



**City of Kingston
Report to Council
Report Number 21-274**

To: Mayor and Members of Council
From: Lanie Hurdle, Chief Administrative Officer
Resource Staff: Ruth Noordegraaf, Director Housing and Social Services
Date of Meeting: November 2, 2021
Subject: Rapid Housing Initiative – Project Updates

Council Strategic Plan Alignment:

Theme: 2. Increase housing affordability

Goal: 2.2 Build a significant number of new residential units with a range of affordability.

Executive Summary:

In 2020, the federal government released the Rapid Housing Initiative (RHI) which is an affordable housing program administered by the Canada Mortgage and Housing Corporation (CMHC). The RHI is a capital funding program intended to create new, long-term affordable housing supply for vulnerably housed or homeless community members.

In July, the City received notification from CMHC of an allocation in the amount of \$7,418,328 under the Rapid Housing Initiative's Cities Stream. This funding is predicated on the projects meeting all of the CMHC criteria, including eligible projects creating a combined total of at least 28 new housing units and reaching occupancy within 12 months of signing a funding agreement. The RHI program has specific criteria related to target tenant population, affordable rent level, and project type.

On August 10, 2021, City Council approved the recommendations in [Report Number 21-212](#) authorizing City staff to submit an application to CMHC by August 31 for the funding allocation and to sign all necessary agreements related to the RHI funding and to report back on the approved projects.

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This report updates Council on the projects submitted to CHMC for funding under the Rapid Housing Initiative and seeks further approval to implement the projects and to deliver the housing by November 2022.

Four projects have been submitted and approved by CMHC as part of the City's RHI application:

- Nineteen (19) units of deeply affordable housing at 113 Lower Union Street, as part of the previously approved Indigenous Housing Services Centre, operated by Tipi Moza, at a capital cost of \$655,001.
- Twelve (12) units of deeply affordable transitional or supportive housing (eight (8) studio apartments and four (4) one-bedroom units) preliminarily targeting housing for women and children in the east wing at 805 Ridley Drive at a capital cost of \$3,530,362.
- Seven (7) units of deeply affordable transitional housing for youth experiencing a developmental disability at 3 Cassidy Street, to be owned and operated by Ongwanada, at a capital cost of \$1,154,880.
- Nine (9) units of deeply affordable new housing (nine (9) x one-bedroom units) at Curtis Crescent, owned and operated by Kingston & Frontenac Housing Corporation, at a capital cost of \$2,078,085.

All of the development and construction costs of these projects, except for City staff time, are eligible expenses and funded by CMHC. However, City staff have identified certain improvements (fire safety, roof replacement, and utility upgrades, etc.) in the amount of \$1.1 million that are required to the west wing of 805 Ridley Drive that are not eligible RHI expenses. This will be included in the 2022 capital budget to ensure that the City can benefit from and maximize the funding provided through the RHI. It is important to note that although staff have identified a need for women and children housing at 805 Ridley Drive, there is still some consultation work with community partners that is required prior to completing an operating plan. This will be reported to council.

Recommendation:

That Council approve an allocation of \$1,154,880.00 in Rapid Housing Initiative funding, as described in Council Report Number 21-274, to Ongwanada Hospital to support the development of seven affordable housing units at 3 Cassidy Street; and

That Council approve an allocation of \$2,078,085.00 in Rapid Housing Initiative funding, as described in Council Report Number 21-274, to the Kingston & Frontenac Housing Corporation to support the development of nine affordable housing unit at Curtis Crescent; and

That Council approve the by-law, attached as Exhibit A to Report Number 21-274, "A By-law to Enter into a Municipal Contribution Agreement with Kingston & Frontenac Housing Corporation for the Provision of Affordable Housing Units at Curtis Crescent"; and

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That Council approve the by-law, attached as Exhibit B to Report Number 21-274, “A By-law to Enter into a Municipal Contribution Agreement with Ongwanada Hospital for the Provision of Affordable Housing Units at 3 Cassidy Street”; and

That Council authorize the Chief Administrative Officer or his/her delegate to review and approve all documents and agreements related to the Rapid Housing Initiative outlined in Report Number 21-274; and

That Council authorize the Mayor and Clerk to execute all documents and agreements related to the Rapid Housing Initiative outlined in Report Number 21-274, in a form satisfactory to the Director of Legal Services; and

That Council direct staff to include an option in the Tipi Moza lease agreement for Indigenous housing services centre at 113 Lower Union Street for a five-year extension following the initial five-year term of the lease.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF
ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services

Craig Desjardins, Acting Commissioner, Corporate Services Not required

Peter Huigenbos, Commissioner, Business, Environment & Projects

Brad Joyce, Commissioner, Transportation & Public Works Not required

Jim Keech, President & CEO, Utilities Kingston Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

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Options/Discussion:

The Rapid Housing Initiative (RHI) was released by the Canada Mortgage and Housing Corporation (CMHC) in the Fall of 2020. The initial phase of the RHI provided \$1 billion in grant funding to create new affordable housing opportunities for vulnerable Canadians. The \$1 billion capital funding program was delivered under two program streams: 1) Cities Stream which provided \$500 million to pre-determined municipalities and 2) Project Stream which provided \$500 million for individual projects to be assessed through a competitive application review process.

The RHI was part of the federal government's plan to support economic recovery and create new affordable housing. The City of Kingston did not receive a funding allocation under the Cities Stream. A Project Stream application submitted by City staff to support renovation work at 113 Lower Union Street was unsuccessful. It is understood the total request for funding under the Project Stream was significantly more than the program budget.

Based on the level of interest in the first round of the RHI, the 2021 federal budget provides an additional investment of \$1.5 billion in new funding to be delivered under the RHI program. The second round of RHI includes a pre-determined funding commitment for the City of Kingston in the amount of \$7,418,328. The City's allocation is required to create a minimum of 28 new affordable units and funded units must be affordable for a minimum 20-year period. The City may appoint intermediary organizations to operate the housing units, however, the City is responsible for the project meeting the program requirements for the 20-year term, including financial viability.

The following includes an overview of the key criteria for projects to be assisted through the local RHI funding allocation:

- Funded projects must support the creation of new permanent affordable housing units including standard rental housing, transitional, permanent supportive housing, single room occupancies, and seniors housing.
- Eligible projects include the construction of new rental housing, the conversion/rehabilitation of a non-residential building to affordable housing, and the acquisition of an existing residential building in a state of disrepair or abandoned for the purpose of rehabilitation to a habitable condition.
- Projects must intend to serve households and/or individuals who would otherwise be in severe housing need (i.e. paying more than 50 per cent of their gross income on housing costs) or people experiencing or at imminent risk of homelessness.
- Tenants of funded units/beds must pay rent of no more than 30 per cent of gross income or the shelter subsidy component for social assistance recipients. For ease of communication, these rent levels are described in this report as "deeply affordable."

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- New construction projects must provide for accessible units 5 per cent beyond the building code's minimum requirement. This requirement is only relevant for the Curtis Crescent project.
- New construction projects must be 5 per cent above energy efficiency standards. This requirement is only relevant for the Curtis Crescent project.
- Property acquisitions that require the evictions of tenants are not eligible for funding.
- Projects must have a minimum of five units (or beds in congregate living settings).
- Projects must provide permanent housing (i.e. tenancies longer than three months).
- Funded projects must be able to advance quickly and be available for occupancy within 12 months of agreement signing.
- The minimum affordability period for a project is 20 years.

There is no ongoing annualized operating funding associated with the RHI program. Therefore, projects must be financially viable either through the revenue generated from rents or other operating subsidy provision.

Based on the approval granted by City Council on August 10, 2021 staff, working with local non-profit housing providers, reviewed potential housing options and developed and submitted four projects totalling 47 net new housing units to CMHC for consideration. To expedite the project identification and development review process City staff formed an interdepartmental team to facilitate project management, procurement, development approvals, real estate, and construction and design if required.

The four projects submitted by the City have been approved by CMHC and are summarized below. All the submitted projects are permitted as-of-right and do not require Official Plan or zoning by-law approvals although some site plan and heritage approvals may be required and will be the subject of separate applications, as required.

The development of affordable housing supply is consistent with the objectives outlined in the 10-Year Housing and Homelessness Plan and the Mayor's Task Force on Housing's final report. The RHI program provides for a deep level of affordability with rents established at 30% of the gross household income or maximum shelter allowance for social assistance recipients. This level of affordability is generally consistent with rent-geared-to-income housing. Accordingly, eligible projects must be financially viable based on the collection of rents otherwise annualized operating subsidy would be required to ensure financial viability.

Four projects have been submitted and approved by CMHC as part of the City's RHI application:

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- Nineteen (19) units of deeply affordable housing at 113 Lower Union Street, as part of the previously approved Indigenous Housing Services Centre, operated by Tipi Moza, at a capital cost of \$655,001.
- Twelve (12) units of deeply affordable transitional or supportive housing (eight (8) studio apartments and four (4) one-bedroom units) preliminarily targeting housing for women and children in the east wing at 805 Ridley Drive at a capital cost of \$3,530,362.
- Seven (7) units of deeply affordable transitional housing for youth experiencing a developmental disability at 3 Cassidy Street, to be owned and operated by Ongwanada, at a capital cost of \$1,154,880.
- Nine (9) units of deeply affordable new housing (nine (9) x one-bedroom units) at Curtis Crescent, owned and operated by Kingston Frontenac Housing Corporation, at a capital cost of \$2,078,085.

The funding allocations for the four RHI projects fall within the \$7,418,328 allocated to the City under the Cities Stream and the City maintains the ability to reallocate funding amongst the four project envelopes if the total does not exceed \$7,418,328.

However, the improvements to the west wing of 805 Ridley that are being included in the 2022 capital budget cover fire safety, roof replacement, utility upgrades, drainage/landscaping and other improvements identified by staff that are not eligible expenses under the Rapid Housing Initiative.

113 Lower Union

In May 2020, the City acquired the congregate living facility at 113 Lower Union Street with the objective of expanding the capacity of affordable, supportive housing available in the community. Since the acquisition of the facility, it has been utilized as part of the City's emergency housing response to the COVID-19 pandemic providing an interim location for the Kingston Youth Shelter and previously operating as a self-isolation centre for symptomatic shelter users before moving this service to a local motel.

In June 2020, City Council approved the creation of an Indigenous Housing Services Centre in partnership with Tipi Moza ([Report Number 21-158](#)) to develop and operate 19 deeply affordable single units and also authorized capital expenditures in the amount of \$477,065 to bring the building into residential service. The conversion of the property to residential uses is underway and it is anticipated occupancy will be achieved in the next several months.

The conversion of the City-owned property at 113 Lower Union Street meets the criteria for RHI funding under the Cities Stream. It is recommended that up to \$655,001 from the RHI funding be allocated to the project for asbestos abatement, mechanical upgrades, and interior renovations. This additional funding will also permit Tipi Moza to make certain tenant improvements and will fund additional work that was identified in the Building Condition

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Assessment (e.g. roof replacement). Subject to the successful completion of this project and the three other RHI projects outlined below, the City will be in the position to return the \$477,065 originally allocated for capital improvements to the affordable housing envelope.

The Rapid Housing Initiative program requires the City to enter into an agreement with CMHC which will include a requirement for the City to support the facility's operation for a minimum 20-year period.

This report also seeks Council's authorization for the lease agreement between the City and Tipi Moza to include an option for a five-year extension following the initial five-year term. This option is being provided to ensure Tipi Moza has assurance of the longer-term operation of their housing program at 113 Lower Union Street. Of note, the lease agreement does include provision that the City can terminate the lease at any time should Tipi Moza fail to provide the housing program as outlined in the housing services agreement.

805 Ridley Drive

In the fall of 2020, City Council approved the purchase of 805 Ridley Drive using municipal funds and funding available from the Social Services Relief Fund (SSRF). The SSRF funding is intended to support vulnerable community members during the COVID-19 outbreak and to provide longer-term housing solutions post-pandemic.

The building at 805 Ridley Drive is bisected into two wings, currently joined at the centre by a commercial kitchen and amenity space. In December 2020, the east wing of 805 Ridley Drive suffered a flood and extensive water damage has made this wing unusable in its current form.

The west wing of the building at 805 Ridley Drive is currently occupied by Kingston Youth Shelter and is serving up to 18 individuals every night. It is anticipated that the Kingston Youth Shelter will continue to use this space while physical distancing procedures continue to limit capacity within emergency shelters.

The RHI funding will support converting the east wing into twelve (12) self-contained apartments (eight (8) x studio, four (4) x one-bedroom). Housing staff are currently exploring a program concept that would prioritize housing for women or women with children, however, implementation of this program is dependent on securing a willing operator. Two of the units are being designed as barrier-free units which could accommodate an individual with a disability or perhaps someone transitioning from hospital care. Improvements also include offices, counselling areas, a laundry room, and a common room. Each apartment would have its own three-piece bathroom and kitchenette.

The proposal includes separating the east and west wings for fire safety and operational effectiveness. The existing kitchen and dining room area would be attached to the west wing. Both wings would be served by a common foyer with access control features designed to provide optimal security for clients and tenants in both wings.

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Housing staff have continued to meet with non-profit housing providers to discuss the plans for the east wing and how it would operate in conjunction with the west wing. Staff anticipate providing Council a subsequent report no later than March 2022 recommending the targeted population to be housed at the facility and the operator or operators. At that time, staff will seek authority to enter into a housing services agreement with the preferred operator(s).

As indicated above, the \$3,530,362 required to rehabilitate the east wing to include 12 apartments is being funded entirely through the Rapid Housing Initiative. In addition to the construction of the individual units, the work plan includes utility upgrades to service the entire facility and fire separation between the wings.

While preparing the project design and budget estimates for the east wing, City staff, the project architect and consulting engineer identified the need for additional work on the west wing that is not eligible for RHI funding, including fire safety, roof replacement, and utility upgrades, plus other improvements identified by staff. To comply with fire code requirements and to ensure efficient use of funds, this work should be completed concurrently with the east wing renovation. As a result, staff will include \$1.1 million in the 2022 capital budget.

To meet the timelines associated with the Rapid Housing Initiative, staff will be invoking the time-sensitive provisions of the City's purchasing by-law to expedite the procurement of architectural services at an estimated cost of \$225,000. To meet the RHI timeline, the project team needs to prepare detailed construction drawings immediately upon funding approval by CMHC.

The Rapid Housing Initiative program requires the City to enter into an agreement with CMHC which will include a requirement for the City to support the facility's operation for a minimum 20-year period. Having said that, City staff anticipate that these units will remain affordable beyond the 20-year period as they will be operated by not-for-profit organizations.

3 Cassidy Street

This property at the corner of Montreal Street and Cassidy Street is the former site of the St. Lawrence Youth Association and was originally constructed as the Grand Trunk Terrace. This property was acquired by Ongwanada in 2021 for the purpose of creating a youth residence that will serve individuals who require complex supports as they prepare for more independent housing options. The RHI project includes the creation of seven (7) deeply affordable units, kitchen upgrades, fire safety and utility upgrades, site preparation, an elevator and other barrier-free improvements. The addition of the elevator to the exterior of the building's west side will be the subject of a separate application to permit the elevator in relation to the property's heritage designation.

Ongwanada will manage the RHI funded improvements to the building, reporting to City staff on a periodic basis to ensure that the project is completed on time and on budget. Following completion of the work, Ongwanada will continue to own and operate the facility. A municipal contribution agreement will be registered on title of the property to ensure the affordability requirements are maintained during the 20-year term.

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Curtis Crescent

This RHI project includes the creation of nine (9) newly constructed deeply affordable one-bedroom apartments attached to townhouse units on existing social housing lands. One of the units will be barrier-free. Curtis Crescent is a social housing property owned and managed by Kingston & Frontenac Housing Corporation (KFHC) who will lead this development project.

KFHC will manage the RHI funded new construction project, reporting to City staff on a periodic basis to ensure that the project is completed on time and on budget. Following completion of the work, KFHC will continue to own and operate the units. A municipal contribution agreement will be registered on title of the property to ensure the affordability requirements are maintained during the 20-year term.

Community information sessions

Given the relatively quick timelines associated with the RHI program, Housing staff and the proponents will coordinate public information sessions with the City’s community engagement office to communicate the projects to community members.

Existing Policy/By-Law:

10-Year Municipal Housing and Homelessness Plan

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

The Canada Mortgage and Housing Corporation’s RHI is providing a pre-determined contribution to the City of Kingston in the amount of \$7,418,328. The majority of the capital funding outlined in this report will be covered by the City’s RHI pre-determined allocation.

To complete improvements to the west wing of Ridley that are not eligible for Rapid Housing Funding, such as fire safety and utility upgrades, roof repair and other improvements identified by staff, staff will include \$1.1 million in the 2022 capital budget.

During the minimum 20-year affordability period associated with the RHI the City is responsible for ensuring financial viability.

Contacts:

Ruth Noordegraaf, Director, Housing and Social Services 613-546-4291 extension 4916

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Other City of Kingston Staff Consulted:

Bruce Davis, Project Manager, Housing and Homelessness

Scarlet Eyles, Manager, Financial Planning

Brandon Forrest, Director, Business, Real Estate & Environment

Mitchell Grange, Manager, Housing and Homelessness

John Henderson, Housing Programs Administrator

Speros Kanellos, Director, Facilities Management & Construction

Jenna Morley, Director, Legal Services

Tim Park, Director, Planning Services

Exhibits Attached:

Exhibit A – A By-law to Enter into a Municipal Contribution Agreement with Kingston & Frontenac Housing Corporation for the Provision of Affordable Housing Units at Curtis Crescent

Exhibit B – A By-law to Enter into a Municipal Contribution Agreement with Ongwanada Hospital for the Provision of Affordable Housing Units at 3 Cassidy Street

By-Law Number 2021-XX

**A By-Law to Enter into a Municipal Contribution Agreement
with Kingston & Frontenac Housing Corporation for the Provision of Affordable
Housing Units at Curtis Crescent**

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; 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 Kingston & Frontenac Housing Corporation for the provision of nine (9) Affordable Housing Units at Curtis Crescent;
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

John Bolognone
City Clerk

Bryan Paterson
Mayor

By-Law Number 2021-XX

**A By-Law to Enter into a Municipal Contribution Agreement
with Ongwanada Hospital for the Provision of Affordable
Housing Units at 3 Cassidy 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; 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 Ongwanada Hospital for the provision of seven (7) Affordable Housing Units at 3 Cassidy Street;
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

John Bolognone
City Clerk

Bryan Paterson
Mayor