

D'ARCY AFFORDABLE HOUSING SITE PARTNERSHIP

Issue

Funding considerations are provided to Council for consideration with regard to working with proposed partners in the development of an affordable housing project on Town purchased land in the D'Arcy neighbourhood.

Motion Proposed by Administration

That Town land be sold to Westwinds Communities and the Brenda Strafford Society at a nominal value and that Westwinds Communities and Brenda Strafford Society assume all costs for site development, permitting, and construction costs associated with their portions of the site, and further that both Westwinds Communities and the Brenda Strafford Society be advised that they may apply to the Town for tax exemption status in accordance with the *Municipal Government Act (MGA)*.

Report, Analysis and Financial Implications

The Town of Okotoks purchased 3.3 acres of land at 33 Sage Way in 2019 for \$2.6 million. The Town intended to partner with both Westwinds Communities (WWC) and Rowan House in the development of this site. Since that time Rowan House has declined to participate. A new partnership with the Brenda Strafford Society (BSS) has since been secured.

M3 Developments was hired by the Town of Okotoks following a Request for Proposal (RFP) process in November 2020 to manage the development of a site plan for the affordable housing site. As part of their approach, M3 engaged directly with WWC and BSS to determine the specific needs of their clientele. M3 then hired Hindle Architects, as a sub-consultant, to generate several site plan options that took into consideration the requirements of the Land Use Bylaw and the needs of WWC and BSS. Hindle Architects developed a flexible, modular unit layout that can be adapted to multiple configurations given the preferred site layout.

WWC proposes to construct 50 units in two building to be built in 2 phases; clientele being primarily seniors, families, and some youth that are on housing waitlists. BSS intends on developing 42 units with common amenity spaces and staff accommodations. BSS clientele is women and families that are fleeing family violence and whose stays in these units tends to be short term. In addition, an additional 48 units are planned to be market rental housing and may be acquired by a private builder through a formal RFP. Parking for BSS will be secure underground parking while WWC parking and the market housing parking will be surface parking. M3 provided information on both the needs of the provider and the estimated probable cost of all project construction.

The Town also hired Veritas Development Solutions to create a site servicing plan to refine servicing costs and site layout, working with M3 Developments and Hindle Architects. Following the finalization of site servicing costs and final realignment of building site envelopes for the partners a subdivision plan will advance to create the individual titled lots that the partners will need in advancing project financing for their buildings. The Town would secure a third party builder for the market rental housing through a competitive RFP process.

At the time of writing of this report Memorandums of Understanding with both WWC and BSS have been drafted and are intended to go to the relevant boards in May. Some matters that need to be addressed in the MOUs require consideration by Town Council before proceeding. This includes consideration of land costs, servicing costs, development and building permit costs as well as municipal taxes.

Land Costs - The site was purchased for \$2.6 million. Consideration of what percentage of land costs, if any, the Town is prepared to absorb on behalf of the affordable housing providers is brought forward for Council consideration.

Servicing Costs - Servicing costs for the site are unknown at the moment but could be in the order of \$500,000. Servicing can either be through independent systems to each lot on site or through a common system where costs are shared proportionate to the amount of land that each party obtains title to. Council is asked whether land servicing costs are entirely the responsibility of each party/lot or whether the Town will provide site servicing?

Operating Costs - Similar to servicing costs, a bare land condominium would allow for shared on-site management for snow clearing, landscape maintenance, parking lot maintenance, and other site matters. This does not require Town involvement.

Building Costs - All construction costs will be the responsibility of each party. However, a request to waive development and building permit costs has been made. Development permit fees are in the order of \$16,000 for the project and building permit fees for WCC are estimated at \$129,800 and for BSS at \$119,200.

Taxes - It has been requested that a portion of the annual taxes for the affordable housing parts of the project be waived. For WWC this could amount to approximately \$70,000 a year and \$63,000 for BSS. Waivers of taxes typically are made by formal request and Administration would determine if the criteria for tax exempt status, as per the *MGA*, are met.

Strategic Plan Goals

<input checked="" type="checkbox"/>	Manage Community Growth	<input type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Provide Quality Community Infrastructure	<input checked="" type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

The Towns' Strategic Plan under Manage Community Growth includes the priority of offering new affordable housing options to the community.

Governing Policies/Bylaws/Legislation or Agreements

Municipal Development Plan Bylaw 02-21 contains policy that speaks specifically to the need to diversify the stock of housing in the Town of Okotoks including purpose-built rental (Policy 5.1.5) and increasing the availability of non-market affordable housing for low income households (Policy 5. 2).

The creation of a partnership in the development of the D'Arcy site with WCC and BSS speaks directly to policies 5.2.3 and 5.2.4 of the Municipal Development Plan, where partnerships to create non-market housing options are encouraged. Further, the Affordable Housing Strategy "Action Plan 4: Establish Partnerships to Get Housing Built" also supports the development of the D'Arcy project.

Public Participation Strategy

The site in question is zoned as Residential Medium Density Multi-Unit District (R-3). The purpose and intent of this district is to provide for medium density residential units in formats that include apartments, attached homes, and duplexes. The proposed development is consistent with the zoning in place and limited public participation is expected to take place. Development will be subject to approvals by the Municipal Planning Commission and development appeals process.

Alternatives for Consideration

There are a number of options that Council may consider in supporting the cost of affordable housing. In terms of construction, land costs could be reimbursed anywhere from 0% to 100%. Land servicing costs could also range from a 0% to 100% reimbursement. If land costs are assumed by the Town, the per unit cost for WCC would decline from \$30,000 per door to \$5,000 per door; and BSS unit costs would decline from \$17,000 per door to \$3,000 per door. It is not recommended that building permit fees be waived as building permits are cost recovery based. Request for tax exempt status should be made by formal request to the Town for review.

CAO Comments

I strongly support the waiver of the planned recovery of land costs. Investigation shows that these units are not at the threshold of affordability that is critical in Okotoks. By waiving the 50% recovery of the land investment costs for the non-market units, the Town does not need to expend additional funds. 100% recovery is still recommended on the market units. Of the \$2.6M investment, the Town will still recover approximately \$1M back from the market development which will go to RFP.

Attachment(s)

n/a

Prepared by:
Jeff Greene
Community Growth, Investment & Sustainability Director
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