

Agenda Including Addeds

London Housing Advisory Committee

1st Meeting of the London Housing Advisory Committee

December 8, 2021, 12:15 PM

Advisory Committee Virtual Meeting - during the COVID-19 Emergency

Please check the City website for current details of COVID-19 service impacts.

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Pages

1. Call to Order

- 1.1. Disclosures of Pecuniary Interest

2. Consent

- 2.1. 9th Report of the London Housing Advisory Committee

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3. Items for Discussion

- 3.1. London and Middlesex Community Housing - Update

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- 3.2. Advisory Committee Review - Update

4. *(ADDED) Deferred Matters/Additional Business*

- 4.1. *(ADDED) Proposed Implementation of the "Roadmap to 3,000 Affordable Units" (Roadmap) Action Plan*

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- 4.2. *(ADDED) Request for Funding from Vision SoHo Alliance for the Housing Development Project at the Old Victoria Hospital Lands*

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- 4.3. *(ADDED) Inclusionary Zoning Review*

(Note: A copy of the staff report on the Inclusionary Zoning Review is available on this page: <https://pub-london.escribemeetings.com/Meeting.aspx?Id=c8b9b4bd-f2c7-4e76-a68a-eb6820bef294&Agenda=Merged&lang=English.>)

5. Adjournment

London Housing Advisory Committee

Report

9th Meeting of the London Housing Advisory Committee
November 10, 2021
Advisory Committee Virtual Meeting - during the COVID-19 Emergency

Attendance PRESENT: B. Harris (Chair), M. Joudrey, C. O'Brien, B. Odegaard, and J. Peaire; A. Pascual (Committee Clerk).

ABSENT: J. Banninga, W. Latuszak, D. Peckham, and M. Richings.

ALSO PRESENT: C. Lovell, G. Matthews, and D. Purdy.

The meeting was called to order at 12:19 PM; it being noted that the following members were in remote attendance: B. Harris, M. Joudrey, C. O'Brien, B. Odegaard, and J. Peaire.

1. Call to Order

1.1 Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

2. Consent

2.1 8th Report of the London Housing Advisory Committee

That it BE NOTED that the 8th Report of the London Housing Advisory Committee, from its meeting held on October 20, 2021, was received.

2.2 Notice of Cancellation and New Public Meeting Notice - Zoning By-law Amendment - 99 Southdale Road West

That it BE NOTED that the Notice of Cancellation and New Public Meeting Notice dated October 26, 2021 from A. Riley, Senior Planner, related to a Zoning By-law Amendment for the property at 99 Southdale Road West, was received.

2.3 Public Meeting Notice - Official Plan and Zoning By-law Amendments and Site Plan Public Meeting - 370 South Street and 124 Colborne Street

That it BE NOTED that the Public Meeting Notice dated November 4, 2021 from L. Maitland, Site Development Planner, related to a Official Plan and Zoning By-law Amendments and Site Plan Public Meeting for the properties at 370 South Street and 124 Colborne Street, was received.

3. Adjournment

The meeting adjourned at 12:34 PM.

London & Middlesex Community Housing – Discussion

- What is the current inventory of units, and how many are empty?
- How many empty units require renovations or repair, do they have sufficient funds to accomplish this?
- How many families are on the waiting list?
- What is the short term and long-term plan to eliminate/reduce the number on the waiting list?
- Are there multi unit projects planned for the future?

Report to Community and Protective Services Committee

To: Chair and Members, Community and Protective Services Committee
From: Kevin Dickins, Deputy City Manager, Social and Health Development and George Kotsifas, Deputy City Manager, Planning and Economic Development
Subject: Proposed Implementation of the “Roadmap to 3,000 Affordable Units” (Roadmap) Action Plan
Date: November 23, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Social and Health Development and Deputy City Manager, Planning and Economic Development that the following actions **BE TAKEN** with respect to the Proposed Implementation of the “Roadmap to 3,000 Affordable Units” (Roadmap) Action Plan report that;

- a) The “Roadmap to 3,000 Affordable Units” (Roadmap), attached as Schedule 1 **BE RECEIVED** and Civic Administration **BE DIRECTED** to advance on the implementation action plan as outlined within this report;
- b) Civic Administration **BE DIRECTED** to report back with any applicable policy changes for Council approval that will aide in the delivery of the action plan;
- c) Civic Administration **BE AUTHORIZED** to carry out all necessary actions to establish a capital budget and corresponding funding sources for the Roadmap to 3,000 Affordable Units for the City of London for 2022 through 2026, as summarized in this report;
- d) Civic Administration **BE DIRECTED** to release \$5.0 million currently earmarked in the Economic Development Reserve Fund for the Back to the River – Forks of the Thames project and use this funding to support the implementation of the Roadmap action plan as provided within this report and;
- e) Civic Administration **BE DIRECTED** to temporarily fund the 2022 operating costs of this plan from the Operating Budget Contingency Reserve, and to bring a budget amendment business case to the 2023 Annual Budget Update and 2024-2027 Multi-Year Budget that establishes a permanent funding source for the portable benefits/rent supplements and ongoing resources required to support the Roadmap implementation plan.

IT BEING NOTED that specific program design considerations will be further clarified through future reports to Committee and Council.

Executive Summary

The “Roadmap to 3,000 Affordable Units” (Roadmap), attached as Schedule 1, reflects program and service options that together are anticipated to achieve the Council endorsed target of 3,000 new affordable housing units by 2026. The Roadmap is principally focused on actions that can be advanced more quickly but also be part of a sustainable local affordable housing plan.

The Roadmap proposes a variety of tools, plans, investments, and approaches. All recommendations are available and able to be advanced within an Ontario municipal context, but some require engagements and advocacy of other governments and sectors. Recommendations reflect varying program durations and priority populations. These will be reviewed and considered within the implementation of the plan as structured within this report.

This report recommends that Municipal Council support the attached Roadmap and direct Civic Administration to immediately advance action plans related to implementation. The

Roadmap will guide the action plans required to review and implement programs and services in order to achieve the 3,000 units by end of 2026.

This work includes initiatives already underway, in planning, or subject to ongoing study and action plans. It does not factor in ongoing programs that are regulated or anticipated to remain in place related to housing services.

The Roadmap is a local strategy aligned with the Housing Stability Action Plan. It is not intended as a Service Management plan as the geographic focus of the actions is within the boundaries of the City of London.

This report further recommends the approval of municipal sources of financing for Roadmap implementation as outlined, noting certain programs identified within this report or through future reports may require separate Council authority, including future budget business case approvals.

This plan does not reflect other future long-term investments and funding strategies that will be required for sustainability beyond the next five years of the Roadmap.

Linkage to the Corporate Strategic Plan

2019-2023 Strategic Plan for the City of London:

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2019-2023 - Strategic Plan for the City of London. Specifically, the efforts described in this report address the following Areas of Focus, including:

- Strengthening Our Community
- Safe City for Women and Girls

Strengthening our Community Strategic Area of Focus

The following strategies are intended to “increase affordable housing options”:

- Establish and revitalize community housing through a Regeneration Plan;
- Increase supportive and specialized housing options for households experiencing chronic homelessness;
- Strengthen the support for individuals and families in need of affordable housing;
- Utilize innovative regulations and investment to facilitate affordable housing development.

The following strategies are intended to achieve the result of reducing the number of individuals and families experiencing chronic homelessness or at risk:

- Create more purpose-built, sustainable, affordable housing stock in London;
- Implement coordinated access to mental health and addictions services and supports; and
- Improve emergency shelter diversion and rapid re-housing practices.

Safe City for Women and Girls Strategy

The following strategies are intended to decrease violence toward women through housing:

- Work with landlords and developers to end discrimination and bias against abused, sex trafficked and/or sexually assaulted women and girls attempting to access affordable housing; and
- Work together with City of London Housing Services, Housing Development Corporation, London Middlesex Community Housing to build more accessible and safer housing options for women and girls.

2020-2023 City of London Multi-Year Budget

Prior to the development of the Roadmap, the approved 2020-2023 Multi-Year Budget included total housing and homeless prevention investments of more than \$70 million through the approval of various Additional Investment Business Cases, including:

- Business Case 2 – Affordable Housing CIP
- Business Case 6 – Coordinated Informed Response
- Business Case 7 – Core Area Action Plan
- Business Case 10 – HDC Funding for Affordable Housing
- Business Case 12 – LMCH Infrastructure Gap
- Business Case 18 – LMCH-CMHC Co-Investment Project
- Business Case 19 – LMCH Operating Staffing/Security
- Business Case 21 – LMCH Regeneration

Core Area Action Plan

Coordinated Access contributes to the Core Area Action Plan in supporting Londoners experiencing homelessness and health issues to get help.

Housing Stability Action Plan

The City of London's Housing Stability Action Plan focuses on increasing affordable and quality housing options for individuals and families, reducing the number of individuals and families experiencing homelessness, and supporting improved access to mental health and addiction services.

Links to Community Recovery

The City of London is committed to working in partnership with the community to identify solutions that will drive a strong, deep and inclusive community recovery for London as we move out of and beyond the global COVID-19 pandemic.

Analysis

1.0 Background Information

1.1 Background

The City of London's Housing Stability Action Plan 2019 - 2024 identified the need for a minimum of 3,000 new affordable housing units in the next ten years to meet current and future needs. Since that report, and as amplified through the COVID-19 pandemic, the housing needs of Londoners have continued to increase.

Municipal Council directed Civic Administration to develop a strategy to intensify local responses to housing needs and advance 3,000 units of affordable housing units in the next five years.

Civic Administration secured the services of SHS Consulting to assist in developing an implementation roadmap in response Council's direction. SHS worked with City and its Housing Development Corporation, London (HDC) leadership and consulted with Canada Mortgage and Housing Corporation (CMHC), private and non-profit residential developers, and other jurisdictions in their research.

1.2 Previous Reports Related to this Matter

In addition to these, the following reports provide direct and relevant background to local housing needs and plans:

- [2021 Mid-Year Update Housing Stability for All Plan](#) (CPSC: September 21, 2021)
- [Homeless Prevention Covid 19 Response Extension \(and other Canada Ontario Housing funding extensions provided through the Province of Ontario\)](#) (CPSC: Aug 31, 2021)
- [Housing Stability for All Plan 2020 Update](#) (CPSC: May 11, 2021)
- [Letter of Mayor Holder to CPSC Re: 3,000 Unit Challenge](#) (CPSC: March 30, 2021)
- (CPSC: December 3, 2020)

- [Municipal Council Approval of the Housing Stability Plan 2019 to 2024](#) as Required Under, The Housing Services Act, 2011 (CPSC: December 3, 2019)
- [Update on Urgent Transitional and Modular Supported Housing Development Report on July 15, 2020](#) (CPSC: December 15, 2020)
- [Homeless Prevention COVID-19 Response](#) (CPSC: October 6, 2020)
- [Housing Quarterly Report](#) (CPSC: October 6, 2020)
- [Housing Quarterly Report](#) (CPSC: July 15, 2020)
- [Homeless Prevention COVID-19 Response and Funding Overview](#) (CPSC: April 28, 2020)
- [Canada's COVID-19 Economic Response Plan Funding Agreement](#) (CPSC: April 28, 2020)
- [Municipal Council Approval of the Housing Stability Plan 2019 to 2024...](#) (CPSC: December 3, 2019)
- [Homeless Prevention and Housing Plan 5 Year Review and Update](#) (CPSC: June 17, 2019)
- [Core Area Action Plan](#) (SPPC: October 28, 2019)

2.0 Discussion and Considerations

2.1 Implementing the “Roadmap to 3,000 Affordable Units” (Roadmap)

The attached Roadmap responds to Civic Administration’s instruction to SHS Consulting, as independently contracted to advance research, information and resources, to find a path for an additional 3,000 units of affordable housing by 2026.

The Roadmap report reflects proposed initiatives and action plans that each require additional effort to advance within the policy, program, advocacy, engagement, and funding roles of Civic Administration.

This work includes current activities underway with HDC and City staff related to Urgent Housing, planned projects that are in process, and the work to assess and structure the necessary tools required to advance the approaches within the Roadmap.

2.2 Target Background and Assumptions

The Housing Stability Action Plan (HSAP) and HDC/City Strategic Plan 2019-2024 identified a need for a minimum of 3,000 new affordable units in the next 10 years to meet current and future needs. As noted within recent HSAP updates and the Urgent Housing strategy, recent changes in the local housing market, amplified during the pandemic, have resulted in the 3,000 units being more closely associated with local priority housing needs. The original breakdown of unit needs (established within the City’s Multi-Year Strategy) generally aligns with the Roadmap, noting that the identified Housing Enterprise Action Team (HEAT) will assess all proposed plans and targets.

The measurement of housing targets is subject to the intended measures. The end goal of the Roadmap is long-term available affordable housing that is occupied by those in need based on common measures and priorities defined within HSAP. Recognizing this, those priorities may change and advance, as they did within the pandemic.

As a consistent measure of the 3,000 unit target, the establishment of new units will be considered the key measurable indicator. This means that for new construction, the approval and full funding of the project, required to initiate building activities, will be the defined point of counting the associated units toward the target. In the case of other programs, such as a portable benefit, the target would be met through the establishment of the agreement to acquire a unit or provide an allowance. In these cases, the duration between approval and occupancy will vary, so the measure of occupancy of the units and other related data will also be captured.

The function of aligning units will be supported through existing practices, including those managed in partnership with community organizations, specifically including the Co-ordinated Access system which aligns services and units to those identified as being in

priority need of housing. In this way, new Roadmap related programs and funding will align investments with local needs in order to maximize the impact on those served and the community as a whole.

The Roadmap complements existing housing programs, services, and initiatives, including those administered within the City's role as Service Manager. The business activities required to help advance new affordable housing developments includes stacking of various government programs, including municipal funding, in order to advance viable projects and achieve the associated targets. Within these processes, the program parameters of other funding need to be met in order to access available funds. This is the case within the CMHC Co-Investment Program or the federal/provincial Ontario Priority Housing Initiative. All current government program requirements generally align within the HSAP plan.

The Roadmap therefore relies on the sustainability of existing government housing programs, including those related to operating and capital investment, administrative funding, and other services. These are critical to addressing London's growing housing needs and to meet the 3,000 unit target. The Roadmap targets also relies on the continuation of government programs and community services that have helped stabilize housing during the pandemic. Programs related to rent stabilization, eviction prevention, and social services relief remain critical to avoiding the further growth of populations in urgent housing need.

The City's ability to achieve the 3,000 units and address London's most critical housing needs remains dependent on the ongoing participation, support, and investments of all governments, sectors, and identified stakeholders.

2.3 Target Alignment to Existing Strategies and Municipal Budget

Work toward the 3,000-unit target is already underway. Council approved strategies, Multi-Year Budget business cases, and projects advanced in 2021 by the City/HDC will contribute to targeted outcomes where the associated units align within the Roadmap. This includes new bonusing bylaws, community funded projects, and the following Urgent Housing projects underway (noted within the Roadmap as "City – RHI Project" units).

These include:

- 61 units at 122 Base Line Road West (Funding Approved in 2020 with Contracts signed in 2021)
This project is funded with investments through CMHC Rapid Housing Initiative (RHI) Major Cities Grant (Phase 1), Provincial Social Services Relief Funding (SSRF), and Provincial Ontario Priorities Housing Initiative (OPHI) to complement funding from the HDC. Scheduled completion by December 2021.
- 44 units at 403 Thompson Road
This project is funded with investments from CMHC RHI (Phase 2) and HDC. (Contracts signed and approved in 2021. Construction starting in 2022)
- 20 units at 1697 Highbury Avenue
This project is being advanced by Habitat for Humanity
- 70 units secured through Section 37 Bonusing through various sites

2.4 Phased Approach

The multi-disciplinary team that has been in place with City and HDC staff will be formalized as a Housing Enterprise Action Team (HEAT) to support the staff and work within the City's newly structured Municipal Housing Development (inclusive of HDC) service area. Work on the implementation of the Roadmap will be advanced within an action plan that has a phased approach allowing Civic Administration the ability to assess each proposed initiative, establish and align any necessary programs and resources, and develop the associated requirements for service delivery and management.

Phase One

Creating and formalizing HEAT and other structure and action plans required to support the Roadmap. This includes ensuring the ongoing support of affordable housing projects currently underway and projects planned with HDC or other community agencies. These projects may require interim or transitional actions until policies or programs are designed and/or amended.

Phase Two

Advancing new policy, program, and investments to support Roadmap activities that can be initiated within existing authorities, partnerships, available investment programs, and advancing amendments, where needed, to existing policies. For example, the Municipal Facilities Housing By-law may require revision to ensure investment allocations and any associated agreements established under the Roadmap address priority needs in accordance with the Municipal Act provisions for capital facilities and requirements of other government programs.

Phase Three

Advocating policy, program, and investment plans related to Roadmap activities. This includes new municipal policies that are subject to studies and review (e.g. Development Charge By-law) as well as advocacy with other orders of government, and creating new partnerships across sectors and services. These strategies will be intended to advance sustainable development beyond the 5-year plan. Phase Three will include strategies and measures to sustain affordable housing development at a rate necessary to minimize housing backlogs and wait-lists as much as possible.

Work on all three phases will begin immediately, with longer term actions, primarily within Phase Three, requiring more time to study and advance.

Reporting on the 3,000 units will become part of the regular HSAP update process, with separate reporting through municipal budget and strategy updates, where applicable.

3.0 Financial Impact and Considerations

3.1. Financing Strategy Overview

The following financial strategy establishes the sources of financing toward the required municipal investment in order to fund the Roadmap action plans. This will require continued review as plans advance and are implemented.

As noted previously, some of the approved additional investments in the 2020-2023 Multi-Year Budget contribute to the financing of the Roadmap. In particular, uncommitted funding approved through Business Case 10 – HDC Funding for Affordable Housing will be utilized as a funding source for various programs under this Roadmap. Additionally, approved Business Case 21 – LMCH Regeneration provides the resources to achieve the additional units envisioned through the LMCH Intensification category of the Roadmap.

The proposed sources of funding reflect the use of existing and new allocations to affordable housing. Despite the investments approved by Council for the housing system, the additional funding is required in order to achieve the Roadmap's 3,000 units and create the affordable units needed to stabilize individuals and families in housing crisis in London.

Details of specific financial strategies and sources of funding for both operating and capital costs are outlined in detail below.

3.2 Operating Budget Impacts Related to Portable Benefits

The Roadmap forecasts an incremental 100 units per year for the next five years through the use of portable benefits. These are comprised of rent allowances (allocated to tenants) and supplements (established through agreements with landlords) and are funded through the operating budget. The portable benefits allow access to available market units and is critical to the overall Roadmap. The operating budget impact of this strategy is approximately \$720 thousand of additional funding each year. The following table illustrates the estimated impact of the incremental 500 additional housing benefits between 2022 and 2026:

Program - Rent Supplements (Non-Profit and Private)	Annual Units	Grant (per unit)	Annual Operating Budget Impact	Cumulative Operating Budget Impact
2022	100	\$7,200	\$720,000	\$720,000
2023	100	\$7,200	\$720,000	\$1,440,000
2024	100	\$7,200	\$720,000	\$2,160,000
2025	100	\$7,200	\$720,000	\$2,880,000
2026	100	\$7,200	\$720,000	\$3,600,000

By 2026, approximately \$3.6 million of permanent property tax supported funding will be required on an ongoing basis in order to ensure the housing stability of the 500 benefits/households as supports extend into future years. This equates to an approximate tax levy increase of 0.5% (based on the 2021 net property tax levy), or an average additional tax levy increase of approximately 0.1% per year for 5 years.

The City has two options to fund the annual costs associated with this program:

1. Approve this funding through a business case in the 2023 Annual Budget Update and 2024-2027 Multi-Year Budget; 2022 costs can be funded temporarily through the Operating Budget Contingency Reserve. This would result in approximately a 0.2% tax levy increase for 2023 (to establish a permanent funding source for 2022 and 2023 costs) and then approximately a 0.1% per year increase in 2024 through 2026. This option reduces capacity for funding other Council priorities in the 2024 to 2027 Multi-Year Budget and puts pressure on an already significant 2023 tax levy increase.
2. Notwithstanding the approved Assessment Growth Policy, Council can direct Civic Administration to allocate the first \$720 thousand of available Assessment Growth funding for 2022 through 2026 to address the annual rent supplements costs of the Roadmap. While not as directly linked to growth as other services (e.g., garbage collection or snow removal), there is a relationship between a growing city and the need for additional affordable housing. This option avoids a tax levy impact but presents considerable risk that there may not be sufficient funding for all other growth needs in future years.

Civic administration recommends Option 1. The inclusion of a business case in the 2023 Annual Budget Update and subsequently the 2024 to 2027 Multi-Year Budget will recognize the addition of the incremental costs associated with these portable benefits and rent supplements and ensure these investments are considered along with all other budget requests and Council priorities.

3.3 Operating Budget Impacts Related to Staff Resources

The Roadmap will also place added workload on the City's internal resources. It is anticipated that three full-time resources are required to support implementation and ongoing operation of the Roadmap. Other initial resourcing for Housing and Realty Services can be accommodated within existing staff resources. As part of the new City-wide organizational changes, the Municipal Housing Development service area, incorporating the existing HDC and Housing Services programs and staff, will guide and align existing services, targets, and priorities within the Roadmap implementation plans wherever possible.

Further resource considerations may be subject to the specific initiatives outlined within the plan including those related to program administration and compliance. These will be subject to separate reports as required.

The additional resources required add \$350 thousand per year to the ongoing operating costs of the Roadmap; \$250 thousand is required in 2022, and an additional \$100 thousand is anticipated to be required in 2023 for the second Finance resource.

It is recommended that this cost also be addressed by a tax levy increase via the 2023 Annual Budget Update with the costs in 2022 funded temporarily via the Operating Budget Contingency Reserve until a permanent funding source is established.

The approximate combined total of the tax levy impacts associated with the operating costs of the Roadmap is presented below:

	2022*	2023	2024	2025	2026
Rent Supplements	0.0%	0.2%	0.1%	0.1%	0.1%
Additional Resources	0.0%	0.05%	0.0%	0.0%	0.0%
Annual Tax Levy Increase (%)	0.0%	0.25%	0.1%	0.1%	0.1%
Cumulative Tax Levy Increase (%)	0.0%	0.25%	0.35%	0.45%	0.55%

* 2022 impacts will be funded from the Operating Budget Contingency Reserve on a one-time basis.

3.4 Capital Budget Impacts: One-Time Funding Sources and Impacts

The estimated one-time and / or capital costs of the 3000 affordable units consist of City contributions/investment allocations including those to offset planning fees and development charges (DC).

These waivers still require the City to reimburse the applicable budget source (e.g. an Obligatory City Services Reserve Fund), that is forgoing revenue it would otherwise collect.

The estimated cost of the Roadmap to 3000 Affordable Units, for units identified that require a capital or one-time funding source, is as follows:

Program	Annual Units	Grant (per unit)	City Contribution for Planning Fees and DCs (per unit)	Annual Program Total
Secondary Suites - Homeowners and Developers	60	\$20,000	\$0	\$1,200,000
Affordable Rentals (Non-Profit and Private)	280	\$20,000	\$25,000	\$13,500,000
Affordable Ownership (Non-Profit)	30	\$20,000	\$25,000	\$1,350,000
Other (e.g. Transitional, Temp Housing)	10	\$20,000	\$25,000	\$450,000
Annual Roadmap Total	380			\$15,600,000

The total of the next five-years of the Roadmap is illustrated in the following table:

Year	Annual Units	Annual Roadmap Total
2022	380	\$15,600,000
2023	380	\$15,600,000
2024	380	\$15,600,000

2025	380	\$15,600,000
2026	380	\$15,600,000
5-Year Roadmap Total	1,900	\$78,000,000

To consolidate available funding, improve administrative efficiency, and facilitate transparent monitoring and reporting of the funding for this Roadmap, the New Affordable Housing Reserve Fund will serve as the primary funding source. This reserve fund, and a new associated capital project, will act as the primary conduits for all one-time and capital related activity in the program areas identified above.

Civic Administration’s financial strategy to fund this Roadmap relies on the authority assigned to the City Treasurer in the Reserve and Reserve Fund Policy to transfer between funds and which is based on the strategy outlined in this report.

Key highlights of the financial strategy are as follows:

2021 Mid-Year Operating Monitoring Report

At the September 20, 2021, Corporate Service Committee Meeting, Civic Administration presented the 2021 Mid-Year Operating Budget Monitoring Report, agenda item #2.1, with the following recommendation:

Notwithstanding the Council approved Surplus/Deficit Policy, Civic Administration BE AUTHORIZED to allocate up to \$10 million of the Property Tax Supported Budget Surplus to the New Affordable Housing Reserve Fund to support future affordable housing initiatives, noting that any remaining surplus will be allocated in accordance with the Surplus/Deficit Policy.

Once the final determination of the 2021 year-end surplus is made, an amount will be contributed to the New Affordable Housing Reserve Fund and be available for use. At this time, \$10 million is forecasted to be contributed to the reserve fund.

Canada Community-Building Fund (CCBF)

Although affordable housing is not currently an eligible project category under the CCBF (formerly known as the Federal Gas Tax), the City of London did receive a one-time top-up in 2021 in the amount of \$23.4 million.

This funding is available for use in many of the City’s current and eligible capital projects. Through housekeeping capital budget adjustments, approximately \$16.7 million of the 2021 top-up can be substituted into eligible capital projects, thereby releasing sources of financing, predominantly capital levy, that can be used to support the implementation of the Roadmap.

The remaining CCBF funds received from the 2021 top-up payment have been fully utilized in development of the 2022 Annual Budget Update and associated Budget Amendments that were tabled November 9, 2021.

Reserves and Reserve Funds

As previously noted, a significant amount of one-time funding sourced via the City’s reserves and reserve funds is required to finance the Roadmap to avoid additional impacts on the City’s property tax levy. Timing of transfers to the New Affordable Housing Reserve Fund will vary based on the schedule of available funds in the originating reserve or reserve fund.

This significant funding strategy will result in future trade-offs and financial risks which are outlined later in this report. Over the course of the next five years the following transfers will be required to the New Affordable Housing Reserve Fund at different times and in varying amounts:

Source of Funding	Total Amount Transferred (2022 to 2026)	2026 Forecasted Ending Balance
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Housing Development Corporation Reserve Fund ¹	\$16,250,000	\$810,000
Development Charges Incentive Reserve Funds (Commercial, Industrial, Institutional in Aggregate) ²	\$9,600,000	\$14,470,000
Economic Development Reserve Fund ³	\$9,050,000	\$12,270,000
Social Housing Major Repairs Reserve Fund	\$7,350,000	\$6,340,000
Efficiency, Effectiveness, and Economy (EEE) Reserve	\$7,000,000	\$10,120,000
Municipal Affordable Homeownership Reserve Fund	\$1,800,000	\$440,000
Community Investment Reserve Fund	\$1,000,000	\$570,000
Total Funding to be Transferred	\$52,050,000	

Notes:

1. Prior to development of the Roadmap, HDC earmarked commitments in this reserve fund to support contributions to affordable housing units working in conjunction with available funding programs.
2. Development Charges (DC) Incentive Reserve Funds, excluding the Residential DC Incentive Reserve Fund, are presented in aggregate as it is common practice to view these funds in totality and transfer funds between them to maintain adequate balances.
3. The 2026 forecasted balance of the Economic Development Reserve Fund does not include \$10 million that is separately earmarked for London Community Recovery Network COVID Recovery projects. The balance to be transferred does include \$5.0 million earmarked for Back to River; assuming its release per the recommendation in this report.

Housekeeping Adjustments – Tax Supported Reserve Fund Contributions

In addition to the direct transfers from other reserve funds, housekeeping adjustments to tax supported reserve fund contributions can be made to increase the amount of funding in the New Affordable Housing Reserve Fund by \$2.0 million over the 2022 to 2026 Roadmap timeframe.

Debt Financing

No tax supported debt financing has been utilized to finance the Roadmap implementation plan. The makeup of this Roadmap, i.e. providing grants and city contributions to offset development charges and planning fees, does not constitute capital projects for which the City could issue debt in accordance with the Municipal Act. No municipally owned asset with physical substance is created through the programs; rather they seek to incentivize community partners. Even if it were possible to issue debt on these programs, the financing mix in the City’s current capital plan does not have room under the self-imposed internal debt cap to contribute funding to this initiative.

3.5 Financing Strategy – General Comments

The value of investment in the 3000 units to London will be directly experienced by those individuals and families housed and by the community at large. The Roadmap report reflects the return on investments, especially related to capital building projects, to local labour markets, material and supply chain services, and to the appreciating value of new housing.

Civic Administration's approach to Roadmap investment recognizes these returns and outcomes are only available through a carefully mapped out a financing strategy that:

- Primarily utilizes one-time funding sources like the 2021 operating budget surplus, the Canada Community-Building Fund, and reserves and reserve funds. This ensures no additional property tax levy increase is needed to support the capital components of the Roadmap.
- Limits tax levy increases, as identified to support the operating budget impacts associated with portable benefits and additional staffing requirements, to the extent possible;
- Avoids the use of debt, which even if available, would ultimately make the Roadmap more expensive. It would also further constrain available financing sources for other priorities of Council that may arise.
- Leverages the one-time \$23.4 million top-up in 2021 from the Canada Community-Building Fund, which allows the City to free up a significant amount of otherwise committed one-time funding to support affordable housing. Without this infusion of funding, the City's financial resources would be further constrained by approximately \$16.7 million.
- Demonstrates the strength of the City's prudent financial practices to save prior to needs arising.
- Stages funding in the New Affordable Housing Reserve Fund by only drawing down approved allocations as required. This ensures continued monitoring of expenditures based on milestones and progress.
- Transfers funding to the New Affordable Housing Reserve Fund until required. This allows interest to be accrued and maximizes investment income.

3.6 Financial Risks of the Financing Strategy

The implementation of the Roadmap and associated investments have financing risks related to the proposed plans. The financial plan has attempted to mitigate these risks as noted below. They include:

Risk: Reduced Available Reserve and Reserve Fund Balances

Funding the Roadmap without impacting the property tax levy (for capital and one-time elements) places significant pressure on the City's available fund balances. Fully committing this amount of funding may constrain financial resources for other priorities of Council. Reduced savings may also negatively impact the City's credit rating metrics.

Risk Mitigation:

This risk is partially addressed by strategically leaving strong balances in reserves and reserve funds that are flexible by design, e.g. Efficiency, Effectiveness and Economy Reserve, Economic Development Reserve Fund, etc.

This risk is also offset by the proposed use of the New Affordable Housing Reserve Fund as the primary conduit for financing the Roadmap. Keeping a significant portion of funding in the reserve fund until needed provides a degree of flexibility should priorities shift, other projects arise, etc.

Monitoring the speed of implementation, spending, available balances, etc. through processes already in place will allow the City to be nimble adjusting to any future changes.

Keeping a significant portion of funding in the reserve fund until required should also preserve the credit rating metrics with respect to the City's reserves and reserve funds.

Risk: Reserve Fund Target Balances

Funding the Roadmap will move the City further away from achieving target balances in its reserve and reserve fund portfolio.

Risk Mitigation:

This risk is predominantly addressed by the very nature of the funding required. Many of the suitable reserve and reserve funds for housing initiatives do not yet have established targets. Of the funds being used, the Operating Budget Contingency Reserve and the Efficiency, Effectiveness and Economy (EEE) Reserve are the only exceptions.

These reserves contribute to the City's contingency reserve target established in the 2018 Reserve Rationalization Report; however, the risk is mitigated as the funding required for this plan represents a small portion of the combined balance available in these reserves.

Risk: Long-term Funding for City-owned Housing Initiatives

This Financial Strategy does not address longer-term funding for City-owned housing initiatives beyond this Roadmap. Additionally, certain program initiatives, including municipally owned development, rely on the ongoing funding of federal and provincial government programs. Currently, many government investment programs are administered on a one-time or time limited basis while housing development needs are long-term and require sustainable planning.

Risk Mitigation:

With debt availability already constrained within the base capital plan established in the 2020 to 2023 Multi-Year Capital Budget, there is a real risk of not achieving targets without additional and ongoing funding from other levels of government. Future investment decisions on other Council priorities will also impact the availability of funding for future housing initiatives. Ongoing advocacy and engagement with other levels of government for permanent, sustainable funding will play a critical role in the success of this Roadmap.

Risk: Significant Use of CCBF

Significant use of the Canada Community-Benefit Fund top-up to indirectly support affordable housing via current projects will reduce funding availability for future needs in the eligible project categories.

Risk Mitigation:

This risk is partially offset by the City's Capital Asset Renewal and Replacement Reserve Funds that support the City's lifecycle renewal needs. Municipal Council's significant commitment to, and continued support of, Asset Management has led to the implementation of financial tools and development of considerable financial resources to support the City's lifecycle renewal requirements.

This approach reduces the need for additional CCBF funding in the lifecycle renewal category of capital projects; however, this risk remains for new projects or initiatives that might arise that are not suitable candidates for funding from the Capital Asset Renewal and Replacement Reserve Funds (e.g., service improvement projects).

Conclusion

The need for new affordable housing units is happening across Canada and significantly impacting larger urban centres like London. This report reflects the needs of the City to encourage and attract investment by all sectors to create more sustainable affordable housing. These investments are essential to advancing a safe, sustainable, and desirable community, but more than ever before, they are required to ensure that the access to the basic right to shelter is available to all Londoners.

These investments remain fully reliant on the actions of other governments to minimize the continued growth in housing costs and needs. These strategies include work in with almost every sector and government service to support access to housing within a healthy economy.

In the same way as the impacts of the pandemic amplified these housing changes, there are great opportunities for governments and sectors to work together on affordable housing as part of the economic recovery emerging from COVID-19.

The municipal action plans and investments within the Roadmap reflect an aggressive approach by the City which is intended to attract and leverage those other partners to help create ongoing and sustainable affordable housing in London and beyond.

Additional reports, authorities, resources, and measures related to the Roadmap implementation will be provided to Council through existing HSAP and other reporting. These and other reports will reflect priority responses to Council's affordable housing plans in the same manner as is currently used to track City climate change initiatives within various reports to all standing committees of Council.

Recommended by: Kevin Dickins, Deputy City Manager, Social and Health Development

Recommended by: George Kotsifas, Deputy City Manager, Planning and Economic Development

Roadmap to 3,000 affordable units for the City of London

Final Report

October 8, 2021



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Introduction

The City of London's Housing Stability Action Plan 2019-2024 identified a need for a minimum of 3,000 new affordable housing units in the next ten years to meet current and future needs. However, despite significant efforts by the City and its housing partners, housing affordability issues have continued to worsen in London. As such, the Mayor has directed that the City prioritize the development of these 3,000 affordable housing units in the next five years. This is a bold goal but it can be achieved through the efforts and collaboration of all housing partners.

This Roadmap shows a path to achieving the target of 3,000 affordable housing units by 2026. It was developed through interviews with key stakeholders, including City staff, CMHC, and private and non-profit residential developers. It is also the result of an environmental scan of approaches that have been used in other jurisdictions.

The Roadmap shows that achieving the goal requires efforts from all housing stakeholders, including London residents, non-profit and private developers, London Middlesex Community Housing, the City of London, Canada Mortgage and Housing Corporation (CMHC), and the Province.

The goal of 3,000 units was not broken down equally annually as the expectation is that the pace of development will accelerate as more of the recommended tools are implemented over the course of five years.

What is ‘Affordable Housing’ in London

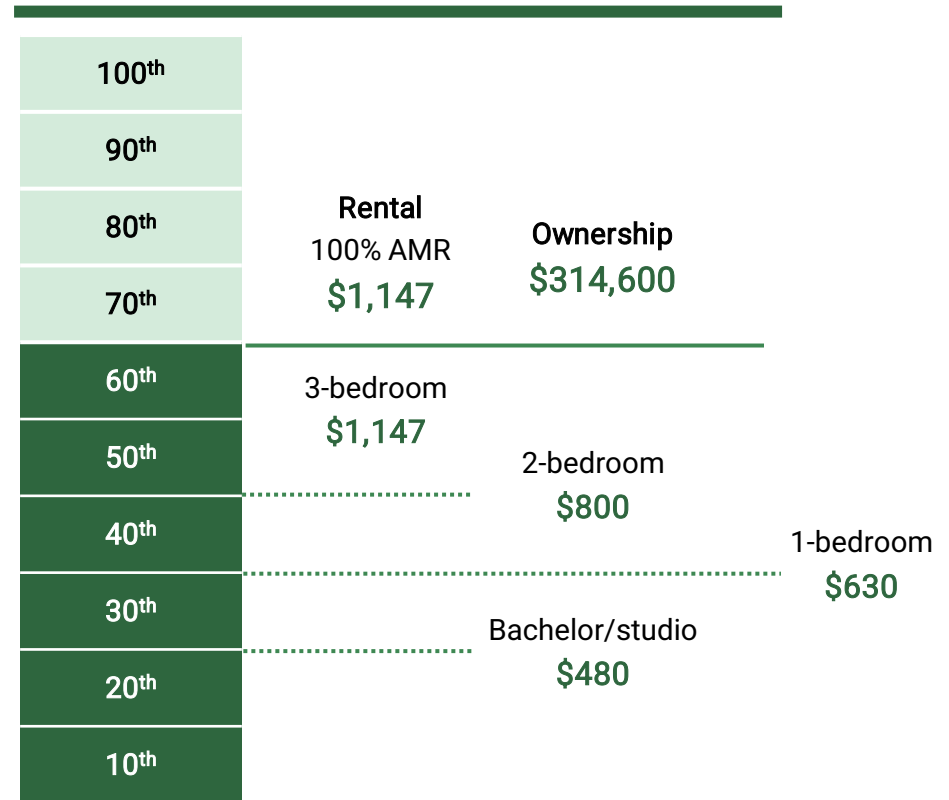
The London Plan and the Provincial Policy Statement (PPS) define affordable housing as:

1. In the case of **ownership housing**, will mean either one of the following:
 - a. Housing for which the purchase price in annual accommodation costs does not exceed 30% of gross annual household income for low- and moderate-income households; or
 - b. Housing for which the purchase price is at least 10% below the average purchase price of a comparable resale unit in the City of London.
2. In the case of **rental housing**, will mean either one of the following:
 - a. A unit for which the rent does not exceed 30% of gross annual household income for low- and moderate-income households; or
 - b. A unit for which the rent is at or below the average market rent for a unit in the City of London.

The Housing Stability Action Plan defines affordable housing as housing costs which do not exceed 30% of a household’s income.

There are also other definitions of affordable housing used. For example, the National Housing Co-Investment Fund (NHCF) uses 80% of the median market rent (MMR) by bedroom size. This should be taken into consideration to ensure that any City of London actions and initiatives can build on these programs.

Affordable Price Thresholds; 2020



Unit Size	Household Income in 2020
Bachelor/studio	\$19,300 (2 nd renter decile)
One-bedroom	\$25,300 (3 rd renter decile)
Two-bedroom	\$32,100 (4 th renter decile)
Three+ bedroom	\$47,900

Each decile corresponds to 10% of the renter population in London. Using the household estimates for 2020, this is about 7,500 households per decile.

Why 3,000 Affordable Units – The Need

House prices and rents are increasing and becoming unaffordable to many London residents.



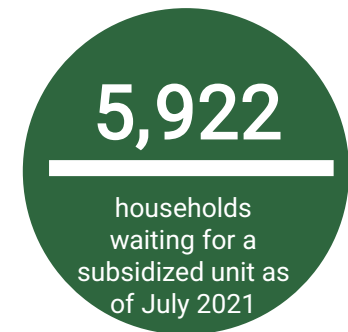
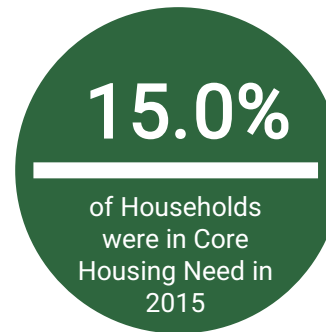
average and median house prices **increased by 50.0%** from 2015 to 2020.

household income required to afford the average house price in 2020 = **\$160,000**

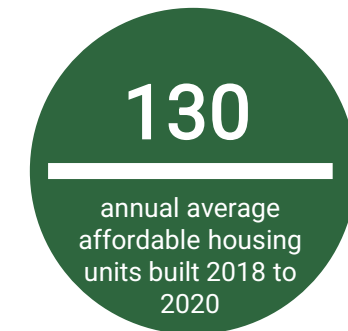
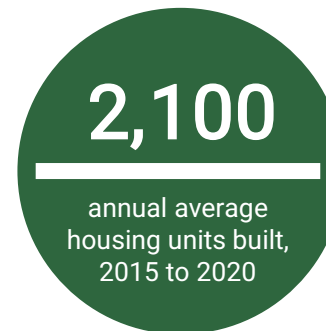
Average Market Rent



Many people cannot afford their housing and are waiting for subsidized options.



The private, non-profit and government sectors are building affordable housing but it's not enough to meet the need.



Why 3,000 Affordable Units – The Benefits

Housing is a major contributor to economic growth, social stability, and household wealth. As the COVID 19 pandemic has clearly demonstrated, housing is also an important determinant of health. Complete and inclusive communities with a range of housing options, including affordable housing, support community wellbeing and prosperity.

Economic growth is dependent on the availability of housing.

- A range of housing choices, including affordable housing, attracts people from all life stages, from single individuals to seniors to families with children, to live in London which then increases overall economic activity.
- Economic benefits from consumer spending are lessened when people live and work in different communities, so having a wide range of housing options, including affordable housing, increases the likelihood that people can live and work in London.
- Having housing that people with low and moderate incomes can afford improves the capacity of businesses to recruit and retain employees and attracts new businesses into the city.
- Having enough housing choices encourages young people, including graduates of London's post secondary institutions, to stay in the city.

- Building affordable housing creates jobs and the jobs are more stable. A study found that an investment of \$1 million results in the equivalent of about three full-time jobs and indirectly generates an additional ten jobs.
- Building affordable housing generates increased revenue in the form of taxes and user fees. While building affordable housing often requires government investment, governments get this investment back in the form of ongoing rents paid by tenants as well as property taxes paid by homeowners.

Affordable housing improves the quality of life of London residents.

- It reduces housing costs, which means households have more funds for other essential and non-essential purchases.
- Households who live in affordable housing are more likely to be in better health, have more personal wealth (including non-housing wealth) and children and youth perform better in school.
- It reduces reliance on social and health services, thereby lowering the cost of such services.
- As noted in the Housing Stability Action Plan, housing is a basic human right and essential to a person's sense of dignity, safety, inclusion, and ability to contribute to neighbourhoods and communities.

The Cost: \$1 Billion

Developing an average affordable rental apartment unit costs approximately \$350,000 - \$400,000 (including hard costs, soft costs, land costs, municipal fees and HST).

Accordingly, adding 3,000 units to the supply of affordable housing in London will cost approximately \$1 billion. This means the City cannot do it on its own. This requires efforts from all stakeholders, including London residents and senior levels of government.

The National Housing Strategy: A Game Changer

In 2017 the Federal Government adopted the National Housing Strategy, which encompasses a host of new programs aimed at expanding the supply of affordable housing across the country and preserving existing affordable housing in need of repair

New federal programs delivered through Canada Mortgage and Housing Corporation, such as the National Housing Co-Investment Fund, the Rental Construction Financing Initiative and the Rapid Housing Initiative, are expected to contribute over \$50 billion in the form of grants and low interest loans by 2027.

Non-profit and for-profit developers as well as the City of London are already benefitting from several projects funded under these programs and are well positioned to attract hundreds of millions of these federal dollars to support new affordable housing projects.

It is anticipated that, with a well-planned and collaborative approach, the federal programs could meet as much as 55-60% of the \$1 billion cost of adding 3,000 units in the next five years

CMHC gives priority to projects that include funding from other levels of government, particularly local municipalities. By including municipal contributions towards affordable housing projects, the City can maximize the flow of federal dollars into the area

It takes a village to house a city: Our immediate next steps

The City of London has invested an average of \$3.2 million a year in rent supplements and housing allowances and \$74.4 million over four years (i.e. the 2020-2023 Multi-Year Budget) to prevent homelessness, to build new affordable units and maintain existing ones. Both non-profit and private developers have also contributed to the supply of affordable housing in London. Yet the need continues to grow.

In the same way that it takes a village to raise a child, it will need all housing stakeholders to address housing affordability issues in London. This means we need a new way of working together to maximize our limited resources. We need bold actions to achieve our goal and to continue to address this issue in the long term. These bold moves are as follows.

- 1. Leverage the experience and assets of the non-profit sector.**
- 2. Unleash the capacity of the private sector.**
- 3. Locate non-traditional property that can be used for housing.**
- 4. Create the Housing Enterprise Action Team.**
- 5. The City should invest \$19.2 million a year for the next five years towards increasing the supply of affordable housing through the London Affordable Housing Program. This represents about 10% of the total cost of meeting the 3,000 target. The bulk of this investment (\$15.6 million per year) would be one-time grants, with \$3.6 million per year being ongoing permanent funding.**
- 6. Expand the role of the federal and provincial governments.**
- 7. Leverage the resources of London residents.**

It takes a village to house a city: Our immediate next steps

Adding 3,000 affordable units in any form is a huge win. However, to use limited resources in the most effective manner, the City and its housing partners should also consider the deepest need and the make up of the current and future population.

Of the 3,000 affordable housing units created, 65.0% (1,950 units) should be bachelor and one-bedroom units. This is based on the proportion of one- and two-person households in London from 2006 to 2016. Of these units, a minimum of 30.0% (585 units) should be affordable to households with incomes within the 2nd and 3rd renter income deciles. This means a maximum rent of \$630 in 2020. This is based on the proportion of one- and two-person households in core housing need.

Of the 3,000 units, 35.0% (1,050 units) should be two or more-bedroom units with rents of no more than AMR which was \$1,147 in 2020.

In addition, at least 25.0% of these units should be accessible/ have accessibility features. This is based on the proportion of seniors in London as well as the requirements of certain CMHC funding programs.

3,000 units by 2026

of these units

65.0%
bachelor and one-
bedroom units

35.0%
two+-bedroom units

30.0%
or more of bachelor and
one-bedroom units should
have rents affordable to
renter households in the
2nd and 3rd renter income
decile

100%
of all units with two or
more bedrooms should
have rents affordable to
renter households in the
4th - 6th renter income
decile

25.0%
accessible

It takes a village to house a city: Our immediate next steps

Leverage the experience and assets of the non-profit sector.

- **Issue an REOI (Request for Expressions of Interest)** to identify non-profit organizations who have land/buildings, resources, and the interest in building affordable units immediately.
- **Provide a capital grant per unit and grants equal to waivers of development charges and related municipal development fees** for a set number of units to non-profit organizations with a proven track record and who are ready to build in the next 12 months. Units should prioritize London residents on the subsidized housing waiting list.

Unleash the capacity of the private sector.

- **Enter into agreements with private landlords** who have vacant rental units to house people from the subsidized housing waiting list at affordable rent levels in exchange for a long-term lease.
- **Issue an REOI to identify privately-owned property**, such as commercial offices, hotels and motels and underutilized shopping centres that are candidates for conversation to residential or intensification, to include housing.
- **Double the current rate** at which affordable units are obtained through bonusing.
- **Implement inclusionary zoning (IZ)** in all PMTSAs and consider legislative options to increase opportunities where IZ can be implemented.

Locate non-traditional property that can be used for housing.

- **Identify City-owned property**, such as community centres, libraries, parking lots, long term care homes, etc. that are candidates for intensification to include affordable housing.
- **Ensure adequate servicing is available** (or will be) to permit intensification. Initiate a zoning amendment process to enable such intensification projects to proceed as of right on such properties. Provide an expedited approvals process.
- **Establish a land acquisition and servicing strategy** for non-traditional lands (federal, provincial, city).
- **Facilitate partnerships among property owners** and non-profit and for-profit developers to build new affordable housing projects.

It takes a village to house a city: Our immediate next steps

Invest \$19.2 million per year for 5 years - \$15.6 million in one-time grants and \$3.6 million in ongoing permanent funding.

- **Issue an RFP (Request for Proposals) for conditional capital grants and grants in lieu of waivers of development charges, building permit fees, and planning application fees for a set number of affordable rental and ownership units on an annual basis.**
- **Provide a conditional grant of up to \$20,000 per unit towards the creation of secondary suites in new and existing homes if these are rented at the affordable rental threshold for at least 10 years.**
- **Consider a tax rebate incentive for all forms of affordable housing (private, private on public (non-traditional) lands, etc.**

Expand the role of the federal and provincial governments.

- **Request the federal and provincial government to make available surplus lands in London for affordable housing.**
- **Sign an agreement with CMHC to collaborate on funding and planning new affordable housing projects in London.**
- **Advocate strongly to the provincial government for increased capital and operational funding for affordable housing.**

Create the London Affordable Housing Team.

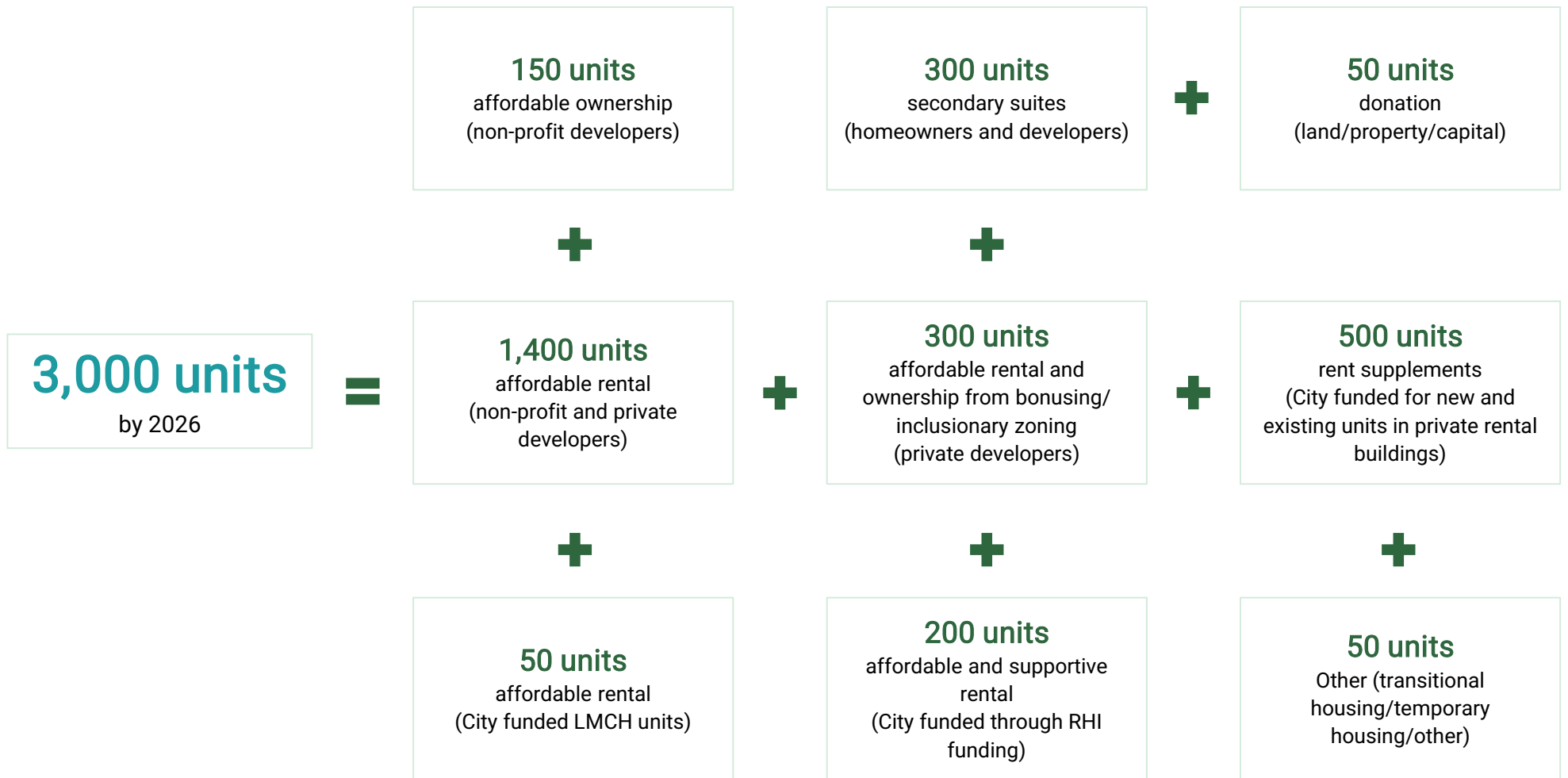
- **Create the Housing Enterprise Action Team (HEAT) at City Hall and externally.**
- HEAT will ensure adequate servicing is available (or will be) to permit housing on non-traditional lands including City, Provincial and Federal.
- HEAT will identify housing types (ie 1,2,3 bedrooms) that are currently in lower supply.
- HEAT will be available to assist developers throughout each phase (if applicable) of development and throughout the duration of the affordable house agreement.
- HEAT will prepare Urban Design Guidelines and the developments will not have to go to the Urban Design Review Panel (unless developer chooses to) as HEAT will include an urban designer.

It takes a village to house a city: Our immediate next steps

Leverage the resources of London residents.

- **Provide a conditional grant** to homeowners who rent out an additional residential unit at the affordable rental threshold for at least 10 years.
- **Recruit champions** among London residents to increase awareness of the need for a diverse housing supply, including affordable housing.
- **Identify private sector champions** (through RFQ) that can assist private sector (first time) residents that want to create an additional residential unit and/or first time small scale affordable housing development at a reduced fee (or no fee). HEAT will be available to assist with understanding processes, bylaws, permits, taxation, etc. – similar to business liaison.
- **Encourage local philanthropists** to donate towards affordable housing and implement a process to facilitate these donations.

It takes a village to house a city: Our immediate next steps



It takes a village to house a city: Our medium to long term actions

Implement new revenue sources.

- Investigate a development charges levy for affordable housing.
- Consider a property tax levy specifically for affordable housing.
- Consider allocating a proportion of the revenue from the sale of all municipal land or buildings which are not appropriate for affordable housing.
- Include market rate units in all new affordable housing developments initiated by the City to increase financial sustainability.

Redevelop or intensify underutilized properties.

- Offer any abandoned property that the City may take over to non-profit organizations in exchange for developing affordable housing.
- Purchase and sale agreements that include affordable housing will be given priority.

Use available municipal tools.

- Explore opportunities for pre-zoning for increased height and density along all current and future transit routes outside of PMTSAs.
- Consider legislative options to allow for the implementation of IZ outside of PMTSAs.
- Develop and implement alternative development standards.
- Develop and implement a rental conversion and demolition policy to protect existing rental housing with six or more units and to ensure affordability is maintained when these units are replaced based on the three-year average of the rental vacancy rate as reported by CMHC.
- Incorporate the breakdown of the affordable housing target in the London Plan.
- Monitor annual progress toward the goal and beyond.

It takes a village to house a city: Our medium to long term actions

Work with the provincial government on an ongoing basis.

- Advocate to the Province for a discount in the land transfer tax and/or capital gains tax for landowners who donate or sell land at below market value for the purpose of affordable housing.
- Advocate to the Province for an increase in funding for rent supplements/ housing allowances to be better reflective of current rental market rates.
- Advocate to the Province to improve the review and response timelines for the Upper Thames River Conservation Authority and any other provincial agencies involved in reviewing planning applications for affordable housing.
- Advocate to the Province to sell surplus school sites at below market value if they are to be used for affordable housing.

Work with the federal government on an ongoing basis.

- Identify additional federally-owned surplus property, such as unused post offices and hospitals, and advocate for these to be considered for affordable housing.
- Sign an agreement with CMHC to collaborate on an ongoing basis, including funding non-residential conversions to affordable housing and maximizing opportunities under current funding programs.

Leverage the resources of London residents.

- Promote land and funding donations for affordable housing.
- Consider the value of having a greater supply of affordable housing in the form of rents paid for operating costs and the decrease in usage of emergency services.

Projected Costs

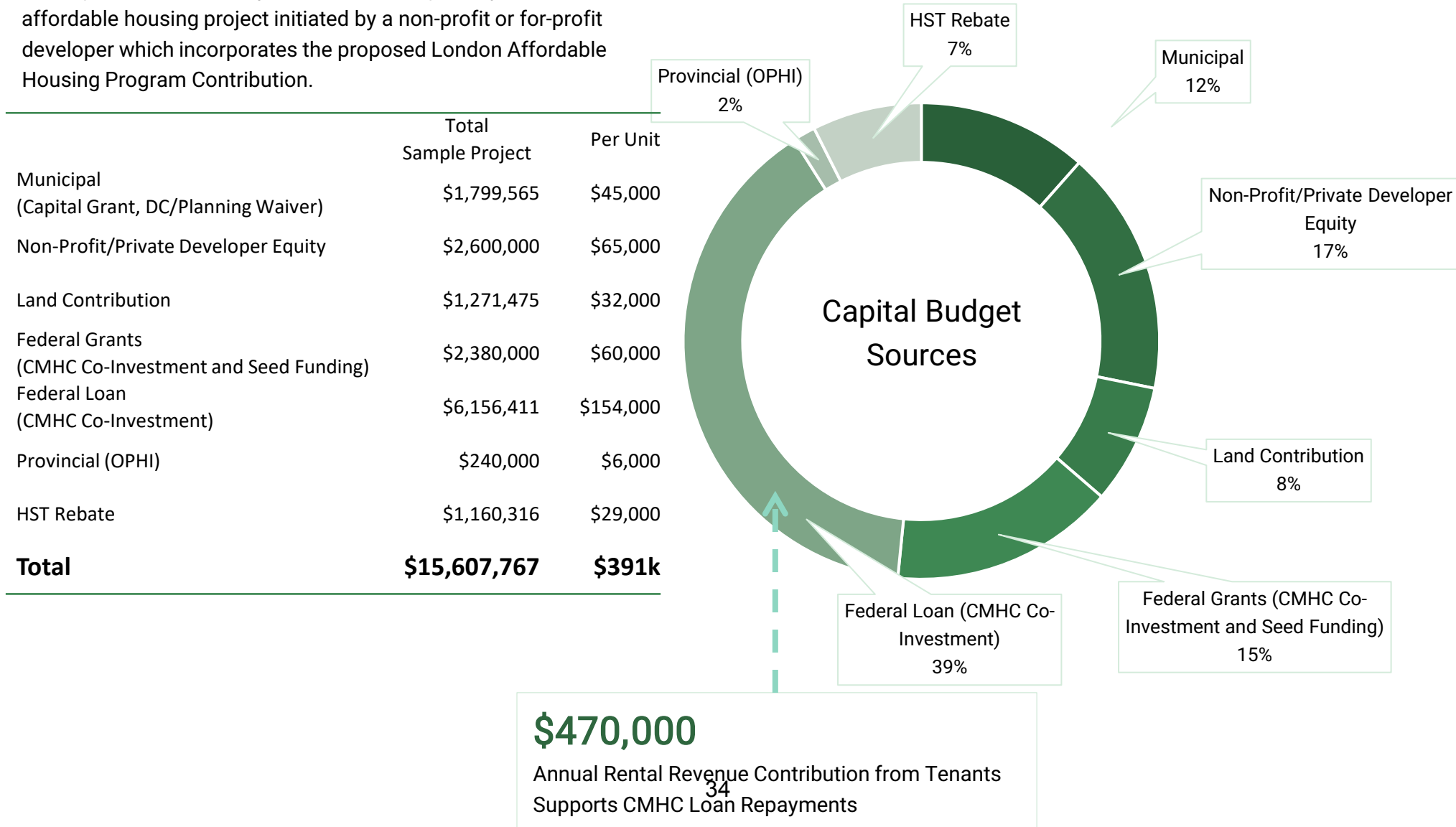
Program	Total Units	Annual Units	City Grant Per Unit	City Contribution Per Unit - Planning and DC Waivers (Grant In Lieu)	Annual Capital Contribution Budget	Annual Operating Subsidy
Secondary Suites - Homeowners & Developers	300	60	\$20,000	n/a	\$1,200,000	n/a
Affordable Rental (Non-Profit & Private)	1,400	280	\$20,000	\$25,000	\$12,600,000	n/a
Affordable Ownership (Non-Profit)	150	30	\$20,000	\$25,000	\$1,350,000	n/a
City - RHI Projects	200	40	n/a	n/a	n/a	n/a
Other (e.g. transitional, temporary housing)*	50	10	\$20,000	\$25,000	\$450,000	
LMCH Intensifications	50	10	n/a	n/a	n/a	n/a
Donations of land/property/capital**	50	10	n/a	n/a	n/a	n/a
IZ	300	60	n/a	n/a	n/a	n/a
Rent Supplements (Private Developers and Landlords)	500	100	\$7,200 (per unit per year)	n/a	n/a	\$3,600,000
Total	3,000	600			\$15.6 million	\$3.6 million

*The costs for this category are subject to the details of the design of these programs.

**Depending on the nature of the donations received, there may be additional associated costs (e.g. interim maintenance of land or buildings) which are not quantifiable at this time.

Projected Cost Sharing of Typical Project

This figure shows the projected cost sharing of a typical 40 unit affordable housing project initiated by a non-profit or for-profit developer which incorporates the proposed London Affordable Housing Program Contribution.



A Call to Action

Many housing stakeholders are already working to address the issue of housing affordability in London, from the significant donations from London residents to non-profit organizations who are building affordable units, to private developers who are including affordable units in their market developments, to the investments made by the three levels of government. However, as this Roadmap shows, we need a better way to work together if we want to achieve our initial target of 3,000 affordable units and continue to address this issue in the long term. This means rethinking how we use our limited resources, collaborating and partnering with both traditional and non-traditional stakeholders, and having a more intentional approach to addressing this issue.

This Roadmap provides an implementation plan to start with but it will evolve as we begin to apply the tactics and our efforts start to bear fruit. This means we need to monitor our progress to ensure we're moving in the right direction, learning from what we've already done, and improving the plan as we go.

The number of affordable one- and two-bedroom units articulated in this plan represent a considerable portion of the total one- and two-bedroom units anticipated in the City's current growth projections for the next 5 years. While the aim of this plan is not just to service growth needs but also to enhance the provision of affordable housing, it will be important to closely monitor the progress of the strategy relative to development that materializes over the coming years

Appendix: What We Heard

The work on this Roadmap included a wide range of interviews with representatives of the non-profit sector, private developers, City staff, and CMHC staff. The key messages that came from these interviews are as follows.

- There is significant capacity and interest among non-profit organizations to build affordable housing but the lack of a standard funding program from the City has made building affordable housing a significant challenge compared to other communities.
- There is interest among private developers to build affordable housing but there is also an expectation that there will be incentives for these units.
- The cost and availability of land is one of the biggest barriers to building affordable housing. There are several untapped opportunities throughout London, including government-owned land, privately owned land, and land owned by non-profit organizations and faith-based groups.
- Timelines for planning applications have to be improved as they contribute to the overall cost of projects.
- Zoning requirements have to be re-examined to allow for more feasible developments, a mix of uses, and increased densities in areas close to services and amenities.
- Having one City team/department to help facilitate affordable housing development would be ideal.
- The City should leverage funding from senior levels of government by building on these programs and working closely with CMHC.
- Funding decisions should be more strategic and prioritize investments which bring greater value to London residents on the subsidized housing waiting list.
- Decisions related to debt and leveraging existing assets should be re-examined to maximize the opportunities available.
- Other levels of government have to be part of the solutions, not just in providing funding but also in providing land.
- Non-profit and private developers can build affordable units more cost-efficiently than the City and they can better leverage private donations and CMHC funding programs. Therefore, the emphasis should be primarily on supporting housing providers rather than on the City developing housing itself.

Appendix: Detailed Projected Costs

Project Statistics

Sponsor Group: Sample Organization - Nonprofit Construction Period: 18 months
 Project Address: City of London
 Project Type: Sample Project - 40 units Affordable standard rental housing, new construction
 Site Area: 22,000 SF 2,044 m²

Units	# of Units	Unit Size (SF)	Unit Size (m ²)	Rent/ Sq. Ft./ Month	Rent/ Unit/ Month	Rents as % of MMR	100% MMR	100% AMR	Comments	
Affordable Standard Apt 1-bedroom	6	500	46.5	\$1.50	\$750	79%	\$950	\$1,012	CMHC Housing Market Portal - City of London, October 2020. Note: Rents will vary by Zone in London. City-wide rates used for illustrative purposes.	
Affordable Standard Apt 2-bedroom	6	650	60.4	\$1.37	\$891	79%	\$1,129	\$1,223		
Market Standard Apt 1-bedroom	14	500	46.5	\$1.90	\$950	100%	\$950	\$1,012		
Market Standard Apt 2-bedroom	14	650	60.4	\$1.74	\$1,129	100%	\$1,129	\$1,223		
Total # of RGI (Rent Supplement) Units	Total # of Units	Total Size of Dwelling Units		Actual Total Rent Per Annum from Tenants (\$ and % of AMR)			Total Rent, All Units, All Sources	Total 100% MMR Rent, All Units	Total 100% AMR Rent, All Units	
0	40	(SF)	(m ²)		\$467,424	94%	MMR	\$467,424	\$498,960	\$536,400
					\$467,424	87%	AMR			

	(SF)	(m ²)	% of Total Space	Comments
Circulation	6,000	557	18.46%	
Amenity Space	1,500	139	4.62%	
Mechanical, Garbage, Storage	2,000	186	6.15%	
Total Building Area	32,500	3,019		

Underground or parkade parking size	0	0	350 sq ft per space allows for ramps
Total parking spaces	40		
Revenue generating parking spaces	40		
Number of storage lockers	0		

Appendix: Detailed Projected Costs

SOFT COSTS

Professional Fees	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Professional Fees Sub-total	\$861,230	\$26.50	\$21,531		5.5%of Total Capital Costs
Site	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Site Sub-total	\$213,000	\$6.55	\$5,325		1.4%of Total Capital Costs
Legal and Organizational	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Legal and Organizational Sub-total	\$185,561	\$5.71	\$4,639		1.2%of Total Capital Costs
Financing Costs	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Financing Costs Sub-Total	\$62,737	\$1.93	\$1,568		0.4%of Total Capital Costs
Fees and Permits	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Fees and Permits Sub-total	\$999,565	\$30.76	\$24,989		6.4%of Total Capital Costs
Soft Costs Summary	Total Cost	Cost/ Sq. Ft.	Cost/ Unit		Comments
Soft Costs Sub-total (9,17,25,30,42)	\$2,322,093	\$71.45	\$58,052		
Soft Cost Contingency	\$232,209	\$7.14	\$5,805	10.0%	
Soft Costs Total	\$2,554,303	\$78.59	\$63,858		16.4%of Total Capital Costs

Appendix: Detailed Projected Costs

HARD COSTS

Construction Costs	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Construction Costs Sub-total	\$10,117,076	\$311.29	\$252,927	64.8% of Total Capital Costs

Land / Property Acquisition Costs	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Land Cost Sub-total	\$1,271,475	\$39.12	\$31,787	8.1% of Total Capital Costs

TOTAL CAPITAL COSTS	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Hard Cost Total	\$11,388,551	\$350.42	\$284,714	
Soft Cost Total	\$2,554,303	\$78.59	\$63,858	
HST	\$1,664,912	\$51.23	\$41,623	13%
Total Project Cost	\$15,607,766	\$480.24	\$390,194	

Contributions	Total Funds	Cost/ Sq. Ft.	Funds/ Unit	Comments
Rezoning Application waived	\$11,523	\$0.35	\$288	Assumed waived for this model.
Site Plan Approval Application waived	\$3,143	\$0.10	\$79	Assumed waived for this model.
Building Permit Fees waived	\$23,279	\$0.72	\$582	Assumed waived for this model.
Development Charges waived				
Local waived	\$711,620	\$21.90	\$17,791	Assumed waived for this model.
Parkland Dedication Fees waived	\$250,000	\$7.69	\$6,250	Assumed waived for this model.
Equity contribution	\$2,600,000	\$80.00	\$65,000	Equity required to reach Debt Service Coverage of 1.1.
Land Value Contributed (Non-Profit)	\$1,271,475	\$39.12	\$31,787	Assume land contribution
City Capital Grant	\$800,000	\$24.62	\$20,000	\$20,000 Assume \$20k per unit for units at or less than 100% AMR.
CMHC Co-Investment Fund Grant Portion	\$2,300,000	\$70.77	\$57,500	15% of project cost target
CMHC SEED Contribution	\$80,000	\$2.46	\$2,000	Sample award size based on similar projects.
Ontario Priorities Housing Initiative (OPHI)	\$240,000	\$7.38	\$6,000	\$20,000 administered through Housing Service Manager, assumed for units less than 80% AMR
HST rebate (PST portion)	\$840,140	\$25.85		82%
HST rebate (GST portion)	\$320,175	\$9.85	\$8,004	50%
Total Contributions	\$9,451,356	\$290.81	\$236,284	
Total Project Cost Less Contributions	\$6,156,411	\$189.43	\$153,910	

CMHC Co-Investment Metrics	% of Equity Contribution and Donated Land to Total Capital Costs	25%
	% of Co-Investment Grant to Grant + Loan	27%
	Contributions Other than CMHC Grant + Loan	\$7,151,355

Mortgage	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Mortgage Amount	\$6,156,411	\$189.43	\$153,910	43%
Mortgage Interest Rate	2.50%			based on most recent lender quotes
Mortgage Amortization	50 years			
Annual Mortgage Payments	\$215,270	\$6.62	\$5,382	

Appendix: Detailed Projected Costs

Operating Budget First Full Year

Sample Organization - Nonprofit or City Led
City of London

Estimated Operating Revenue	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Rental Income from Tenants	\$467,424	\$14.38	\$11,686	Market/Affordable Units
Rent Supplement/Subsidy Top-Up	\$0	\$0.00	\$0	Top-up to 100% AMR on RGI units only
Laundry Revenue	\$10,400	\$0.32	\$260	Estimated at \$5 per unit per week
Parking Revenue	\$24,000	\$0.74	\$600	Estimated at \$50 per parking space per month
Vacancy Loss	-\$15,055	-\$0.46	-\$376	3% of Rental, Parking, Laundry, Locker, Commercial Revenue
Total Operating Revenue	\$486,769	\$14.98	\$12,169	

Estimated Operating Expenses	Total Cost	Cost/ Sq. Ft.	Cost/ Unit	Comments
Maintenance - Salaries	\$33,000	\$1.02	\$825	Salaries & Benefits on Per Unit Basis: Seniors \$1,000, Townhouses \$600, Apartments \$825
Maintenance - Materials & Services	\$40,000	\$1.23	\$1,000	Per unit based on comparable projects
Heat	\$36,000	\$1.11	\$900	Heat included in rent; estimate at 50% of standard heat rate
Electricity	\$30,000	\$0.92	\$750	for common areas only; hydro not included in rents
Water/Sewer	\$16,000	\$0.49	\$400	Water included in rent; estimate at 75% of standard water rates
Property Management Fee	\$27,787	\$0.85	\$695	5% of (100% AMR + other revenue)
Other Administrative Materials & Services	\$8,000	\$0.25	\$200	administrative materials and professional services, as required
Capital Replacement Reserves Contribution	\$21,334	\$0.66	\$533	4% of 100% Average Market Rent and Other Income
Insurance	\$10,000	\$0.31	\$250	Estimate of \$250 per unit (large building)
Property Taxes	\$0	\$0.00	\$0	City of London property tax (general and education) rate of 1.388283% for new construction, multi-residential. Assume MPAC value of 50% of development cost value. General rate of 1.235283%. Assumes general rate and education exempt for non-profit.
Contingency	\$11,106	\$0.34	\$278	10% of total operating costs, excluding mortgage
HST	\$19,232	\$0.59	\$481	Assumes all Operating expenses are before tax
Sub-total	\$252,460	\$7.77	\$6,312	
Mortgage Payments	\$215,270	\$6.62	\$5,382	
Total Operating Expenses	\$467,731	\$14.39	\$11,693	

	\$234,309			
Net Operating Income	\$234,309	\$7.21	\$5,858	
Debt Service	\$215,270	\$6.62	\$5,382	
Debt Coverage Ratio	1.09			
Net Operating Profit/Loss	\$19,039	\$0.59	\$476	

Report to Community and Protective Services Committee

To: Chair and Members, Community and Protective Services Committee

From: George Kotsifas, Deputy City Manager, Planning and Economic Development

Subject: Request for Funding from Vision SoHo Alliance for the Housing Development Project at the Old Victoria Hospital Lands

Date: November 23, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions **BE TAKEN** with respect to the proposed housing development advanced by Vision SoHo Alliance, located on the northerly portion of the Old Victoria Hospital Lands;

- a) a conditional grant for \$11,200,000 (\$28,000/unit) **BE APPROVED** to provide up to 400 affordable housing units in the proposed development, subject to confirmation of the other sources of project financing, closing of the Purchase and Sale Agreement between Vision SoHo Alliance and the City of London for the subject lands and development of suitable Contribution Agreements between the parties;
- b) that Civic Administration **BE DIRECTED** to develop Contribution Agreements with Vision SoHo Alliance members, subject to submission of additional financial and project information from Vision SoHo Alliance;
- c) The proposed bylaw ("Appendix B") to authorize the City Treasurer and City Solicitor to approve the Contribution Agreements and authorize the Mayor and City Clerk to execute the Contribution Agreements **BE INTRODUCED**; and,
- d) the financing for the conditional grant **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix "A".

Executive Summary

This report recommends the City of London provide a one-time funding contribution of \$11.2 million to support up to 400 affordable housing units within Vision SoHo Alliance's multi-residential project on the Old Victoria Hospital lands. This project will incorporate mixed use developments integrating the existing heritage buildings on the property, while enabling additional Londoners to secure sustainable, affordable housing.

Linkage to the Corporate Strategic Plan

This report advances the work of the London Community Recovery Network, London's Housing Stability Action Plan, and the City of London's 2019-2023 Strategic Plan.

The [London Community Recovery Network](#) (LCRN) is working in partnership with the community to identify solutions that will drive recovery that is inclusive to all Londoners. This includes building individual, family, and community resilience through housing stability as London moves beyond the global COVID-19 pandemic.

The [Housing Stability Action Plan](#) (HSAP) focuses on increasing affordable and quality housing options for individuals and families, reducing the number of individuals and families experiencing homelessness, and supporting improved access to mental health and addiction services.

The Housing Stability Action Plan (HSAP) and HDC/City Strategic Plan 2019-2023 identified a need for a minimum of 3,000 new affordable units in the next 10 years to meet current and future needs.

Background

1.0 Background Information

1.1 Background

Vision SoHo Alliance (“the Alliance”) is a non-profit corporation created through a coalition of experienced, community-based housing developers committed to collectively advancing the north portion of the Old Victoria Hospital Lands for a range of safe and affordable rental options. This coalition includes Indwell Community Homes, ZerIn Development Corporation, Homes Unlimited (London) Inc., Chelsea Green Home Society, London Affordable Housing Foundation, and Italian Seniors’ Project.

These organizations individually have developed social and/or affordable housing within the community whose expertise are well known to the City of London and Housing Development Corporation staff.

As a result of their submission to the City of London’s RFQ 20-10, Vision SoHo Alliance was the successful purchaser for the former Old Victoria Hospital Lands, Phase II which is north of South Street between Waterloo Street and Colborne Street, including one parcel on the east side of Colborne Street. Plans on this site are to result in a healthy mix of energy efficient, accessible and socially inclusive housing within a mixed-income and mixed-use community that reflects the demographics of London and specifically the SoHo neighbourhood.

1.2 Previous Reports Related to this Matter

- [2021 Mid-Year Update Housing Stability for All Plan](#) (CPSC: September 21, 2021)
- [Housing Stability for All Plan 2020 Update](#) (CPSC: May 11, 2021)
- [Letter of Mayor Holder to CPSC Re: 3000 Unit Challenge](#) (CPSC: March 30, 2021)
- [Municipal Council Approval of the Housing Stability Plan 2019 to 2024](#) (CPSC: December 3, 2020)

2.0 Discussions and Considerations

2.1 Design Concept and Timeline

The Alliance has submitted Official Plan and Zoning amendments to allow for a development of five apartment buildings (three 5 storeys, one 6 storeys and one 11 storeys in height) and the conversion of the two existing heritage buildings to apartments on the Old Victoria Hospital Lands.

The design concept includes a range of low-to mid-rise building forms within a main block structure that delivers a generous outdoor amenity space. Each of the main development frontages are along Hill, South and Colborne Streets. The proposed frontage characteristics will fill in and enhance the overall sense of place within the SoHo neighbourhood.

Subject to zoning permissions and related approvals, the combined design concept will deliver approximately 638 units, approximately 400 of which are anticipated to be affordable (including more than 100 at deep affordability rates), integrated with more than 2,600 sq m of outdoor amenity space, 500 sq m of commercial space and adjacent to a public park, that will be developed by the City - all designed around appropriate infilling of the existing neighbourhood.

The Alliance anticipates starting construction in 2022, with completion in 2024.

2.2 Funding Request

On October 6, 2021, the City of London received a request from the Alliance, attached as Appendix “C”, for funding to support affordable housing units within a proposed mix of housing, utilizing the lands at the former Old Victoria Hospital site.

The Alliance request is for one-time funding of \$11,200,000 (or approximately \$28,000/affordable unit) for a total of 400 affordable housing units located along Hill, South and Colborne Streets. Civic Administration is supportive of this request, subject to the conditions provided in this report. It will be structured on title as a conditional grant, which will commit the organization to providing affordable housing and secure the City’s funds.

The grant conditions will require the Alliance to close the Purchase and Sale Agreement and secure other sources of project financing. The conditions also require the Alliance to provide the necessary details, including but not limited to approved proforma statements for each of the seven proposed buildings reflecting sustainable capital and operating plans as well as unit criteria consistent with local affordable housing needs. These will be confirmed within Contribution Agreements between each Alliance member organization and the City of London. The proposed bylaw (“Appendix B”) authorizes the City Treasurer and City Solicitor to approve the Contribution Agreements and authorizes the Mayor and City Clerk to execute each when presented.

This early investment is required in order for the Alliance and its partner organizations to secure federal funding programs, including the CMHC Co-Investment program, which approval is subject to municipal investments. The recommended contribution is within the parameters of intended funding from the City toward the capital development of this project.

The Community and Protective Services Committee meeting of November 23, 2021 will also receive a related report on the “*Proposed Implementation of the “Roadmap to 3,000 Affordable Units” (Roadmap) Action Plan*”. That report outlines the strategy for the City of London to create 3,000 affordable housing units by 2026 through various capital and operating investments including allocations to support non-profit and private developers to advance additional affordable housing construction. The 400 units in the submission from the Alliance would contribute to the targets in the Roadmap, specifically the “Affordable Rental (non-profit and private)” category. The current request for \$11.2 million for 400 affordable units (\$28,000 per unit) is within the parameters of the funding intended in the Roadmap and consistent with the objectives of that plan. Therefore, Civic Administration is recommending that the current request for \$11.2 million from Vision SoHo Alliance be approved at this time noting that the implementation of the “Roadmap to 3,000 Affordable Units” needs to be completed subject to final approval by the Municipal Council.

3.0 Financial Impact/Considerations

The Source of Financing Report to support the conditional grant for \$11,200,000 described above is attached as Appendix “A”. The recommended Source of Financing is proposed through drawdowns from the New Affordable Housing Reserve Fund.

Conclusion

This report recommends the City of London provide a one-time funding contribution of \$11.2 million to support up to 400 affordable housing units within the Alliance’s multi-residential project on the Old Victoria Hospital Lands. The Alliance’s plans support the adaptive re-use of the existing heritage buildings on the subject lands, subject to the required planning and development processes.

Civic Administration supports this request because it is aligned within the plans, subsidies, and required outcomes that are outlined within the separate Roadmap report and implementation plans that are recommended by Civic Administration and subject to Council approval.

The request would be structured as a conditional grant, conditional on the Alliance providing the necessary details required for completion of Contribution Agreements between the Alliance members and the City of London.

Prepared by: Melissa Espinoza, Program and Business Manager, HDC London

Recommended by: George Kotsifas, Deputy City Manager, Planning and Economic Development

Concurred by: Anna Lisa Barbon, Deputy City Manager, Finance Supports

cc. Kyle Murray, Director, Financial Planning & Business Support, Finance Supports
Jason Davies, Manager, Financial Planning & Policy, Finance Supports
Alan Dunbar, Manager, Financial Planning & Policy, Finance Supports

Attachments:

Appendix “A” Source of Financing

Appendix “B” Proposed By-law

Appendix “C” Submission from Vision SoHo Alliance – “Request to the City of London for Affordable Housing Funding to Create 400 Affordable Housing Units”

Appendix "A"

#21191
November 23, 2021

Chair and Members
Community and Protective Services

RE: Request for Funding from Vision SoHo Alliance
Housing Development Project at the Old Victoria Hospital Lands
Vision SoHo Alliance - \$11,200,000.00

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the financing request can be accommodated from the New Affordable Housing Reserve Fund and that subject to the approval of the recommendation of the Deputy City Manager, Planning and Economic Development the detailed source of financing is:

Estimated Expenditures	This Submission
Conditional Grant	11,200,000
Total Expenditures	\$11,200,000
Sources of Financing	
Drawdown from New Affordable Housing Reserve Fund	11,200,000
Total Financing	\$11,200,000

Note 1: In accordance with the Council approved Reserve and Reserve Fund Policy, the funding required will be made available as a drawdown from the New Affordable Housing Reserve Fund supported by transfers from reserves and reserve funds as noted in the Proposed Implementation of the "Roadmap to 3,000 Affordable Units" (Roadmap) Action Plan report to the Community and Protective Services Committee, November 23, 2021. These transfers are consistent with, but not contingent upon, the Roadmap report.

Kyle Murray
Director of Financial Planning and Business Support
lp

Appendix “B”

Bill No.

By-law

A by-law to delegate authority to the City Treasurer and City Solicitor to approve Contribution Agreements between The Corporation of the City of London and Vision SoHo Alliance members and to authorize the Mayor and Clerk to execute the Contribution Agreements

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the *Municipal Act, 2001* provides that powers of a municipality shall be interpreted broadly so as to confer broad authority on a municipality to govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to issues;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 107(1) of the *Municipal Act, 2001* authorizes a municipality to make a grant on such terms as to security and otherwise as the council considers appropriate to any person, group or body for any purpose that the council considers to be in the interests of the municipality;

AND WHEREAS subsection 107(2) of the *Municipal Act, 2001* provides that the power to make a grant includes the power to make a grant by way of loan and to charge interest on the loan;

AND WHEREAS the Municipal Council of The Corporation of the City of London approved a conditional grant of \$11,200,000 to provide up to 400 affordable housing units in a proposed development with Vision SoHo Alliance members;

AND WHEREAS Civic Administration was directed to develop Contribution Agreements with Vision SoHo Alliance members, subject to submission of additional financial and project information from Vision SoHo Alliance;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows;

1. The City Treasurer and City Solicitor are authorized to approve the Contribution Agreements between The Corporation and Vision SoHo Alliance members in an amount not to exceed \$11,200,000.00 in the aggregate.
2. The Mayor and City Clerk are authorized to execute the Contribution Agreements approved by the City Treasurer and City Solicitor pursuant to the authority delegated to them under section 1 of this by-law.

This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on

Ed Holder
Mayor

Catharine Saunders
City Clerk

VISION SOHO ALLIANCE

REQUEST TO THE CITY OF LONDON FOR AFFORDABLE HOUSING FUNDING TO CREATE 400 AFFORDABLE HOUSING UNITS

October 6, 2021



The six member organizations of the Vision SoHo Alliance are partnering to develop a mixed-income affordable housing campus on the Old Victoria Hospital Lands. The development will take advantage of the proximity to transit corridors and other amenities. The housing is integrated with supports and services. Vision SoHo's ambition is to maximize the site's opportunity for social inclusion, neighbourhood integration, accessibility, and environmental sustainability for the highest and best community benefit.

The Goal of the City of London and Vision SoHo Alliance is to Maximize Affordable Housing

Vision SoHo Alliance is asking the City of London to be a partner to the largest single affordable housing development in London's history with a contribution of \$11.2 million. Both Vision SoHo Alliance and the City of London are committed to achieving the stated objective of constructing 3,000 additional housing units over the next five years. The proposed Vision SoHo development will create a minimum of 400 affordable housing units, 121 of those units will be at the lowest possible rents based on ODSP shelter rates.

The current Affordable Housing Community Improvement Plan Incentives and other municipal incentives are not adequate on their own to reach the stated affordable housing unit objective.

- Incentives are largely in the form of short-term tax relief and loans which adds to the project debt coverage which in turn decreases the number of affordable units and increases the market units in order to have a financially viable and sustainable project.
- The member organizations are charitable non-profit corporations and are exempt from municipal tax which negates any of the CIP tax relief incentives.

London is fortunate to have a number of successful non-profit housing developers. It is those providers that over the years have developed the bulk of the affordable housing stock in the city with the assistance of

Federal and Provincial Housing Programs.

The individual affordable housing developers have proven track records and many years of producing successful, award-winning projects that have greatly added to the architectural quality of the streetscape of London. The combined portfolios of the members of just these six developers comprise 35 projects and over 2,200 apartments and townhomes.

Much of the available Federal and Provincial funding the city has received over the past few years has been used by the municipality for municipally owned and developed housing projects.

- Previously those funds would be directed to non-profit and private developers in order to leverage more overall housing units and increase the affordable housing stock in the community.
- Those units are owned and operated by the non-profit and private developers with no on-going cost to the municipality.
- To date only relatively few units have been created from those funds. The same amount of funding could have been leveraged by the non-profit housing providers utilizing their own equity and CMHC grants and financing. The administration of this type of a housing program requires minimal city staff.
- The City of London must rethink its approach to incentives to developers or it will fail to reach the 3,000 affordable housing units over the next 5 years. There are good examples of successful programs being administered by other jurisdictions like the Region of Waterloo and the City of Toronto.

Leveraging Federal Funding from the CMHC Co-Investment Fund Requires Municipal Support

- A significant Municipal contribution and support for the project is essential to obtain CMHC contribution and financing through the Co-Investment Affordable Housing Program.

Heritage Preservation is a priority for Vision SoHo but it comes at a cost premium

- Indwell has a proven track record for developing award-winning heritage and adaptive use projects in several Ontario centres, as well as achieving superior environmental sustainability through their use of Passive House energy design principles. They are also committed to providing the lowest rent possible to accommodate those tenants on ODSP. Municipal support is critical for their model to be financially viable and sustainable.
- The Tax Increment Grant Program that is part of the Heritage Community Improvement Plan Incentive is not applicable for tax exempt developers like Indwell.
- The Development Charge Equivalent Grant connected with the Heritage CIP falls far short of the up to \$4 million in financial incentives that was indicated in the Request for Qualification to assist in conserving and adapting the heritage buildings.
- In doing its due diligence, Indwell discovered that there has been considerable mould deterioration within the buildings from the time the initial environmental inspections were conducted for the city and now. The additional mould abatement will add a considerable cost to the conservation and adaptation of the buildings. The cost quotations received indicate there will be an increased cost of \$1.7 million. The increase in mould will also mean that many of the heritage features will no longer be able to be preserved and may have to be replicated.

Vision SoHo Alliance Can Act Quickly to Deliver 400 Affordable Housing Units

All six non-profit housing providers are poised to develop their respective land parcels and can deliver the affordable housing units within three years. They have engaged a team of award-winning architects, heritage planners and urban planners to develop a comprehensive Development Vision and Concept Plan for the lands. The Development Vision and Concept respects the guiding principles of the Secondary Plan. That team has prepared architectural and engineering drawings for Site Plan application, Zoning and Official Plan Amendments that have been submitted to City planning staff for review.

London Community Foundation played a significant role in bringing the Vision SoHo Alliance organizations together and continues to support the project.

London Community Foundation has played a major role in supporting affordable housing projects by providing start up loans and grants through its Affordable Housing Fund which is a Sub-Entity to LCF's Social Impact Fund. To advance this project, the developers provided start up funding which was matched by LCF. Members of the Alliance are also eligible to receive financing from LCF's Affordable Housing Fund for additional development related costs. Funding from donors to the London Community Foundation will enable the project to create a Community Hub for Food Sustainability, training and outreach programs.

Vision SoHo has ignited significant excitement and interest in the neighbourhood and from other agencies and organizations.

The Western's Public History department Masters students will be proceeding with a two-year research project of the SoHo neighbourhood and its history. It will be the most comprehensive study of the neighbourhood ever undertaken.

Each of the member organizations have reached out to the Indigenous agencies, Atlohsa, N'Amerind, Native Inter-Tribal Housing Co-operative, and Nshwaasnangong Child Care and Family Centre for their involvement and referral of potential tenants.

The \$11.2 million funding from the city is a relatively modest per unit investment to achieve the level of affordability that Vision SoHo can deliver.

See attached Summary Pro Forma for the Vision SoHo Alliance. The Pro Forma demonstrates the magnitude and importance of the City of London contribution. While the size of the contribution is significant, in comparison to the result and the overall investment by others in the project it accomplishes a great deal toward affordable housing in the city. Without the contribution each of the member organizations would be required to add additional equity, which for some may not be possible and those units would be lost.

The other alternative is to increase the market units to maintain sustainability. That approach would limit or negate the ability to access CMHC grants and funding which is considerable for the overall development.

Indwell's mandate precludes it from including market units to offset costs as they target those persons who can only afford the lowest rent (\$550 at this time). Without the contribution they would have to decide if they wanted to continue which is critical as they are the only organization with the expertise and the will to reuse and adapt the buildings for residential use and maintain their heritage status.

In conclusion the city's contribution is critical to the success of the development and its ability to maximize the number of affordable housing units on the site.

BACKGROUND

Vision SoHo Alliance is building a community

The Vision SoHo development vision is to act decisively and leverage innovative design and planning to help create an engaged community and enable fellow Londoners to secure sustainable, affordable housing.

Vision SoHo will provide a healthy mix of energy efficient, accessible, and socially inclusive housing creating a mixed-income and mixed-use community that reflects the demographics of London and specifically the SoHo neighbourhood.

In realizing this intention, Vision SoHo will provide context-appropriate development that celebrates the site's history and remaining historical assets, while embracing the evolution of the neighbourhood and delivering the future vision established in the Old Victoria Hospital Secondary Plan.

Key Features of Vision SoHo

- **Sustainability:** Exceeding Ontario Building Code standards and implementing progressive design measures, including Passive House design in some buildings
- **Accessibility:** Employing accessible design throughout the development, and providing at least 21% accessible units
- **Affordability:** Making a major contribution towards meeting affordable housing goals for London and the Old Victoria Hospital Lands by providing at least 50% affordable units
- **Integrating into the community fabric:** Introducing gentle intensification along Hill Street and delivering a development framework that is porous and aligns with other connections in the community
- **Activating the Four Corners:** Delivering new retail uses at grade at the Colborne/South Streets intersection, with landscape design that will animate the corner and complement the new Public Park
- **Celebrating the site's heritage:** Retaining and enhancing the Health Services and War Memorial Children's Hospital Buildings

With a single vision and concept, the member organizations have agreed to develop their individual projects respecting the Vision SoHo Development and Concept Plan creating unique but complementary housing developments that respect the Secondary Plan and the SoHo neighbourhood.



Each member organization brings specific expertise to bear. **Indwell Community Homes** has award-winning heritage and adaptive use developments in several Ontario centres, as well as achieving superior environmental sustainability through their use of Passive House design principles. **Homes Unlimited's**

housing developments have received Urban Design Awards for their unique design and their complementary fit within the neighbourhoods where they were built. Each partner has a different focus on target populations that range from family, singles, special need groups, and mental health supports. **Italian Seniors' Project** (ISP) focuses on seniors' and veterans' housing. **Zerin Development Corporation** has seniors' and mixed tenancy apartments. **Chelsea Green Home Society** has focussed on family developments. The **London Affordable Housing Foundation** offers family and seniors' housing in their three recent projects.

Vision SoHo will result in a healthy mix of energy efficient, accessible and socially inclusive housing creating a mixed-income and mixed-use community that reflects the demographics of London and specifically the SoHo neighbourhood.

Vision SoHo Alliance non-profit housing providers also have a distinct financing advantage through the involvement of Canada Mortgage and Housing Corporation (CMHC) by securing grants and low interest loans with extended amortization terms. They are also eligible for grants and incentives that a private developer may not be able to access. Consequently, they can offer both market and affordable rental accommodation at more modest rental rates.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sylvia Harris', with a long horizontal flourish extending to the right.

Sylvia Harris
Vision SoHo Alliance Chair
Development Manager, Indwell

SCHEDULE A

Summary Pro Forma

See attached

SCHEDULE B

Review of Community Improvement Plan Incentives Applicable to Old Victoria Hospital Lands

What is a brownfield property? *Do the two heritage properties qualify? Eligibility criteria not met.*

Brownfield properties are abandoned, vacant or underutilized lands and/or buildings where expansion, retrofit or redevelopment may be complicated by environmental contamination from past uses and development activity.

You must receive approval for financial incentives before site remediation work or construction begins, and in some cases before demolition begins.

1. **Contamination Assessment Study Grant** – Not applicable to studies completed prior to being approved.

2. **Tax Increment Equivalent Grant** – Not applicable for Tax exempt developers.

Grants for the municipal portion (not education portion) of property taxes after remediation and redevelopment over a three-year period or until the total cost of financial assistance and grants equals the amount of eligible remediation costs.

3. **Development Charge Rebate Grant** – Project is not eligible.

A grant back to the property owner for up to 50% of the development charges to cover eligible remediation costs.

4. **Property Tax Assistance Program** – Not applicable for tax exempt developers.

The program provides for tax relief through the cancellation of 25% of current property taxes for up to three years during which rehabilitation and development activity is taking place.

There is also the potential to receive property tax assistance on the education portion of the taxes. This requires a separate application to the Province. Provincial approval can significantly delay approval of your application and the amount of the grant is often very small compared to the Tax Increment Equivalent Grant and the DC Rebate Grant.

Heritage Community Improvement Plan Incentives – Two Programs

1. **Tax Increment Grant Program** - Not Applicable for Tax Exempt Developers
2. **Development Charge Equivalent Grant** – Project is eligible.

The Development Charge Equivalent Grant seeks to offer an incentive to registered owners by offering a grant in the amount of the development charges rate that would have applied to the heritage building, had it been built today, when that structure is rehabilitated or incorporated into a development project.

In all cases, the incentives offered under the Development Charge Equivalent Grant in this Community Improvement Plan, or in conjunction with additional incentives offered in this or other Community Improvement Plans, will not exceed the value of the cost of rehabilitating the designated building.

In all cases where Development Charges do apply, the Development Charges are to be paid by the registered owner and the eligible rebate will be issued at a later date.

Any works undertaken on heritage properties participating in this program shall require a Heritage Alteration Permit. This Permit shall be issued prior to any works being undertaken.

The Development Charge Equivalent Grant application form must be submitted prior to the improvements being undertaken and can be submitted concurrently with the Building Permit request.

Indwell

Residential

Development Charges are \$1,676,988 based on 121 units x \$15,108 per unit

Health Services 69 units = \$1,042,452 Children's Hospital 42 units = \$634,536

Institutional

Heritage buildings area

Health Services 7,159 m² Children's Hospital 2,744 m² Total 9,903 m²

Development Charge Institutional \$178.49 /m² = \$ 1,767,586

Affordable Housing Community Improvement Plan Incentives – Two Programs

1. Affordable Housing Development Loan Program

- Maximum of \$20,000 per unit depending on location and level of affordability

Providing Financial assistance to off-set the up-front costs associated with the development of new affordable housing units. The focus of the program is to encourage private and non-profit housing developers to create new affordable housing units across the city and address other related city-building and strategic objectives.

Funding and Eligibility:

The funding will be in the form of loan program, repayable to the City over a specified number of years, in accordance with the funding and eligibility requirements of the program guidelines.

Duration:

Subject to Municipal Council's direction

Loan Repayment Phase

Full loan repayment can be made at any time without penalty. Loan Repayment is required in three (3) equal installments: first, sixty (60) days after building permit issuance, second at the time the structural framing is complete, and third at the time of building occupancy or ten (10) years after the building permit is issued, whichever is the sooner. If repayment is to vary from this installment schedule, it will be on a schedule that is to the satisfaction of the City Planner, and as agreed to by all parties.

2. Additional Residential Unit Loan Program - Specifically for Secondary Dwelling Units

Providing Financial assistance to off-set costs associated with creating new additional residential units and to improve the affordability of home ownership

Funding and Eligibility:

The funding will be in the form of a loan program, repayable to the city over a specified number of years in accordance with the funding and eligibility requirements of the program guidelines.

Duration:

Subject to Municipal Council's direction.

Council may also identify other incentive programs under this CIP that would support the goals and objectives identified in Section 4. This may include, but is not limited to, programs such as grants or loan programs for building permit or planning application fees (e.g. Zoning By-law Amendment application), parkland dedication fee, rehabilitation/tax programs, or façade or building code upgrade programs. Any new or amended incentive programs that are consistent with the purpose and intent of the Affordable Housing Community Improvement Plan and support the goals and objectives of this CIP may be added and adopted by Municipal Council without amendment to this Plan. The value of any programs prepared under this CIP may be changed by Council to reflect current data as described in Section 2 of this CIP (or in related Housing Monitoring Reports) without amendment to this CIP.

Deferred Development Charges

Non-profit housing

Pay in 21 annual instalments beginning on the date the building is first occupied and continuing on the following 20 anniversaries of that date.

Alternative payment agreement options

Owners may choose to enter into an alternative payment agreement with the City and pay in full when the building permit is issued or pay in full on the first or second year anniversary date that the building permit was issued.

Interest Charges

Interest is accrued from the date the development charge is calculated until the final payment is received. Interest is to be paid on each annual instalment until the final payment is received.

Demolition Credits

Calculated upon site plan approval. Demolition credits are based on the area of demolition and are the development charges that would have been paid by the demolished area are credited to the development charges.