, 2015, as part of the planning application process, a public meeting was held and the community was provided an opportunity to provide feedback on the applications for Official Plan amendment, zoning by-law amendment and draft plan of the subdivision which were required to implement elements of the Rideau Heights Regeneration Plan. On February 17, 2016 Council approved a comprehensive planning report from staff with implementing by-laws in support of the re-designation and rezoning of the subject property permitting a mix of housing forms.

In the last year, City staff worked closely with Habitat to review potential development scenarios which included a mixture of tiny homes/micro living spaces and townhouses. Various City departments (Planning Services, Engineering Services, Utilities Kingston, Kingston Hydro, Housing & Social Services and Business, Real Estate & Environment) were involved in the review of development options to ensure the feasibility.

Following a number of discussions and meetings with City staff, Habitat presented the City a proposal that proposes to divide the property in two (2) separate parcels with one parcel dedicated to the development of up to eight (8) tiny homes/micro living spaces and the other parcel with potential future townhouses and semi-detached homes. City staff have confirmed at a high level the feasibility of such developments but recognize that a formal planning approval process will be required in order to be able to implement this partnership. The City also has the authority to divide its own property for sale without going through the severance process.



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It is important to note that this report focuses on parcel 1 of the property which is dedicated to the development of up to eight (8) tiny homes/micro living spaces. Details of a partnership in regard to parcel 2 of the property have not been determined and are subject to more negotiations and future Council approvals. City staff are recommending that discussions and negotiations continue exclusively with Habitat in order to achieve more affordable housing diversity and financial sustainability for the overall property development.

### **Rideau Heights Regeneration**

On November 17, 2015 Council endorsed the Rideau Heights Regeneration Strategy. Given the location of Block 1, it is important to note the relevance of the Rideau Heights Regeneration Strategy.

The Rideau Heights Regeneration Strategy is a neighbourhood revitalization initiative led by the City of Kingston and the Kingston and Frontenac Housing Corporation (KFHC) for the social housing properties and public parklands in the central area of the Rideau Heights neighborhood.

When complete, the Strategy will provide a phased renewal plan for the area intended to address various community improvements including rehabilitation and redevelopment of the social housing properties, parkland enhancements, improvements to neighbourhood safety and security, amongst other priorities established through the planning and consultation processes.

As part of the Strategy, the City committed funding to the redevelopment of Shannon Park (as seen in Figure 1), a major public park in the Rideau Heights community, and the construction of a new Community Centre adjacent to Rideau Heights Public School.

From 2013 to early 2015 the City, and expertise retained in parkland and neighborhood planning, engaged community members to help create a redevelopment plan for Shannon Park. The redesign of the park incorporates formalized pathways and both active and passive recreation areas. A skate park, multi-use court, playground, soccer fields, splash pad, and baseball diamond are included, as well as new landscaping and stormwater management features.

The new east-west MacCauley Street connection to Wilson Street provides improved access to the park and community centre facilities supporting passive monitoring within the public open space and increasing safety for users of the park. Traffic calming measures including curb extensions, on-street parking, and the natural curvature of the street will help ensure vehicle speeds remain slow and safe.

### **Proposal & Partnership**

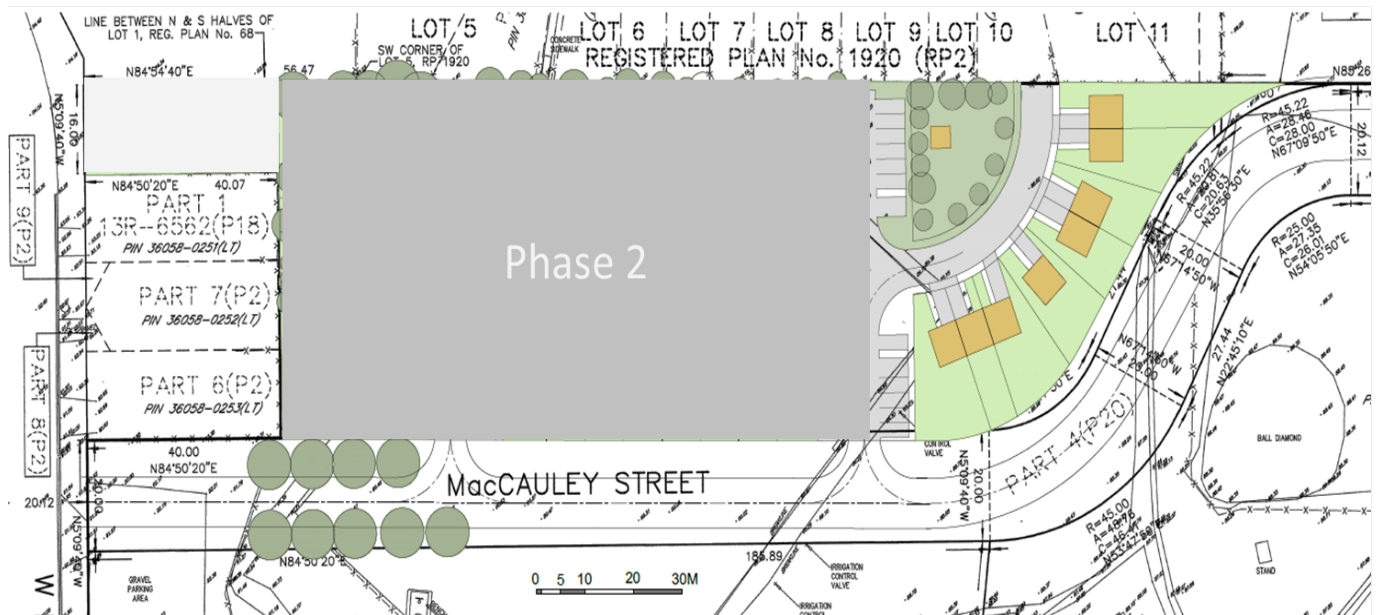
Discussions with Habitat began in 2019 for a potential development of the MacCauley Street property. Although Habitat's expertise lies in the development and construction of affordable housing in partnership with people of low-income, the discussions about partnership included some outreach to social services agencies to help support future tiny home/micro living space tenants. Habitat and City staff also agreed that a phased approach by dividing the property

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would be best to address the scope and type of developments that would be recommended on the two (2) separate parcels. This report recommends a partnership for the development of up to eight (8) tiny homes/micro living spaces on parcel 1. Phase 1 on the eastern section of the property (parcel 1) will be the site of up to eight (8) tiny homes/micro living spaces to be constructed by Habitat. Figure 2 below provides an overview of the property to be severed and a conceptual site plan for tiny homes/micro living spaces.

**Figure 2 – MacCauley Street Property Site Plan**

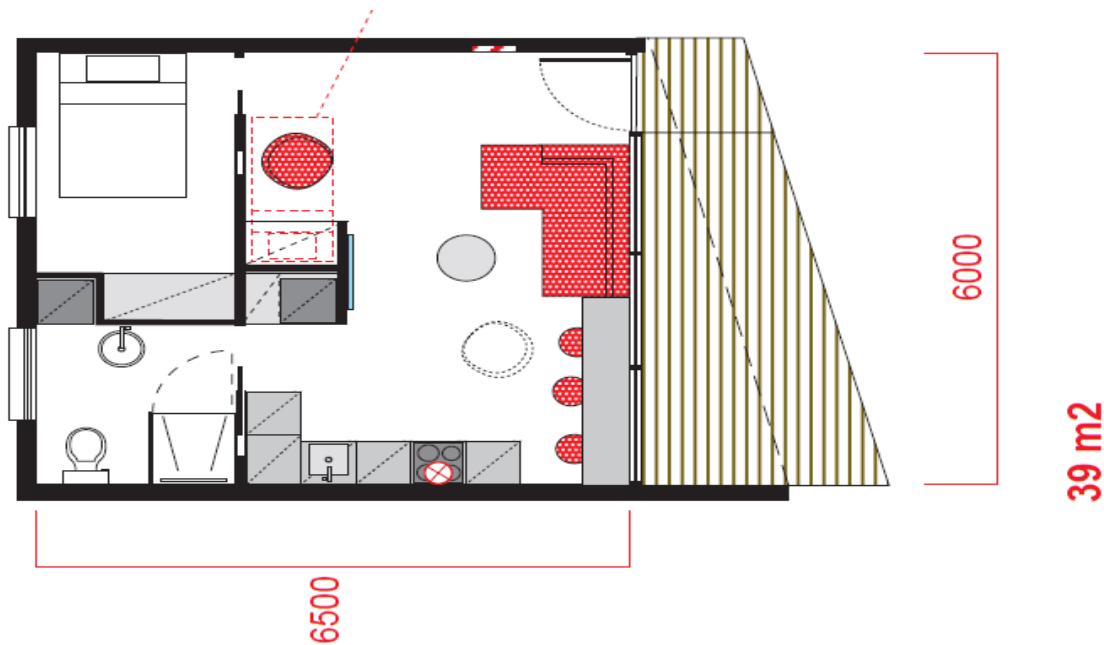


The tiny homes/micro living spaces are expected to measure between 300 and 500 square feet each. This size is comparable to studio apartments. Figure 3 below provides a concept layout for a tiny home/micro living space.

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**Figure 3 – Proposed Tiny Home/Micro Living Space Layout**



Habitat intends to complete this project in two (2) phases. Each phase will blend with the other to create a cohesive final product allowing for a more manageable scope of objectives as well as financial sustainability. Parcel 2 and Phase 2 is still subject to negotiations with Habitat and future Council approvals.

**Budget and Contribution**

The total cost of development for the eight (8) tiny homes/micro living spaces is estimated at \$1,686,000. This includes the following elements:

- Land value - \$260,000. The entire property was appraised at \$865,000 and parcel 1 is about 30% of the overall property.
- Soft costs and infrastructure costs - \$786,000
- Tiny homes construction hard costs - \$640,000 (estimated at \$80,000 per tiny home)

As part of this partnership, it is proposed that the City divide and transfer parcel 1 of the MacCauley property as well as provide financial support of up to \$646,000 which will cover soft costs including planning costs, permits & development fees as well as infrastructure costs. Habitat proposes to cover the cost of the tiny homes/micro living spaces construction which is estimated at about \$80,000 per unit for a total contribution of \$640,000 as well as \$140,000 in soft costs for a total of \$780,000. As per Habitat’s operating model, it is anticipated that there would be volunteer and donations helping to offset Habitat’s expenditures, where possible.

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Based on the budget breakdown provided in Table 1, the total City contribution per unit, including land, is \$113,250 and the contribution per unit without land is \$80,750. This is a lower than other contributions towards units that have permanent affordability.

**Table 1 – Tiny Homes/Micro Living Spaces Project Costs and Financing**

<b>Expense</b>	<b>Projected Budget (\$)</b>	<b>City Contribution (\$)</b>	<b>Habitat Contribution (\$)</b>
Land Acquisition	260,000	260,000 (donation)	
Land Survey and Transfer Costs	10,000	10,000	
Building Permits	7,000	7,000	
Development Charges	180,000	180,000	
Project Manager	80,000		80,000
Architect	60,000		60,000
Planning Consultant	25,000	25,000	
Engineering Consultant	80,000	80,000	
Temporary Construction	4,000	4,000	
Site roads and utilities	140,000	140,000	
Utility Infrastructure	200,000	200,000	
Construction Cost	640,000		640,000
Planning Application Fees		Waived for affordable housing projects as per the Fees and Charges By-Law	
	<b>\$ 1,686,000</b>	<b>\$906,000</b>	<b>\$780,00</b>

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### Affordability & Rental

It is anticipated that the units will remain affordable permanently whether in a rental or homeownership model. The only change that could be contemplated in the future would be related to a change from an affordable rental to an affordable ownership model. In the short term, Habitat is proposing to base the maximum rental rates on 25% of tenants' gross incomes using the Housing Income Limits (HIL) for a 1-bedroom apartment. The maximum income level for a 1-bedroom apartment under the HIL is \$33,000 per year. This essentially means that the maximum rent that would be paid for a tiny home/micro living space would be \$688 per month based on the maximum income of \$33,000 per year. This maximum rental rate is fairly close to 60% of the CMHC average market rent for a 1-bedroom unit. Table 2 below provides examples of rental rates based on various income levels which would fall under the HIL for various income levels scenarios that could be accommodated within the proposed rental rates. This affordable rental formula would provide for more diversity of income levels and tenants ranging from Ontario Works to low-income workers. It is important to note that utilities are not included in the monthly rental rates.

**Table 2 – Proposed Rental Rates Based on Incomes Within HIL**

<b>Yearly Income</b>	<b>Monthly Rental Rate</b>
\$33,000 (maximum)	\$688
\$30,000	\$625
\$25,000	\$520
\$20,000	\$417

Habitat uses Housing Income Limits in their homeownership program and the application of these same limits with the tiny homes/micro living spaces provides consistency and standard messaging for everyone applying to Habitat for housing.

The partnership agreement between the City and Habitat would include a requirement for a City approval to change the housing model from rental to ownership to ensure permanent affordability.

Although the details of Phase 2 have not yet been worked out, it is anticipated that there would be a mixture of market and affordable residential units. Staff are recommending that the City continues to work directly with Habitat to determine what type of housing model and partnership could work for Phase 2.

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**Existing Policy/By-Law:**

The recommendation to transfer the property to Habitat for Humanity for the development of affordable tiny homes/micro living spaces is in compliance with the City's Disposition of Real Property Policy. Properties sold for affordable housing are exempt from the requirement to sell at fair market value and are subject only to the provisions of the Affordable Housing Land Acquisition and Disposition Policy. The latter requires that, in general, lands are to be sold at 75% of market value (25% to be returned in the form of an affordable housing benefit) unless there is a clear demonstrated benefit to selling for less. The recommendations of this report will allow for the City to leverage 100% of the value of the property to ensure the development of 8 tiny homes/micro living spaces receiving a permanent affordable housing benefit.

The 10-Year Housing and Homelessness Plan identifies the need to offer a full spectrum of housing options in Kingston for both rental and ownership. It includes recommendations to partner with private and non-profit groups to expand affordable housing options.

**Notice Provisions:**

Public Notice will be provided prior to a report coming back to Council to declare the property surplus.

**Accessibility Considerations:**

Habitat is targeting one (1) unit to be built to universal design standards.

**Financial Considerations:**

The total estimated cost for the development of eight (8) tiny homes/micro living spaces is \$1,686,000, including the land value estimated at \$260,000. The City owns the land which is proposed to be transferred to Habitat for Humanity. The construction soft costs and infrastructure costs are estimated at \$786,000 and it is proposed that the City provides funding of up to \$646,000 to offset costs related to City fees and processes. This is proposed to be funded from the Social Housing Capital Reserve Fund which still has a balance of \$898,479. Furthermore, it is proposed that an additional \$15,000 be funded from the Social Housing Capital Reserve Fund in order to complete surveying and transfer of parcel 1 of unaddressed MacCauley Street property.

**Contacts:**

Lanie Hurdle, Chief Administrative Officer, 613-546-4291 extension 1231

Kate Lillcrap, Project Manager, Office of the CAO, 613-546-4291 extension 1157

**Other City of Kingston Staff Consulted:**

Brandon Forrest, Director, Business, Real Estate & Environment

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Ruth Noordegraaf, Director, Housing and Social Services

**Exhibits Attached:**

Exhibit A – By-Law 2021-XX, 'A By-Law to Enter into a Municipal Contribution Agreement with Habitat for Humanity Kingston Limestone Region for the Provision of Affordable Housing Units at an Unaddressed Residential Property on MacCauley Street'

**By-Law Number 2021-XX**

**A By-Law to Enter into a Municipal Contribution Agreement  
with Habitat for Humanity Kingston Limestone Region for the Provision of  
Affordable Housing Units at an Unaddressed Residential Property on MacCauley  
Street**

**Passed:** Meeting date, 2021

**Whereas** The Corporation of the City of Kingston has passed a Municipal Housing Facilities By-Law in accordance with subsection 7(2) of Ontario Regulation 603/06 under the *Municipal Act, 2001*, S.O. 2001, c. 25; and

**Whereas** the municipality has determined that all the housing units to be provided as part of the municipal capital facilities fall within the definition of “affordable housing” contained in the Municipal Housing Facilities By-Law;

**Therefore Be It Resolved That** the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. That Council enter into a Municipal Contribution Agreement with Habitat for Humanity Kingston Limestone Region for the provision of eight (8) Affordable Housing Units at an unaddressed residential property on MacCauley Street, as approximately shown on Schedule “A” of By-Law Number 2021-XX;
2. That Council authorize the Mayor and City Clerk to execute the required agreements in a form satisfactory to the Director of Legal Services;
3. This By-Law shall come into force and take effect on the date of its passing.

Given First and Second Readings Month XX, 2021

Given Third Reading and Passed Month XX, 2021

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**John Bolognone**  
**City Clerk**

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**Bryan Paterson**  
**Mayor**



**Schedule "A"**

**Plan Showing Approximate Location of Unaddressed Residential Property on  
MacCauley Street**



The sole purpose of this plan is to show the approximate location of the subject lands.