

Session # 406

Get New Stock Now!

Presenters:

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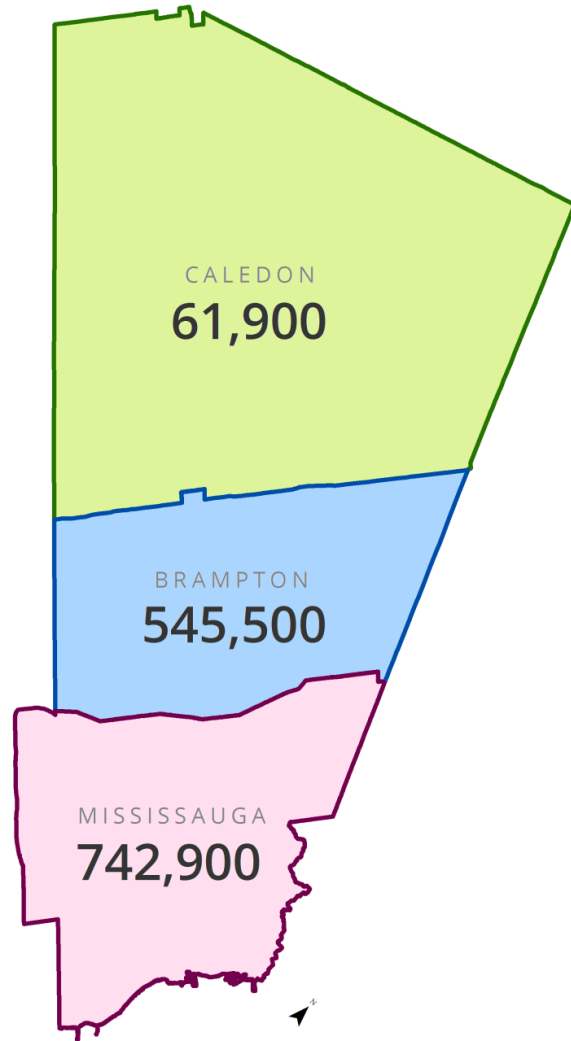
Brett Barnes, Advisor, Human Services

Laura Tribble, Acting Supervisor, Human Services



A Community Strategy
2014–2024

Region of Peel – A Fast Growing Region



- Peel is one of the fastest growing municipalities in Ontario (behind Toronto and York)
- Peel's population is **1.35 million** people
- Peel's residents make up almost of a **quarter** (21.4%) of the total population of the **Greater Toronto Area**

System Manager Accountabilities

The Region of Peel, as **System Manager** for housing, has the following accountabilities:



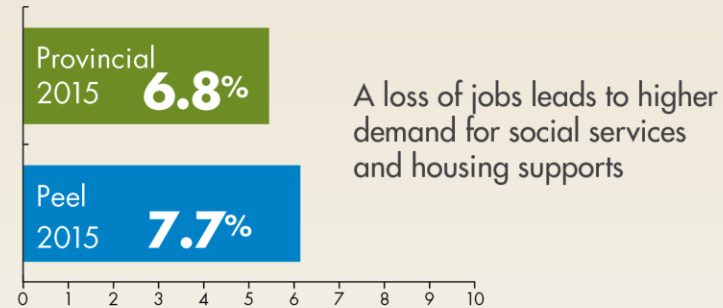
HOUSING IS NOT AFFORDABLE for many Peel Residents

HOMELESSNESS

- **12,818 individuals** including **3,895 children** and youth used emergency shelters and transitional housing
- **11,747 households** are waiting for a rent subsidy – the average wait time is **6 years**



UNEMPLOYMENT IN PEEL



HOUSING AFFORDABILITY



Almost 3 out of 10 homeowners are paying more than 30% of household income on housing costs



About 4 out of 10 renters pay more than 30% of their household income on housing

- Affordable housing means paying 30% or less of gross annual household income on housing

RENTAL MARKET & HOUSING STARTS

Current rental
vacancy rate = **1.5%**
(private rental market)

Anything below 3% means **demand is much higher than supply.**



Only **6%** of private
sector housing starts in 2015
were rental units

...but **1 in 5** Peel households rent



- Low rental starts and low vacancy rates = not enough rental housing and high rents
- Peel is estimated to grow by **20,000 people every year** – that's 55 people every day

HOUSING COSTS IN PEEL

Average Resale Home Price by Type in 2015



Detached - \$683,692



Semi - \$483,764



Town - \$399,990



Condominium - \$279,773

Affordability Thresholds

Ownership: the cost of a home must be below **\$398,012** to be considered affordable in Peel.

Rental: the cost of a rental unit should be below **\$ 1,175** per month to be affordable.

Plan Goal & Objectives

Goal: Everyone has a home and homelessness is eliminated.



Objective 1 - **Housing Stock**

Available and accessible quality housing that meets people's needs and preferences throughout their lives.



Objective 2 - **Individual and Family Capacity**

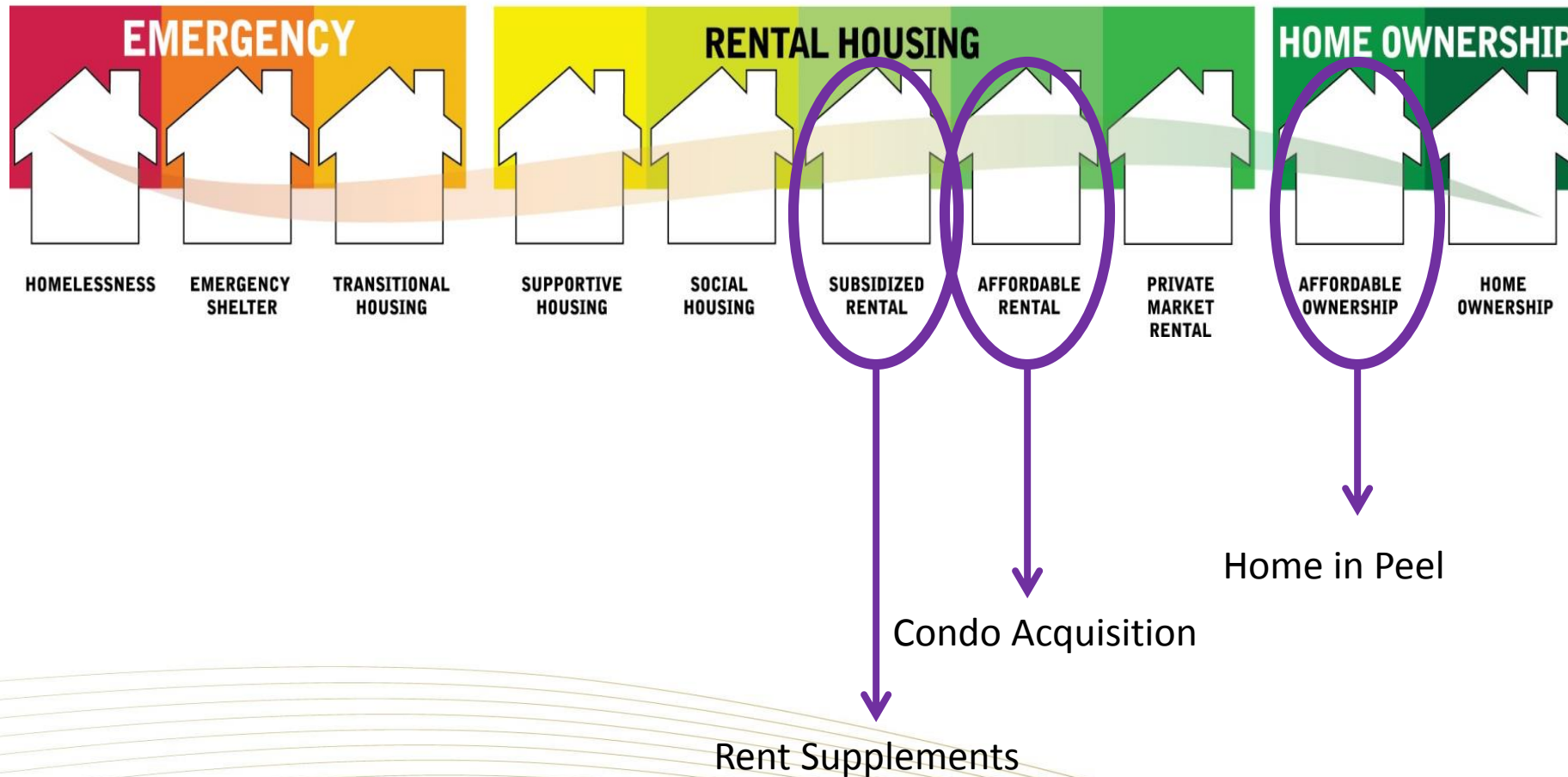
An environment that helps people secure and maintain housing at every stage of life.



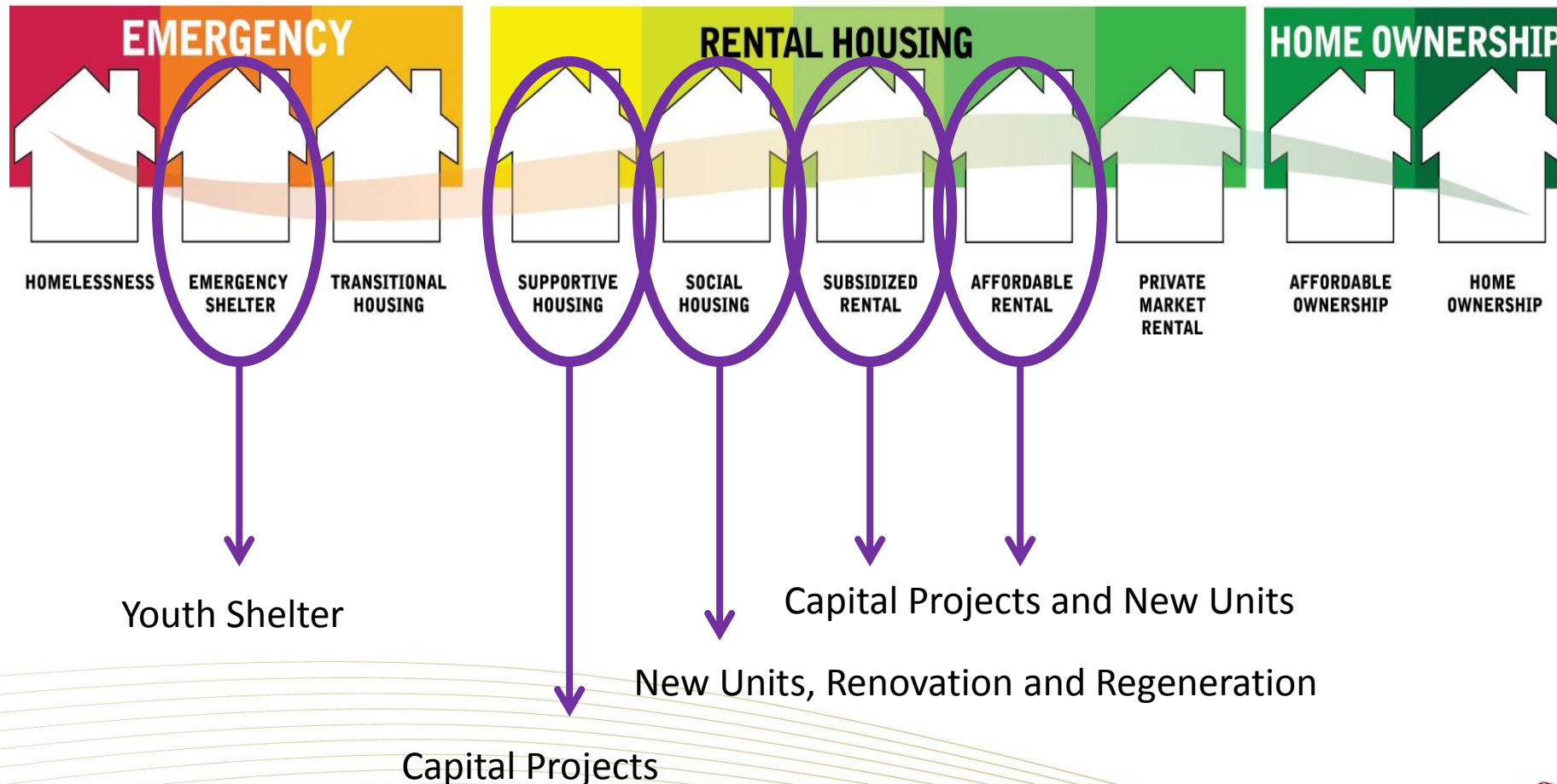
Objective 3 - **Integrated System**

An integrated system that supports people's housing needs efficiently and effectively.

Housing System Investment Framework



Housing System Investment Framework



Housing System Investment Framework

A new investment framework in the housing system will:



Leverage
Partnerships



Create
Alternative
Business &
Service Models



Increase Impact

Resulting in...

- ***Reduction in gaps in the system***
- ***Increase housing choices & options***
- ***Maintain system capacity***

Creating Affordable Housing through Residential Condominium Acquisition

July 9, 2015 Regional Council approved \$12 million for the acquisition of resale residential condominium units for new affordable rental housing in Peel.

\$12 million Capital Budget

- \$6 million of IAH Ext Funds
- \$6 million of Regional Development Charge Funds

Why Acquisition of Condo Units for Affordable Rental Housing?

- High price of land in the Region of Peel
- New development/ construction timelines
- Centralized Waiting List demands and length of wait time
- Most new stock in urban areas are condo units
- Innovative pilot program design
- Integration of mixed income communities

Condo Acquisition Update

- Staff viewed 126 units in 44 buildings
- 77 offers made
- 40 offers firm by December 31, 2015 – Contribution Agreement signed for IAH Funds
- 40 units located in 16 buildings
 - Mississauga: 36 units purchased in 14 buildings
 - Brampton: 4 units purchased in 2 buildings
- 1 bedroom units - average square footage – 500 to 600 square feet, modest units
- Condo Purchase Prices (40 units)

Low:	\$206,000
High:	\$265,000
Median:	\$246,500
- Additional costs related to closing and capital repairs are not included in the above referenced purchase prices.

Program Design

- Program designed to be self-sustaining
- Rental revenue to cover all operating costs of unit
- Each unit had a minimum rent set – equivalent to operating costs
- Lease Agreement and Rent Supplement Agreement for tenants
- Request for Proposal (RFP) for project operator and management

Unit Budget Example

Assumptions		
1- Bedroom Unit		
Purchase Price	Square Ft	Maint. Fee \$/SF
\$ 265,000	540	\$0.51
Electricity		\$0.00
Insurance		\$35.00
Rep. Res.		\$50.00
Maintenance Res		\$50.00
O & M		\$100.00
Rental Pool	5%	
Vacancy	1.6%	
CMHC AMR 2016		1-bed
Zone 19 Miss.		\$1,155

Operating Costs	
Property Taxes	\$220.83
Electricity	\$0.00
Maintenance Fees	\$332.40
Units	\$275.40
Parking	\$45.00
Locker	\$12.00
Insurance	\$35.00
Rep. Res.	\$50.00
Maintenance Res	\$50.00
O & M	<u>\$100.00</u>
Sub Total	\$788.23
Rental Pool	5% \$39.41
Vacancy	1.6% <u>\$12.61</u>
Total	\$840.26

Housing Charge Calculation

Proposed Housing Charge 30% of Gross Income				
	Rent	% of AMR	Monthly Household Income	Annual Household Income Req.
Break Even	\$840	73%	\$2,801	\$33,610
Max Rent IAH	\$924	80%	\$3,080	\$36,960
AMR	\$1,155	100%	\$3,850	\$46,200

CWL Household Profiles

- Singles and Couples (non-seniors)
- Rent to be set at 30% of income – offer of subsidy
- Income must meet requirements of rental revenue required to cover all unit operational costs

Rental Pool Reserve

- Some tenants with rents set at 30% of their income exceed the unit operational costs
- Additional funds received from these units are put into a operational reserve fund for the project
- These funds are available to assist with supplement funding if a tenant has a decrease in their income

Lessons Learned

- Real Estate and Legal Staff – greater demand
- Project operator/ manager in place prior to unit closing dates
- Allow single senior applicants
- Work required with condominium property management staff to dispel any NIMBY concerns
- Allow more time for acquisition of units
- Procure a general contractor to assist with minor work required in units upon acquisition
- Amenities and finishes – work with Ministry in advance

Tenant Survey Responses/ Profiles

Average age of tenants – 53 years old

Housed 3 couples and 37 singles

Average annual tenant income - \$34,795

"Can't wait to come home from work. I just love my new apartment. It feels like home."

Quality of Life has improved

Increased feelings of safety and security

Opportunities for Replication

- Ensure operating budget robust enough to absorb increases in condo maintenance fees
- Do an pre-purchase assessment/ inspection of unit to identify any work/ repairs required
- Have tenants set-up and pay for their own utilities directly to service provider (if not included)
- Have tenants provide condo corporations with refundable elevator move-in deposit cheques

Thank You and Questions

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For more information on Peel's Housing and
Homelessness Plan:
peelregion.ca/housinghomelessness