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## **Report 2021-146**

**Report Title:** 473 Ontario Street Governance Structure  
Memorandum of Understanding

**Committee Name:** Social Services Committee

**Committee Meeting Date:** September 1, 2021

**Prepared by:** Rebecca Carman, Housing Services Manager

**Reviewed by:** Lisa Horne, Director, Community and Social Services

**Approved by:** Jennifer Moore, CAO

**Council Meeting Date:** September 15, 2021

**Strategic Plan Priorities:** Sustainable Growth

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### **Recommendation**

**“That** the Social Services Committee, having considered Report 2021-146 ‘473 Ontario Governance Structure Memorandum of Understanding’, recommend that County Council authorize signing authorities to execute the 473 Ontario Street Governance Structure Memorandum of Understanding (MOU).”

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### **Purpose**

The purpose of this report is to seek Council’s authorization to enter into the Memorandum of Understanding (MOU) for 473 Ontario Street, Cobourg with Habitat for Humanity Northumberland (Habitat), Northumberland County Housing Corporation (NCHC) and Ontario Aboriginal Housing Services (OAHS).

## **Background**

Northumberland County purchased 473 Ontario Street, Cobourg in October 2019, a vacant 1.47 acre lot, currently zoned R5 and will allow for a maximum density of 60 units and 6 stories. An application for a minor variance will be sought to create an additional 2 units for a total of 62 units. On November 20, 2019 County Council directed staff to work with Habitat, NCHC and OAHS to develop an MOU to jointly develop affordable and rental housing. This MOU has been amended to provide greater clarity on the proposed governance structure and provide greater consideration of the role reconciliation will play in this project.

Through this partnership, the partners are seeking to build affordable and rental housing that meets the needs in Northumberland as aligned with the Northumberland County Affordable Housing Strategy. The goals of this partnership include:

- Creating 62 new units of rental housing and affordable housing (ranging from rent-geared-to-income (RGI), affordable rental housing, market rental housing);
- Introduction of innovative models of housing, specifically an equity savings model of home ownership;
- Exploration of feasibility for a Net-Zero building;
- Co-designed, co-developed, co-financed and co-managed project; and
- Introduction of urban Indigenous specific housing in Northumberland, based on a model of reconciliation and that values Indigenous leadership, expertise and excellence in housing.

## **Consultations**

Consultations have occurred extensively with the project team which includes project partner agencies (Habitat, NCHC, OAHS) and internal County staff, including the Finance Department, Major Capital Project Division, Community and Social Services, Corporate Services, Communications and the Environmental & Technical Services Team, predominately through the Environmental Officer.

In addition, external consultations have occurred with legal counsel, FCM and CMHC and preliminary conversations with the Town of Cobourg.

## Legislative Authority/Risk Considerations

The *Planning Act*, the Northumberland County Official Plan and Town of Cobourg's Official Plan and Planning By-Laws have also been consulted in this process.

Federal, provincial and local plans and strategies have also been reviewed for consistency and applicability to this project, including the National Housing Strategy, the Long-Term Affordable Housing Strategy (Update), Investment in Affordable Housing Program Guidelines, Northumberland County's 10 year Housing and Homelessness Plan, and Northumberland County's Affordable Housing Strategy.

## Discussion/Options

At present, there remains an almost complete lack of urban Indigenous service delivery agencies within Northumberland County. Northumberland County recently entered into an MOU with the Nogojiwanong Friendship Centre with the goal of developing and introducing culturally competent urban Indigenous programming in Northumberland. Urban Indigenous people in Northumberland represent approximately 2.7% of the population in Northumberland, however according to Homelessness Enumerations completed in 2016 and 2018, urban Indigenous people represent nearly 30% of the individuals experiencing homelessness that volunteers spoke with, and in 2019 represented 11% of the Northumberland County's by-name-list.

This partnership is based upon enacting and practicing reconciliation from a governance perspective through to and including at a neighbourhood level. The partners acknowledge the need for culturally competent services throughout Northumberland for urban Indigenous residents. The partners acknowledge and commit to Calls to Justice outlined in the National Inquiry Missing and Murdered Indigenous Women and Girls.

It is proposed that Indigenous partners will own 51.6% of the units and the non-Indigenous partners will own 48.4% of the units. As a result, it is anticipated that the unit ownership will be broken down as follows:

- OAHS – 32 units;
- NCHC – 20 units; and
- HFHN – 10 units.

This breakdown reflects a change to the original concept (each partner owning 20 units with some Indigenous-specific units throughout) to ensure that all Indigenous specific units are owned and operated by the Indigenous partner, to support reconciliation and acknowledge the importance of Indigenous-owned and developed housing units. It should be noted that the share owned by the NCHC has not changed in absolute unit ownership from the initial concept.

Following construction, it is anticipated that a condominium, or other ownership vehicle, will be created and will include robust governing documents. These documents will outline voting rights of each partner based on their proportional ownership of units. In addition, all decisions will be made on a consensus decision-making model, and where a vote is required, a minimum of a two-thirds majority will be required to pass the vote.

Further exit clauses and long-term ownership considerations have been made with the understanding that the intention is to create affordable housing units which will be, at a minimum, maintained as affordable for 20 years. Exit clauses will be considered that factor in reconciliation to support units staying as Indigenous owned where possible, and non-Indigenous partners will have first right of refusals for the non-Indigenous units. A shared equity model will also be considered to ensure that partners with first and second right of refusals are able to purchase units at a fair price that will allow the purchaser to maintain long-term affordability.

The County will remain as the developer for the construction of 473 Ontario Street and will sell units to each of the owning partners upon completion. This will be governed through a subsequent binding agreement that will bind each organization to funding the pre-construction costs, with a final opportunity to exit the project prior to the construction of the project. Once construction begins, each partner is committing to the final price outlined in the Agreement of Purchase and Sale based on the project budget.

The County, as shareholder of the NCHC will also be reviewing budgets required from the NCHC to support the development of its proportion of final units (20) and consider the provision of RGI subsidy as service manager.

## **Financial Impact**

There is no direct financial impact associated with this report

Funding sources will be sought for all aspects of this project. At present, pre-construction costs have been secured by the Federation of Canadian Municipalities (FCM) in the amount of a \$175,000 forgivable loan and the Canada Mortgage Housing Corporation (CMHC) in the amount of a \$150,000 forgivable loan and a \$156,000 interest-free loan.

It is anticipated that this project will receive further construction funding through the above sources. Each partner will be responsible for the proportionate share of costs based on the number of units and square footage (to account for unit size breakdowns).

The project will also aim to achieve Net Zero Ready status as funded through FCM.

## **Member Municipality Impacts**

Impacts to member municipalities at present are minimal, however as the project moves forward, the project partners (including the County) will be seeking the Town of Cobourg's support for this project through the regular planning processes.

## **Conclusion/Outcomes**

It is recommended that County Council authorize County staff to execute the 473 Ontario Street Governance Structure Memorandum of Understanding.

County staff will continue to keep County apprised of this project, including in the next project milestones:

- Finalizing and executing the Binding Agreement for Pre-Construction (forthcoming);
- Issuance of RFP for pre-construction services; and
- Use of construction management as the construction delivery mechanism for this project.

## **Attachments**

1. 473 Ontario Street Proposed Governance Structure Memorandum of Understanding