

# MICAH

MARKHAM INTERCHURCH COMMITTEE for AFFORDABLE HOUSING

"...what does the Lord require of you but to do justice, to love mercy and to walk humbly with your God." (Micah 6.8)

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TOWN OF MARKHAM  
CLERKS DEPT.

*c/o Water Street Non-Profit Homes  
20 Water Street, Markham, ON, L3P, 7P7*

**To:** Town of Markham Mayor and Councillors

**From:** Markham Interchurch Committee for Affordable Housing (MICAH)

**Date:** August 2, 2006

**Subject:** Request for Servicing Allocation from Town's Reserve and  
Future Request for Financial Incentives from the Town in support of  
Proposed Affordable Rental Housing Project in Cornell Centre

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## About MICAH

MICAH (Markham Interchurch Committee for Affordable Housing) is a not-for-profit, organization dedicated to sponsoring affordable housing projects to serve low and moderate income families, singles, seniors, people with disabilities and persons with other special needs in the Town of Markham. MICAH is associated with two existing projects, Cedarcrest Manor, a 150-unit independent living rental housing project for seniors, located on Water Street in Markham and a 26 unit townhouse project on Robinson Street in Markham. At this time, MICAH is seeking to develop a 120-unit affordable rental apartment project in the area of Highway 7 and 9<sup>th</sup> Line in the community of Cornell in the Town of Markham.

## York Region's Two Stage RFP for Rental Component of Canada-Ontario Affordable Housing Program

The Region of York has recently issued a Request for Pre-Qualification (RFPQ) of respondents interested in applying for capital funding to construct affordable rental housing in the Region under the Affordable Housing Program for up to 235 units. Capital funding available from the federal and provincial governments is in the form of a grant of up to \$70,000 per unit. York Region has also committed to contributing its portion of development charges towards selected affordable housing projects.

The purpose of the RFPQ is for the Region to receive preliminary proposals from Proponents which will be reviewed and short listed for Regional Council's consideration. It is the Region's intention to ask Pre-Qualified Proponents to respond to a more comprehensive Stage 2 RFP.

MICAH intends to submit a response for participation in this program. The deadline for submissions in response to the RFPQ is August 10, 2006. Notification of selection for the Stage 2 RFP is anticipated to be Fall 2006/Winter 2007.

It is a **mandatory requirement** of the RFPQ that Proponents demonstrate that the proposed affordable housing project is “development ready” and can reach the occupancy stage in a relatively quick time period. This includes having all the necessary land use approvals and building permit issued within 18 months of project selection, and reaching full occupancy by March 2010. Other mandatory requirements include demonstrating that Proponents will abide by Affordable Housing Program criteria related to maximum unit sizes, overall average rent levels, rent affordability periods, incoming maximum household income levels; and minimum equity requirements. Demonstrating the financial viability of the proposed project is also a mandatory requirement of the RFPQ.

Selection of the Pre-Qualified proponents will be based on the following criteria:

- Qualifications, experience and credentials of the firm/team and personnel assigned to the project
- Familiarity with business processes for municipal program delivery relevant to the project
- References indicating the competence and track record of the Proponent in the market place with regard to the services required by the Region
- Capacity to protect confidential information
- Understanding of the requirements of the RFPQ
- Demonstrated willingness to comply with the terms and conditions of the Request for Pre-qualification
- Value-added services within the scope of the services required
- Responsiveness to the RFPQ, completeness and comprehensiveness of the submission
- Potential conflicts of interest identified

In addition, preference will be given to proposals that demonstrate the principles of barrier free design, energy efficiency and good quality construction. The degree to which proposals show conformance to good urban planning and design principles will also be considered. Preference will also be given to projects in locations which promote intensification and more specifically, in Regional Centres and Corridors and in locations that link housing to employment and proximity to services. Preference will be given to projects that conform to the Region’s Housing Development principals:

1. Integration of housing into the broader community
2. Permanent/long term affordability
3. focus on modest housing form
4. intensification along Regional centres and corridors
5. Linking housing to transit, employment and proximity to services
6. Serving households on the Region’s Social Housing Waiting List

7. Local municipal support for housing initiatives
8. Regional contributions secured in a way to achieve public accountability.

### **Proposed Affordable Housing Project – Location**

An ideal site has been identified for the proposed affordable housing project. It is located at 6910 and 6950 Highway 7, east of 9<sup>th</sup> Line in the area known as Cornell Centre. The affordable housing site is part of a larger 20 acre site which will include approximately 500 residential units of medium and high density, as well as a church, park and hospital-related buildings. The location is ideal for people without cars as it has access to both VIVA and York Region Transit. It will serve VIVA well in that it will provide riders to its proposed new service in Cornell.

### **Partnership with Toronto United Church Council and Kylemore Homes**

The Toronto United Church Council owns the property at 6910 and 6950 Highway 7.

Toronto United Church Council has within its mandate and policies the following: *“As Council’s resources and priorities for those resources permit, Council will participate with housing initiatives in obtaining adequate financing and partnerships for research, planning, site acquisition and construction...Council will only participate in housing initiatives that have as a goal “the improvement of the human condition.”* Given this mandate, Toronto United Church Council has confirmed that it is prepared to partner with MICAH in its efforts to provide affordable housing in Markham. The above noted land currently owned by the Toronto United Church Council will be made available for an affordable housing initiative subject to the completion of satisfactory financial arrangements.

Kylemore Homes has partnered with the Toronto United Church Council to develop the 20 acre site, including the affordable housing project. The proposed affordable housing project is in keeping with the policies of the proposed Cornell Centre Secondary Plan.

### **Proposed Affordable Housing Project – Building**

MICAH plans to construct 120 apartment units, including 60 one-bedroom units, 24 two-bedroom units, 24 three-bedroom units and 12 four-bedroom units, which will be rented at average rents at 80% of Average Market Rent for the area. It is anticipated that six units (5%) will be designed to meet the needs of persons with physical disabilities. In keeping with the policies of the proposed secondary plan, MICAH intends to include ground floor commercial space fronting Avenue 7. It is anticipated that this space will be used for property management offices and offices for community agencies such as those providing support services to tenants living in the affordable housing project.

### **Partnerships with Support Service Providers**

One of the program requirements set by the province is mandatory targets for three tenant groups, in particular, persons with mental illness, persons with dual diagnosis and victims of domestic violence. As part of MICAHA's proposed development, we intend to provide up to 20 rental apartment units to persons with mental illness or dual diagnosis and up to 12 units for victims of domestic violence.

Two supportive service providers, one specializing in providing services for persons with mental illness and the other in providing services for victims of domestic violence, have indicated that they are interested in partnering with MICAHA on this project. It is our expectation that these support service organizations would refer persons with mental illness or dual diagnosis and victims of domestic violence to MICAHA and provide these tenants with the support services necessary to help them live independently.

### **Proposed Affordable Housing Project – Clients Served**

Within the total units, 27% of the units (32 units) will be rented at OW/ODSP shelter allowance rates. Twelve of the 32 units rented at OW/ODSP levels would be designated for victims of domestic violence, and the other 20 units would be designated for persons living with mental illness. MICAHA also intends to include six units which are modified for persons with physical disabilities. Families, singles, childless couples, and seniors are the target for the remainder of the units. It is anticipated that employees of the nearby hospital and other local businesses would also be well-served by the proposed affordable rental housing building.

### **Affordable Housing Program Timelines & Requirement for Servicing Allocation**

As noted above, all projects funded under the Affordable Housing Program must be built and occupied by **March 31, 2010**. Given that our proposed site does not currently have a servicing allocation, we would not be in a position to meet the **mandatory** program timelines unless the Town of Markham grants MICAHA a servicing allocation from its reserve. In discussions with Town planning staff, it is our understanding that affordable housing projects and higher density, transit supportive projects are given priority in decisions related to allocating servicing allocations from the Town's reserve.

### **Opportunity for over \$11 million of Capital Grants for Markham**

We believe that the Town of Markham and MICAHA have a unique opportunity to obtain much needed capital funding for affordable housing in Markham. The proposed project is estimated to cost approximately \$24.6 million. About \$8.4 million in federal/provincial funding could be realized if MICAHA's proposal for funding is successful. In addition, the Region would contribute its portion of the development charges which are estimated to total almost \$1 million. As a provider of rental housing for low income households, MICAHA anticipates that it will be eligible to receive approximately \$1 million in GST rebates. MICAHA is also seeking charitable status and, if successful, would be eligible

for approximately \$1.3 million in PST rebates. In addition, it is estimated that the project would bring in approximately \$110,500 per year in property taxes.

### **Future Request for Financial Incentives from the Town and Region in support of Affordable Rental Housing Project**

The project can afford a mortgage of approximately \$12.3 million. It is critical to the financial viability of the project that, upon receiving development approvals for the project, the Town of Markham consider a request for financial incentives such as the deferral or provision of conditional grants in lieu of certain development processing fees, conditional grants-in-lieu of development charges and cash in lieu of parkland applicable to the project.

These incentives have the potential to total about \$671,440 as follows:

- Town portion of development charges is approximately \$542,280
- Cash in lieu of parkland requirement is estimated to be \$60,000 (based on 5% of land value)
- Site plan approval fees are estimated to be \$51,360
- Zoning application fees & processing fees total approximately \$17,800.

MICAH intends to submit request for a conditional grant-in-lieu of the Region's portion of development charges, estimated at \$997,020.

### **MICAH's Request of the Town of Markham**

In summary, MICAH is seeking Town of Markham support of the proposed 120-unit affordable housing project as follows:

1. Allocation for 120 units of residential development to facilitate the construction of the affordable housing project by March 31, 2010;
2. A future request for Financial Incentives including deferral or provision of conditional grants-in-lieu of the Town's portion of development charges, cash-in-lieu of parkland, and other development processing fees, estimated to total of approximately \$671,440.



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