

October 12, 2023

Office of the Town Clerk
Town of Whitby
575 Rossland Street East Whitby, ON L1N 2M8
[Delivered electronically]

Dear Mayor Roy and Esteemed Members of Whitby Committee of the Whole,

RE: Expression of Interest in Acquiring Surplus Sites at Dunlop St E and Hickory Street for Affordable Housing Development

I am writing as CEO, on behalf of Habitat for Humanity GTA, to present you with an unsolicited offer which reflects our keen interest in acquiring the two surplus sites at Dunlop Street East and Hickory Street, for the purpose of developing affordable housing.

BACKGROUND

Habitat for Humanity has had a long history of developing affordable housing in the Durham Region but was unable to scale up our efforts until our 2020 amalgamation with Habitat for Humanity GTA. Since the amalgamation of Habitat Durham and Habitat GTA in 2020, we completed the final 10 units of a 24 unit development in Oshawa and we are nearing the completion of a 50-unit stacked townhome development at 485 Normandy Street, Oshawa (in which 26 units will be Habitat homeownership units and 24 units are being built as affordable rental units to be managed by Durham Region Non-Profit Housing Corporation). We have also delivered a new townhome in Pickering in partnership with The Daniels Corporation and announced a partnership with Tribute Communities through which another 26 units will be delivered as part of a larger high-rise development in Pickering. We were also successful in being selected by the Municipality of Clarington to develop an 84-unit affordable housing project on surplus municipal land in Bowmanville, also in partnership with Durham Region Non-Profit Housing Corporation.

Although Habitat for Humanity has long been interested in delivering affordable homeownership opportunities in Whitby, we have not yet been able to secure land on which to do so. Our predecessor organization, Habitat for Humanity Durham first expressed interest in the Dunlop and Hickory lands in 2016 but did not have the capacity to proceed at that time.

At Habitat GTA, our mission is to build strong, stable, and sustainable communities by providing affordable homeownership opportunities for families in need. We believe that every individual and family deserves a safe and decent place to call home. We are committed to addressing the pressing issue of affordable housing within the Greater Toronto Area. That said, the monumental changes in home prices, interest rates, and the cost of building homes is making this goal more challenging (and more important) than ever before.

Our proposal for these sites aligns with our core belief in affordable home ownership as a means of fostering community stability and self-sufficiency. The benefits of providing affordable housing through affordable home ownership are numerous and far-reaching.

OUR UNDERSTANDING OF YOUR NEEDS AND YOUR VISION FOR HOUSING IN WHITBY

Whitby is growing and will continue to grow. This is exciting and challenging. We understand that the Town of Whitby has pledged to support the development of 18,000 new homes by 2031. In the Town of Whitby's Community Strategic Plan, you have defined what you want community to look and feel like as new homes are built. We applaud and share the aspiration of Pillar #1 in this plan of *Safe, Healthy and Inclusive Neighbourhoods*. The lands at Hickory and Dunlop provide an opportunity to support this aspiration, and particularly, the priorities under this pillar of "*Accessible and Affordable Housing*" and "*More Housing Choices*", and "*Diversity, Equity and Inclusion*".

In our meetings with Mayor Roy, Councillor Lundquist and senior Town of Whitby staff, we have been energized by the level of commitment we have heard of your desire to get more affordable housing built – and to build it as fast as possible.

With median home prices in Whitby now at \$960,000 and median rental rates at \$3200 monthly, this aspiration of delivering more affordable housing solutions has never been more important. It has never been more challenging – or costly. The rapid and continuing escalation in housing costs combined with inflationary pressures on all basic household needs has placed greater stress on households than we have seen in decades. Daily headlines and conversations around kitchen tables are reminders that it is the younger generation and newcomers who particularly suffer from what all agree is now a housing crisis. Whitby needs young adults and newcomers to thrive in order to have the workforce and social cohesion that is essential to a community that works for everyone, no matter the age or income level.

More than ever, a spirit of partnership between all levels of governments and organizations like Habitat for Humanity will be key to responding to these challenges and delivering on the goal of *Safe, Healthy and Inclusive Neighbourhoods* in Whitby.

Our understanding is that the Town of Whitby has designated the two parcels of land at Hickory and Dunlop for affordable housing and is seeking a partner to build this housing. We believe Habitat for Humanity GTA is an ideal partner for helping you bringing your vision for these lands to fruition.

HABITAT FOR HUMANITY GTA'S AFFORDABLE HOMEOWNERSHIP MODEL

As reflected in your Community Strategic Plan, communities thrive when they include a diverse array of housing in all forms, for all household types, and at all affordability levels. Similarly, a healthy affordable housing continuum thrives when there are options for households to move up to as their household incomes grow.

Within this continuum, Habitat for Humanity GTA is Greater Toronto's most recognized provider, and advocate, of solutions that tackle our region's housing crisis. As a not-for-profit, we find ways to bridge the affordability gap for people who need **alternative pathways to a home of their own**, especially working families.

Our programs are designed to **bridge the gap between home costs and what a family can afford, through tailored mortgages and financing**.

When a homeowner chooses to sell, they have the assurance of **retaining their investment**, plus earning a guaranteed fixed rate of appreciation.

Habitat GTA **reinvests any other gains to support more GTA families – and, as much as possible, to keep Habitat homes affordable from one eligible homeowner to the next.** This cycle of affordability ensures more people can achieve the security of their own home for generations to come.

A fuller description of how Habitat for Humanity GTA works is included as Appendix 1.

HABITAT FOR HUMANITY GTA’S VISION FOR THE LANDS AT HICKORY AND DUNLOP

We have developed a concept plan for the two surplus sites which includes **27 affordable housing units on the Hickory Street site and 21 units on the Dunlop Street East site, for a total of 48 3-bedroom units.** These units will be designed as back-to-back, stacked townhouses specifically tailored to accommodate and support families. We wish to emphasize that this is a preliminary concept plan. Through further refinement and discussions with staff, the unit mix (including some 4-bedroom units) and design may change and result in fewer units. However, we still anticipate yielding *a minimum* of 30 units, with the aim of course, to be delivering the full 48 units in our concept plan. Each of the units would also have private outdoor space and associated parking.

Beyond the affordable housing that we would build, our concept plan also includes 650 square metres of community space on the Dunlop Site. This community space would be programmed in consultation with the Town and the community in order to best serve the needs of the community.

With several board and staff members living in and having links to Whitby and Durham Region, we are familiar with the community and this particular location. This is an ideal location for the kind of affordable housing opportunities we focus on at Habitat for Humanity GTA – notably, working families with children. We appreciate the mix of uses in this area including daycare, school, parks, grocery stores and main street retail. The access to local transit and employment opportunities presents further benefits for both families and the local community.

The current community mix of ownership, co-op and rentals would be complimented by the addition of these affordable ownership units occupied by families and children. Moreover, as noted in the previous section, our homeownership model is now designed to enable Habitat for Humanity GTA to repurchase homes in the future when families are in a position to move to market housing and make these homes available to other income-eligible households.

Hence, our vision for these lands at Dunlop and Hickory is to build a new community that is fully integrated with the current community and that retains the remains affordable for generations to come.

THE ECONOMICS OF AFFORDABLE HOUSING AT DUNLOP AND HICKORY

The economics of developing housing have shifted fundamentally – particularly as a result of the whirlwind of changes in the three years since the start of the global pandemic. Nowhere have these changes been more acutely manifested than with affordable housing. Construction costs have skyrocketed at the same time as interest rates have increased three-fold. This means that projects cost more than ever to develop while the funds available to cover those costs have decreased.

Based on our preliminary pro forma for the Dunlop and Hickory project, the costs to build each Habitat home is roughly double the per unit costs of the homes we were building four to five years ago.

The incomes we are able to serve at Habitat GTA are higher now than in the past and higher than many people have traditionally thought of when they think of Habitat for Humanity. These higher qualifying incomes reflect the higher costs of delivering these homes, but also the higher costs homeowners will incur through property taxes and maintaining their homes. Our aim is always to set families up for success and so we work to ensure that families will have sufficient resources and resilience to succeed at homeownership.

With respect to the sites Hickory and Dunlop Street, Habitat GTA would target households with gross household incomes between **\$80k and \$120k**. By gross household incomes, we are referring to the sum of employment income from all adults in the household, child tax benefit income, and any other sources of income from governments, spousal support, etc. Families in this income range will be able to qualify for 1st mortgages averaging \$225,000 – but are unlikely to have been in a position to save money for a downpayment. By contrast, the median household income in Whitby as of the 2021 Census was \$123k. With median home prices in Whitby of \$995k in 2023, it would require an income of well over \$200k as well as a downpayment of over \$100,000 to afford a market home in Whitby.

At current interest rates and cost of construction, several factors need to be considered to successfully deliver this project:

- **Land Costs** Whereas historically, Habitat for Humanity was sometimes able to afford to pay for land, our project economics are no longer viable if we need to incur the cost of land.
- **Time is money** The longer it takes for us to work through the approvals process, the higher the costs of our projects become. Staff from Habitat GTA, Town of Whitby and Region of Peel will need to work together closely to optimize the efficiency of the approvals process and avoid undue upward pressure on overall project costs.
- **Increased need for philanthropic dollars and/or government support** Even with free land, exemptions from municipal fees, proceeds from family 1st mortgages, and efficiencies from an expedited approvals process, there will still be a sizeable funding gap for this project. This gap will need to be bridged by philanthropic donations and government support.
- **The pace at which we can build** The sheer magnitude of project costs represents greater financial risk exposure and cash flow demands for Habitat GTA than was the case in the past. Thus, as a non-profit, we have to carefully calibrate the pace at which we build against a reasonable certainty of when funding will be available.

TIMING AND PROCESS

Given the housing crisis, Habitat GTA shares the Town of Whitby's sense of urgency to deliver affordable housing as quickly as possible. We are committed to working closely with the Town to deliver this project as expeditiously as possible.

Having consulted with Town of Whitby staff, we have developed a preliminary timeline based on this assumption of this project receiving priority attention throughout the approval process. *The resulting timelines exceed the pace of approvals that we have experienced in other municipalities.* With all municipalities needing to accelerate affordable housing, we would welcome the opportunity to use a Habitat for Humanity / Town of Whitby partnership on this project as a showpiece for what is possible when everyone is aligned around a common goal.

While we have conceptualized plans for both the Hickory Street and Dunlop Street East sites, our primary focus is to accelerate the development of the Dunlop Street East site to be able to break ground on servicing in Fall 2024 with target occupancies in Spring 2026. As Dunlop Street nears completion, we would proceed with construction on the Hickory Street site. Our preliminary plans assume site servicing on the Hickory site to begin in Spring 2026 with estimated occupancies in Fall 2027.

Faster is possible – but is highly dependent on three variables:

- ***A sustained spirit of partnership*** between Habitat GTA, City of Whitby and Durham Region planning staff to ensure above-average pace throughout every step of the approvals process.
- ***Money.*** Every developer – whether for-profit or non-profit – can be put in a position of having to slow down projects due to insufficient funds to proceed. We will return to this question of money in the next section.
- ***No unforeseen complications*** A global pandemic. Neighbour opposition. Unexpected issues with soil, water or other site conditions. Labour strikes or mass shortages in skilled labour or critical building material availability. These and other factors can all wreak havoc on best laid plans when it comes to housing development.

Appendix 2 provides a detailed overview of our preliminary target timelines for this project from acquisition to completion. These timelines reflect this spirit of shared urgency around partnering together to ensure these affordable homes get built as quickly as reasonably possible.

WHAT WOULD HABITAT GTA NEED FROM THE TOWN OF WHITBY TO BRING THE MAKE THIS HAPPEN?

Habitat GTA is deeply committed to addressing the housing crisis through the delivery of affordable housing, and with your support, we can make a meaningful difference in the lives of many local families.

We have a proven track record in bringing projects like this one to life. We know how to support families in preparing them for the demands of homeownership. We know how to build homes in the stacked back-to-back townhome format we are proposing for this development. We build projects like this in a way that mobilizes volunteers and ignites community spirit. We can be a very high profile and tangible demonstration of the Town of Whitby's commitment to affordable housing and to creating pathways towards market housing for people who are being left behind.

We are ready and able to be your partner.

To help us succeed, we humbly request the Town of Whitby's support in several ways. The first set of requests are essential pre-requisites (and we expect any other affordable housing partner would similarly be unable to proceed without these). The remainder of requests reflect our desire to do everything in our power, in partnership with you, to optimize the financial resources available to this project, thus ensuring its success and speed in delivery. This second category of supports reflects areas we would wish to explore further should the Town of Whitby choose us as your affordable housing partner on these lands.

Essential Pre-Requisites

1. Donation of Land

We request the Town of Whitby donate the designated surplus land at Hickory Street and Dunlop Street East to Habitat for Humanity GTA at no cost. This generous contribution would enable us to proceed with the development of affordable housing in Whitby and serve those in need more effectively and at a rate that is reflective of the need.

2. **Waiving Development Charges**

Our understanding is that this project would qualify for Development Charge exemptions under the provisions in section 4.2 of the Development Charges Act regarding non-profit affordable housing developments (based on amendments arising from Bill 23).

3. **Waiving Municipal Fees**

We ask that the Town commit to waiving all municipal fees associated with the required development application process (including Site Plan Approval and Pre-Consultation). In our experience, financial relief from development charges and municipal fees will be more than off-set by the contribution of new homeowners to the communities in which they live – through property taxes, local spending, and multiple other community contributions.

4. **Sharing of Relevant Information/Reports, Permission to Enter the Site for Work & Permission to Begin the Planning Approval Process.**

We kindly request that the Town of Whitby share any relevant information and reports (e.g., environmental reports) related to the designated sites with Habitat GTA. Access to this information is crucial for us to make informed decisions and mitigate any potential environmental challenges during the development process. Additionally, we request permission to enter the designated sites as soon as possible for any necessary environmental and geotechnical assessments, prior to a change in weather that would limit our ability to conduct any testing or research. This access is essential for ensuring the safety, sustainability, and suitability of the development.

Other Enablers

5. **Help us secure these units for long-term affordability** Retaining these units as long-term affordable from one homeowner to the next can be greatly enabled through registration of a S.118 with the City.
6. **Help us bridge the funding gap** Based on our current pro forma, we are projecting a funding gap for these 48 units of \$8.7 million – even with free land and DC / fee exemptions. The Town of Whitby can help us address this funding gap in a number of ways:
- a. **Add profile and recognition during our fundraising campaign for this project** We envision a high profile campaign to inspire local philanthropists to supporting their community by helping to bring this new community to life. To the extent appropriate, we would welcome the engagement of the Town of Whitby in helping us build excitement for this campaign and to recognize local philanthropists.
 - b. **Commit funding to ensure the timely success of this project** An \$8.7 million fundraising campaign represents more money than has ever been raised by Habitat for Humanity in Durham Region. This will be our first homebuilding project in Whitby and we recognize that we will be up against various parallel fundraising campaigns by other charities. Success is not a given. A slower rate of success would necessitate an upward adjustment in qualifying homeowner incomes and/or a reduced pace of building out the project. To the extent that Whitby is in a position to devote Federal Accelerator Funding or funds from our sources to this project, this would reduce project risk and increase the likelihood of achieving our shared goals.
 - c. **Support for Habitat GTA efforts in securing additional federal and provincial support for relief from HST** Currently, Habitat GTA is required to pay HST on the homes we build based on full

market value. Our pro forma for this project includes over \$3.0 million in HST – which seems highly counterproductive for a project that is serving the housing policy goals of both the province and the federal government. Habitat for Humanity has been working to convince the provincial and federal governments to extend the HST/GST relief that has been announced for purpose-built rental to also include affordable homeownership providers like Habitat. The Town of Whitby can help by providing a letter of support in our ongoing efforts in this regard.

By providing these forms of support, the Town of Whitby would demonstrate its commitment to addressing the affordable housing crisis, creating a lasting positive impact on the lives of local families, and contributing to the overall well-being of the community.

We understand the importance of collaboration between public and nonprofit organizations in achieving such goals and are fully prepared to work closely with the Town of Whitby to ensure the success of these initiatives.

We eagerly await the opportunity to discuss these matters further and explore how we can work together to transform our shared vision into reality.

In closing, we thank you for your time and consideration of our proposal. We are excited about the possibility of working together to make a positive impact on the lives of families in Whitby by providing them with affordable housing and a brighter future.

Attached to this letter are the proposed renderings to provide some context, as well as some additional information about Habitat GTA. You will also find a formal offer letter for these lands.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ene Underwood', written in a cursive style.

Ene Underwood
CEO

Attachments:

- i. Habitat for Humanity GTA Backgrounder (included in this document)
- ii. Preliminary Concept Plan
- iii. Offer of Purchase and Sale for the Lands at 510 Dunlop Street East (and Hickory)



BACKGROUND

August 1, 2023

OVERALL

- One of 24 independently governed Habitat affiliates in Ontario; one of 48 in Canada
- Over 500 families served in our history
- Geographic service area includes: City of Toronto; Region of Durham; Region of York; City of Brampton; Town of Caledon.

WHAT WE DO – AND, FOR WHOM?

- We help working families build strength, stability and financial independence through affordable homeownership.
- Eligible applicants must be Canadian citizens or permanent residents, currently renting and having at least one dependent child 16 or under still at home.
- Gross household incomes for families currently being approved for Habitat homes range from \$70,000 to \$100,000 (inclusive of all employment income, Child Tax Benefit, and any other income)
- Parents in Habitat families are workers in sectors like social services, health care, education, logistics, hospitality, and more – all workers who are essential to the wellbeing of our communities.
- Most Habitat homeowners are visible minorities and newcomers to Canada at some point in the last decade. Approximately 30% of Habitat homeowners are single-parent, women led families.

HOW DO WE WORK

- We bridge the gap between home costs and what working families can afford by providing tailored financing and support.
- Applicants are screened based on income, debt, need, and other related factors.
- The Habitat GTA homeownership model includes:
 - A zero downpayment mortgage (500 volunteer hours are provided in lieu)
 - A 1st mortgage with a conventional lender in which payments are structured so that total housing costs (mortgage principle and interest + condo fees + property taxes + home insurance) do not exceed 32% of total household income.
 - Habitat holds a 2nd mortgage for the difference between the market value of the home and the 1st mortgage. Payments are not required on this mortgage until the 1st mortgage is paid off.
- Homeowners agree to an equity formula in which Habitat guarantees a minimum annual rate of appreciation on their home based roughly on the rate of historical income growth.

- When Habitat homeowners choose to use the equity from their Habitat home to downsize or move to other market housing, Habitat purchases the home based on the equity formula and then resells the home to another income eligible and qualified family.
- **Thus, every Habitat home becomes another affordable housing asset to benefit the City and every Habitat community will remain an affordable community for generations to come.**

HOW WE DELIVER HOMES

- Funding for homes comes from a combination of:
 - Family 1st mortgages
 - Philanthropic contributions
 - Government supports (e.g., DC exemptions; land contributions; grants; etc.)
 - No profit margin

Note that, to date, Habitat for Humanity homes do not benefit from the various concessions available to homes through the Open Door program (restricted to rental only)
- Approximately 50% of the homes we make available are built by Habitat
 - Some are built with the support of volunteers
 - Some are built exclusively using professionals in the trades
 - The resulting communities we build range from 12 units to more than 50 units
 - Our build projects are typically some form of stacked townhomes
- The remaining 50% of homes are delivered through partnerships negotiated by Habitat in which:
 - Developers deliver a certain number of units within existing developments (townhome, midrise, highrise) to Habitat at a price well below market value
 - The municipality provides agreed upon concessions to enable these homes to be delivered at the agreed upon price
- Habitat GTA also supports the development of other affordable housing for non-profit rental partners through:
 - Negotiating deals with developers similar to those we negotiate for ownership units, but for rental units to be owned and operated by non-profit rental partners
 - Building units on contract for non-profit rental partners
- Below are four examples of recent Habitat GTA projects in Toronto

Pinery Trail (50 homes)

Volunteer Built, completed 2019



Daniels Keelesdale (Dev Partnership, 3 homes)

Developer partnership, completed 2022



Ordinance Condos

Developer partnership, 25 units, completed 2019



Reunion Crossing (20 homes)

Volunteer Built, occupancy late 2023, early 2024



OUR IMPACT

- Our unique Habitat for Humanity GTA homeownership program gets to the root causes of many of the challenges facing our communities:
 - With secure shelter, people build the day-to-day strength, stability and self-reliance that nurtures multi-generational success. Parents can invest in their children's education, advancing their careers, and more.
 - Empowering more families with homes of their own builds safer, more resilient, and healthier communities.
 - More inclusive, diverse communities create a more equitable, vibrant, and economically strong GTA. Every \$1 invested in Habitat for Humanity GTA returns approximately \$4 to society through property taxes, increased income taxes, reduced social supports and more.
 - Owning a home is a solid path to building – and passing on – wealth. Historically, racialized communities have been less likely to access the benefits of a home of their own. We work to address this inequality by partnering with families from racialized communities to ensure our neighbourhoods are as diverse as they are strong.

Appendix 2

Preliminary Development & Construction Timeline For the Dunlop and Hickory Project

Task	Description	Estimated Timelines (months)
Due Diligence & Planning Approvals		
Due Diligence & Negotiating Agreement of Purchase of Sale	Geotechnical Hydro G Environmental Peer Review Prelim- civil and servicing Plan Topography Survey Zoning Review	4 to 6 months
Site Plan	Pre-con, two rounds of submission	6 to 7 months
Pre-Con	Initial site plan discussions & determine if minor variance required*	2 months
1 st Site Plan Submission	Full site plan application	2 - 3 months
Final Site Plan Submission	Satisfy Town conditions to site plan	2 months
Application for Plan of Condominium	Submission and approval process for Plan of Condominium	4 Months
Build Permit Application & Approval	First Submission Resubmission (if required)	2 Months 1.5 months
Total Habitat Estimated Timelines for Planning Approval		8 to 10 months
Construction		
Site Servicing and Below grade construction	Construct required servicing connections and complete below grade (foundations) prior to winter.	3 to 4 months
Above Grade Construction	Above grade construction including the use of volunteers.	20 Months
Initial Occupancy	First homeowner occupancies	2 months
Final Completion and Condo Registration	All homeowner's moved in and final condo registered	3 months
Total Construction Time		24 – 26 months**

Notes:

- Timelines assume no minor variance required.
- Due to the challenges of Canadian winters (frozen ground, etc.), construction timeline can be significantly impacted by the timing of receipt of build permit. A build permit in September versus a build permit in December can make a six month difference on overall construction timelines.

Hickory Street Renderings - 27 Units

Preliminary Concept Plans



South Aerial



North Aerial



South View



East View

Note: Drawings are NTS and subject to change

Dunlop Street Renderings - 21 units + community space



North Aerial



South Aerial



North View



South View

Note: Drawings are NTS and subject to change