

Burlington Committee of the Whole

Follow-Up Report

Prepared by: Kyle Fritz

Habitat for Humanity Halton-Mississauga
1800 Appleby Line, Unit 10
Burlington, ON L7L 6A1

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Introduction

This report has been prepared after a delegation to the Burlington Committee of the Whole on Monday May 13, 2019. As per the request of multiple councilors, we have reflected upon the questions asked and tried to produce a holistic and transparent response that accurately reflects our organization, and provides answers that have been produced to the best of our ability.

Inevitably, this comes down to the paradox of having limited resources yet an increasing demand for affordable housing. We have seen the statistical evidence referenced by the provincial government, we have heard you advocate for us, and we have heard our community partners and citizens as the comment consistently made is, “we need more affordable housing.”

As an organization, we have made a dedicated commitment to respond to this comment and provide our services as the go-to affordable housing provider for Halton & Mississauga. However, as we have continued to expand and increase productivity/efficiency, we continue to run into expenses that take away from funds that could be spent to produce more homes for more people who need them. The purpose of our delegation was to emphasize the burden that pre-development fees costs for our organization. We spend approximately 56% of our budget before a shovel is even in the ground and it seems unfair that we are constantly lumped in with for-profit developers when we are dedicated, to provide affordable housing for the communities. Unlike those of for-profit developers, our resources are limited, and our financial ability much more thin, thus to ask us to pay the same fees seems inconsiderate of the broader mission of our organization and the potential return for the community.

We know that the City of Burlington is dedicated to solving the affordable housing crisis that plagues its communities. As an organization in your community, we want to work with you to find a solution to alleviate our financial burdens to allow us to continue to serve you and your constituents the best way we know how: contributing to a world where everyone has a safe and decent place to live. One way to do this is to provide an exemption for organizations like us. This would reduce the burden on our cash flow, and allow us the financial freedom to continue to build affordable housing for the City of Burlington and its residents in need.

Question One: Can you provide us with your Build history for the past year, and projections for the next two?

Past Year

For the past year, our organization has been actively developing two projects. Our Burlington Crew-Goetz build, and our Mississauga Bristow-Law build. For the scope of this report, I want to focus on our Halton project as that is what was asked for by Councilor Bentivegna.

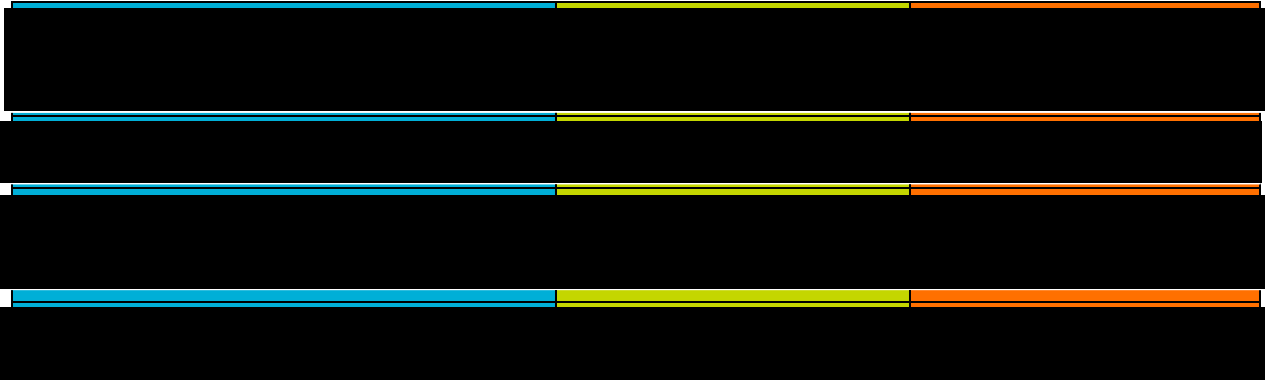
2384 Queensway, Burlington

We broke ground on our Crew-Goetz build in May of 2018, and have been continuing at a productive rate. The project will include 18 townhomes comprised of two, three, and four bedroom units. A key detail to note about this project is that it is the first of our affiliate's developments that will be using a deferred homeownership model. This was a crucial step in our realignment to councilors' and communities' needs as we want to ensure our properties are going to remain affordable housing in perpetuity. This project is currently at the "lock-up" phase and we are continuing with interior work this summer.

Next Two Years

*Projects with stars next to them are to be kept strictly confidential as agreements have not been finalized.

Project	Type of Unit	Number of Units
Margaret Gardens - Oakville	Townhome	15
Bob Rumball - Halton Hills	Care Units	10
Exchange Hotel - Halton Hills	Townhome	6



Question Two: Can you provide us with information on the existing exemptions/deferrals you have seen elsewhere? (i.e. Town of Halton Hills, City of Hamilton, etc.)

Town of Halton Hills

According to section 3(3) “Charities, non-profit, and not-for-profit organizations may apply to Council to seek relief from Development Charges if they meet the following criteria:

- a) The Building must be used for the exclusive or intended use of the organization
- b) The organization must have a valid registration number;
- c) The organization must have been in existence for a period of at least three (3) years immediately prior to the application;
- d) The organization must be willing to sign an undertaking under seal agreeing that it will pay the Development Charges if the property ownership is transferred to a non-charitable organization within three (3) years of the date of the building permit issuance, unless the transfer is part of the agreed-upon business or purpose of the organization; and
- e) The use of the Building must be directly related to the core business or purpose of the organization” (By-Law NO. 2017-0049, 2017, pg.7)

City of Hamilton

According to section 21 paragraph (f): Notwithstanding any other provision of this By-law, the following types of development are exempted from development charges under this By-law, in the manner and to the extent set out below. Unless otherwise specified herein, the said exemption is equivalent to one hundred percent (100%) of the development charges otherwise payable under this By-law;

(f) an affordable housing project that: (A) either has been approved to receive funding from the Government of Canada or the Province of Ontario (including their Crown corporations) under an affordable housing program or has been approved by the City of Hamilton or the CityHousing Hamilton Corporation through an affordable housing program; and (B) such affordable housing project is not eligible for funding for development charge liabilities from the Government of Canada or the Province of Ontario (including their Crown corporations). (By-Law NO. 14-153, 2014, pg. 13)

Other examples of municipal By-laws with special provisions are as follows:

Municipality	By-law	Summary
Barrie	2014-108	50% discount for “development of lands owned by a non-profit institution for institutional uses” (pg.7).
Kingston	2014-135	There is an Affordable Housing fund included as a part of the development charges (pg.16).
North Bay	2014-128	The development charges By-law does not apply to “non-profit housing” (pg. 5).
Toronto	515-2018	The City of Toronto may enter into an agreement that exempts “land, building, or structures” (pg.11). *This only works because it is enshrined in the By-law.
Greater Sudbury	Proposed By-law (2019)	The development charges By-law does not apply to “land, Buildings or Structures used for the purpose of an Affordable Housing Project” (pg.10).
Ottawa	Proposed By-law (2019)	There is an Affordable Housing fund included as a part of the development charges (pg.20). Also, “a residential use building erected and owned by non-profit housing” is exempt from charges (pg. 12)
Newmarket	By-law 2014-42	Included under “exemptions” is “a building or structure used for a community use owned by a nonprofit corporation. (pg. 7)

Oshawa	By-law 80-2014	No development charges shall be imposed “on that part of lands used solely for the purposes of “a non-profit institution” (pg. 6)
Puslinch	By-law 2014-054	Development charges shall not be imposed with respect to “institutional use.” (pg.9)
Whitby	By-law 7255017	“Special care/special needs dwelling unit owned by a charitable organization or a non-profit organization” are exempt (pg. 12).

Region of Halton

As the agreement is longer to reproduce than is necessary for this report, I would like to summarize our arrangement.

We entered into a partnership with the Region of Halton in 2018. This program provided a ten-year development charge deferral for Habitat for Humanity Halton-Mississauga on our Crew-Goetz build. This is a great example of a Region demonstrating its commitment to affordable housing within its jurisdiction. The Region has also been a valuable advocate to secure additional funding for our builds to help pay for our costs.

Question Three: Can you provide us with the breakdown of fees you pay pre-development?

I have reproduced a table for you below that highlights a percentage breakdown of the pre-development costs for one of our builds. As you may observe, the percentage of our project funds spent prior to putting a shovel in the ground is approximately 56%. These numbers are subject to change based on municipality, property costs, etc. However, this does provide a rough estimate of our project costs.

	Cost of Total Build (percentage)
Planning <ul style="list-style-type: none"> - Consultant Fees <ul style="list-style-type: none"> - Engineering 4.0% - Planning 1.0% - Architect 1.0% - Hydro 0.3% 	6.00%
Fees/Permits/DC's <ul style="list-style-type: none"> - Official Plan Amendment / Rezoning Site Plan Charges <ul style="list-style-type: none"> - City 0.1% - Regional - Permit Fees <ul style="list-style-type: none"> - Demo & Build Permit 0.05% - MTO 0.15% - Other (Road cuts etc) 0.03% - Regional Servicing Permit 1.00% - Letters of Credit / Securities 0.20% - Deposits - Development Charges <ul style="list-style-type: none"> - Regional - Municipal 2.00% - School 1.00% - Parkland 	11%
Site Preparation <ul style="list-style-type: none"> - Demolition 1.30% - Remediation 1.40% - Other 0.25% 	3%
Site Servicing <ul style="list-style-type: none"> - Water / Sewer / Gas / Storm / Hydro 7.10% 	7%
Property Costs <ul style="list-style-type: none"> Land 25.0% Carrying Costs during development (property taxes etc) 3.00% 	28%

Question Four: Can you provide us with some of the partners that you have worked with, and will be working with going forward?

Our organization values every partner we create in the community. Because of the scope of the question, it is difficult to provide every single partner from corporate donors to home sponsors, to development and social service partners. As our request at council was specific to the development process, I wanted to provide you with a breakdown of some of our partners that are a part of that facet of our organization.

Development Partners

We have worked with a variety of development partners over our various builds. Naturally, we want to engage as many experts in the industry to expand our portfolio, capacity, and ability as we continue to service our communities.

Some of these partners include:

- Oakville Community Foundation
- Region of Halton
- Canadian Mortgage and Housing Corporation
- Fernbrook
- Branthaven Homes
- Pinnacle

Social Service Partners

Previously at HFHHM, we chose the families, we provided ongoing services, and we maintained the properties. We found that this was an inefficient way to continue our operation because there were other service agencies that were operating in a similar fashion. As such, we reviewed our family selection process and have begun to outsource the family selection process to social service groups in the community who have demonstrated an interest in partnering with our organization.



Community Living North Halton
A Community Where Everyone Belongs and is Valued

For example, our Bett-Knowlton project (92 Mill Street West, Acton) was the first build that we partnered with Community Living North Halton (CLNH) on. As a part of this

partnership, CLNH connected HFHHM with a group of men on the autism spectrum and their support workers. This was an amazing experience for HFHHM as it provided us with an opportunity to demonstrate our construction/development flexibility to meet different needs (i.e. accessibility requirements). Additionally, we found that by partnering with another community organization, we were able to amplify our message and demonstrate the variability of our definition of family, another big part of our organizational restructuring.

Other partners we have been engaging include:

- Halton Children's Aid Society
- Links2Care
- Halton Women's Place
- United Way Halton & Hamilton
- Halton Multicultural Council
- Salvation Army Lighthouse
- Hamilton Housing Help Centre
- Bob Rumball Canadian Centre for the Deaf
- Hamilton Housing Help Centre
- Shifra Homes Inc.
- Armagh House
- Home Suite Hope
- Wesley Urban Ministries
- Milton Transitional Housing

Question Five: What other organizations are of a similar business structure?

Our organization is difficult to compare to other organizations because of its structure. We have multiple revenue components that differentiate us from other charities, and multiple pathways to home ownership that diversify us as well.

For case study purposes, we can use the Salvation Army to compare:

Salvation Army	Habitat for Humanity Halton-Mississauga
Thrift Store <ul style="list-style-type: none"> Used to support their projects. Large focus on textiles. 	ReStore <ul style="list-style-type: none"> Used to support their builds. Large focus on furniture.
Housing Model <ul style="list-style-type: none"> Emergency shelters (30-90 days). Transitional housing (six months to two years). 	Housing Model <ul style="list-style-type: none"> Deferred home-ownership at an affordable rate in perpetuity. No deadline for a family to leave.
Social Services <ul style="list-style-type: none"> Provided in-house by the organization. 	Social Services <ul style="list-style-type: none"> Provided by expert partner organizations.

I would like to reinforce that councillors have the ability to set the eligibility requirements for exemptions. As we have seen in the Town of Halton Hills, and the City of Hamilton, there does not need to be a blanket exemption that “opens the gate” for other affordable housing providers. Specifications can be included to limit the criteria to projects that truly embody the goals of the City of Burlington; these goals, as have been implied to us through our years of service, include: maintaining affordable housing in perpetuity, ensuring flexibility, and partnering with other organizations to make our proposals more robust and relevant to the community.

Question Six: Why do we need exemptions baked into the By-law as opposed to the continual waiving of fees by other municipalities?

The answer for this question can be found in provincial policy. According to section six, paragraph three, of the *Development Charges Act, 1997* “A development charge By-law must set out the following: An express statement indicating how, if at all, the rules provide for exemptions, for the phasing in of development charges and for the indexing of development charges.” (Development Charges Act, 1997, n.p.). Accordingly, much like the Town of Halton Hills, development charge exemptions must be outlined in the



development charges By-law of that municipality. These policies can be as broad, or as narrow as Council decides they need to be.

Alternatively, as Toronto does, Council could decide to leave individual agreements to be made. This would give them the power to pick, choose and limit the projects that they choose to provide exemptions for; in turn, they can be subsequently coordinate how much money they would need to re-allocate.

Conclusion

We respect and understand the questions raised at the Committee of the Whole Meeting on Monday May 13, 2019. We appreciate the council's continued support and interest in our organization, and the work that we do to meet the affordable housing needs of your community. As such, we feel that the continued services we provide for the community justify our ask for cost reduction from the City of Burlington.

We recognize the unease that some of the councilors felt; however, we would like to remind you of the financial re-investment in the community. As we mentioned during our delegation, a study referenced by The Canadian Observatory on Homelessness/Homeless Hub notes that responses to homelessness can cost an annual \$120,000. Another report prepared by the Boston Consulting Group notes that every \$1 invested in Habitat for Humanity can produce \$4 for society. Thus, the financial return based on these two reports alone is substantial. This does not include the direct emotional impact on people who are in need of affordable housing, and the marketing value of a demonstrated commitment to affordable housing in your community.

We appreciate the direction to staff to conduct a feasibility study of implementing a development charge exemption; however, we fear that the time required to complete that study will result in a continued financial burden on our organization as we try to meet the affordable housing need in your community. Thus, we must insist that a development charge exemption be implemented in the interim By-law. While two years may not seem like a long time, it will still be two years worth of potential development projects that will include development charges in the costs. That money is taken directly out of projects that could help more people and build more homes.



Thank you for taking the time to read this report and we look forward to your response. As always, if you have any questions or would like to arrange a time to follow-up, please reach out.

Signed,

A handwritten signature in black ink, appearing to read "Kyle Fritz". The signature is fluid and stylized, with the first and last names being more prominent than the middle name.

Kyle Fritz
Government Relations and Planning Adviser