

## Report to Community and Protective Services Committee

**To:** Chair and Members  
Community and Protective Services Committee

**From:** Scott Mathers MPA, P. Eng, Deputy City Manager, Planning and Economic Development

**Subject:** SS-2024-143 Single Source: Prime Consultant to Design an Affordable Housing Project at 1958 Duluth Crescent, Block 5

**Date:** May 21, 2024

## Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions **BE TAKEN** with respect to a Single Source Award Recommendation related to the newly created subdivision at 1958 Duluth Crescent:

- a) Architects Tillmann Ruth Robinson Inc. BE APPOINTED as the Prime Consultant service provider to complete the design and future contract administration for an Affordable Housing development at 1958 Duluth Crescent, Block 5 (Building A) at the total estimated amount of \$651,572.00, excluding HST; in accordance with s. 14.4(e) of the Procurement of Goods and Services Policy;
- b) The financing for this assignment BE APPROVED, as set out in the Sources of Financing Report, attached hereto as Appendix "A";
- c) Civic Administration BE AUTHORIZED to undertake all administrative acts necessary in connection with this assignment;
- d) The approvals given herein BE CONDITIONAL upon the Corporation entering into a formal contract with the prime consultant for the work;
- e) The Mayor and City Clerk BE AUTHORIZED to execute any contract, or other documents including agreements, if required, to give effect to these recommendations; and,
- f) The Deputy City Manager, Planning and Economic Development BE DELEGATED AUTHORITY to approve amendments or amending agreements associated with the formal contract with the prime consultant Architect.

## Executive Summary

Civic Administration seeks approval of a single source procurement to enter into a formal contract with architects Tillmann Ruth Robinson Inc. for Prime Consultant services at the total estimated fee of \$651,572.00, excluding HST, to prepare a shovel-ready Affordable Housing development on Block 5 (Building A), (the "Project") of the recently approved subdivision at 1958 Duluth Crescent (the "Property").

The Prime Consultant fee includes services that will be broken out in two phases to design then deliver the Project. Phase one includes replicating the 4-storey, 44-unit, affordable housing development at 403 Thompson Road, obtaining Site Plan Approval, preparing and submitting Building Permit drawings, and preparing documents and supporting the tendering process to achieve development-readiness. Phase two services shall advance the project through development, including project management and contract administration. Proceeding to this phase shall remain subject to future Council approval and sources of financing to construct and operate the Project.

In accordance with 14.4(e) of the Procurement of Goods and Services Policy, architects Tillmann Ruth Robinson Inc. have special knowledge and experience of the Project that will enable them to quickly replicate the design and original plans, thereby resulting in a cost savings of approximately 20% below that of typical Prime Consultant fees for similar

projects and time efficiency that will enable the City to support the creation of new Affordable Housing units, faster.

## Linkage to the Corporate Strategic Plan

### Housing and Homelessness

Outcome 1 - The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options.

Expected Result 1.1 - Increased access to a range of quality, affordable and supportive housing options that meet the unique needs of Londoners.

Strategies:

- a) Increase the supply, range, and depth of affordability of quality housing options where people feel safe.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter:

- [London's Health & Homelessness Whole of the Community Systems Response Proposed Highly Supportive Housing Plan](#) (SPPC: March 26, 2024)
- [Public Participation Meeting](#) (PEC: October 23, 2023)
- [Shovel-Ready Projects: Roadmap to 3,000 Affordable Units](#) (CPSC: Jan. 10, 2023)
- [Closed School Sites: Evaluations and Approach \(18 Elm St. and 1958 Duluth Cres.\)](#) (PEC: May 27, 2019)

#### 1.2 Background

##### Property Acquisition

In August 2020, in accordance with the Council-approved recommendations outlined in the May 27, 2019, Planning and Environment Committee report, the Housing Development Corporation, London purchased the former St. Robert school from the London District Catholic School Board. At that time, Housing Development Corporation was the City's subsidiary organization and delegated Service Manager for new affordable housing. The Housing Development Corporation then administered activities related to acquisition, demolition, due diligence and planning to advance a viable residential infill development proposal containing a mixed compliment of single family, multi-residential, and mixed-use housing, vehicular, pedestrian and cycling connections, and parkland.

Currently, the Property remains held by the Housing Development Corporation and Civic Administration is in the process of transferring title to the Corporation of the City of London. In anticipation of the transfer, Municipal Housing Development staff have continued to advance the development plans associated with this infill redevelopment opportunity.

##### Draft Plan Approval

In October 2023, Council approved zoning amendments and issued draft approval of the proposed plan of residential subdivision, attached as Appendix "B" to this report, which provides for two (2) single detached dwellings, four (4) multi-family residential blocks, one (1) mixed-use residential block, one (1) park block, and one (1) public pathway block to be served by one (1) public road that will extend municipal services from Duluth Crescent to Admiral Drive.

The new units anticipated through the development of these new parcels and their alignment to Roadmap targets is outlined in Table A, below. The actual number of units and their alignment remain subject to change once an operating partner has been

established through a separate stage-two procurement process anticipated for release by the City in June 2024.

**Table A: Alignment of the Duluth Development Parcels to the Roadmap**

Parcel	Housing Type	Roadmap Program(s)	Total # of Units
Lot 1	Single Family Home + Secondary Suite	Affordable Home Ownership + Affordable Rental	2 Units (Primary Unit + Secondary Suite)
Lot 2	Single Family Home + Secondary Suite	Affordable Home Ownership + Affordable Rental	2 Units (Primary Unit + Secondary Suite)
Block 3	Freehold Street Townhouses	Affordable Home Ownership	7 Units
Block 4	Freehold Street Townhouses	Affordable Home Ownership	7 Units
Block 5	Multi-Residential Apartments: - Building A (44 Units) - Building B (56 Units)	City-led Shovel-Ready Project for Affordable Rental	100 Units
Block 6	Two 2-Storey Multi-Residential Apartments and 6 Townhouses	Affordable Rental	50 Units
Block 7	Mixed-Use Multi-Residential Apartment & Community Facility	City-led Shovel-Ready Project for Affordable Rental	56 Units
<b>Total # of Units</b>			<b>224</b>
<b># of Affordable Home Ownership Units</b>		<b>16</b>	
<b># of Affordable Rental Units</b>		<b>208</b>	

### Housing Accelerator Fund Supported Infrastructure

In conjunction with funding from the Roadmap to 3,000 and Housing Accelerator Funds, detailed engineering design work for water, sanitary and stormwater required for the subdivision is currently underway. This work will support the development and each of the newly created lots and blocks established through the approved Draft Plan with construction of the new road and services anticipated in 2025.

## **2.0 Discussion and Considerations**

### **2.1 Roadmap to 3,000 Affordable Units Action Plan**

Endorsed by Council in December 2021, the Roadmap to 3,000 Affordable Units Action Plan (Roadmap) is an ambitious strategic plan to address the local housing crisis by aiming to create 3,000 new Affordable Housing units by the end of 2026. The property tax supported Roadmap funding is intended to be combined with grants from higher levels of government to support a variety of strategic actions, including land acquisition, predevelopment and land use planning initiatives. The partnerships anticipated through the Roadmap leverage participation by the local development community, not-for-profit organizations, and community housing partners along with local manufacturers, contractors and consultants.

### **2.2 Future Project Partnerships**

It is recognized that for the City of London to succeed in delivering the Roadmap goals and targets, a broad partnership model must be leveraged that includes participation by the local development industry, not-for-profit organizations, and community housing partners, along with support from other levels of government. Strategic initiatives advancing in alignment with the Roadmap have been designed to accelerate the production of Affordable Housing by leveraging these partnerships and funding to meet the urgent and longer-term Affordable Housing needs throughout the community.

It is anticipated that development of the new lots and blocks created through the Duluth Draft Plan will be advanced through various partnerships and will result in measurable outcomes toward the Roadmap goals and targets.

### 2.3 Procurement Activities to Align Project Partners

In November 2023, the City released the first stage Request for Pre-Qualification process (RFPQ-2023-810). to prequalify builders, developers, not-for-profit organizations, and housing operators as potential future Project Partners to help deliver on London’s affordable housing supply targets. This two-stage initiative enables interested organizations (Respondents) to participate in a first stage prequalification process in each of the three years forming the term of the process. Respondents to successfully prequalify in any year of the three-year term may then participate as Proponents of second stage Request for Proposal (RFP) processes in the remaining years of the term. Respondents were able to prequalify under one or more of the following Partnership Categories:

- A. Not-for-Profit Corporations, Business Corporations and Property Owners;
- B. Builders and Developers of Not-for-Profit and/or Private Housing; and
- C. Operators of Affordable, Supportive, Community and/or Social Housing.

In total, 81 proposal submissions were received from 54 organizations. Of the 81 proposals, 66 of the proposals passed the RFPQ requirements and some of the organizations qualified across the three categories noted above. In June 2024, the City plans to release a second stage RFP to align a housing operator for the Project. The successful Proponent will then be brought into the Project design team as a Partner to help inform the Prime Consultant in the final design of the Project.

### 2.4 Project Timeline

Subject to Council approval of the recommendations outlined in this report, the appointed Prime Consultant will advance the Project through the predevelopment milestones listed below in Table B.

**Table B: Duluth Block 5 (Building ‘A’) Project Timeline**

Milestone	Approximate Timeline
1. Pre-Design Meetings, Information Gathering, Vision and Design Goals	1 month
2. Completion of Schematic Design and Site Plan Consultation process	2 months
3. Detailed Design Development and submit for Site Plan Approval	3 months
4. Completion of Construction Contract Documents and submit for Building Permit	3 months
5. Construction Tender Process	2 months
6. Construction / Contract Administration Phase (Subject to sources of financing and Council approval)	12 months

### 2.5 The Project

The proposed building will replicate the development plans of the recently constructed building at 403 Thompson Road. The 4-storey built form and will include an elevator, offices for building management and support service agencies, a multi-purpose amenity room with full kitchen, an accessible common-use washroom and laundry room, 34 indoor bicycle parking spaces, and an additional multi-purpose room on each floor level to support other operational needs.

The Project includes 44 single resident occupancy units measuring approximately 27 m<sup>2</sup> (300 ft<sup>2</sup>) in size. Each unit shall include a compact kitchen, open concept living space and a 3-piece washroom. All of the 44 units are anticipated to come fully furnished and shall provide for a range of barrier-free accessible design elements.

### **3.0 Financial Impact/Considerations**

For most affordable housing projects, the building proformas include a series of stacked programs to help offset capital costs associated with development and construction. This project will layer a number of sources from all levels of government.

#### **3.1 Canada Mortgage and Housing Corporation Seed Funding**

Canada Mortgage and Housing Corporation (CMHC) offers a Seed Funding program whereby organizations can apply for financial support aimed at assisting with the predevelopment costs for the construction of new affordable housing units or renovating existing ones. This funding can come in the form of both contributions and loans and is designed to offset some early-stage financial burdens in housing development.

Successful Seed Funding applicants can receive up to a maximum of \$500,000 per project, consisting of up to \$150,000 as a non-repayable contribution (grant) and up to \$350,000 in the form of an interest-free loan, repayable within 3 years to avoid interest charges. Applicants have the flexibility to accept only the grant portion and may decline the loan if they prefer not to incur the short-term interest-free debt component of the funding program requirements.

In late-April 2024, the City submitted a Seed Funding application seeking financial support to help offset the cost for pre-development and development activities described in this report. Results of this application remain unknown at the time of writing this report.

#### **3.2 Ontario Priorities Housing Initiative (OPHI) Funding**

The Ontario Priorities Housing Initiative (OPHI) provided by the Ministry of Municipal Affairs and Housing (MMAH), as part of Ontario's Community Housing Renewal Strategy, can be applied to offset the cost of a variety of housing development and operational aspects and is essentially a grant program offering forgivable capital loans.

The City is in early stages of aligning \$2.3 Million from OPHI Year 6 funding and is proposed to be used to offset the future costs associated with constructing the Project. To do so, the Project must commit the funds by no later than December 15, 2024, and obtain a Building Permit to commence construction by no later than April 15, 2025.

#### **3.3 Roadmap Funding**

The Council-approved Roadmap supports a variety of strategic actions, including land acquisition, predevelopment due diligence activities, land use planning initiatives, and facilitates partnerships with both not-for-profit and for-profit housing developers and operators. To date, the City and former Housing Development Corporation have invested approximately \$1.8 Million to undertake land acquisition, pre-development and development activities.

#### **3.4 Housing Accelerator Fund**

Under the Housing Accelerator Fund, grant funding has been established to offset costs associated with infrastructure improvements for new housing. In conjunction with partners within Engineering and Infrastructure, the design and construction of the servicing and extension of Duluth Crescent are being considered under the Housing Accelerator Fund. Final costs of the road extension will not be known until 2025 therefore, no strategic budgeting decisions have been made.

#### **3.5 Partnership Funding to Advance the Project**

The preliminary budget for the construction of 44 units on Duluth Block 5 (Building A) is \$12.4 Million, excluding HST. In addition to the Roadmap allocation requested for the prime consultant, the City is anticipating \$150,000 in CMHC Seed Funding (grant portion) and an additional \$2.3 million from the OPHI Year 6 program through MMAH. Despite these contributions, there remains a funding gap for which the City is actively exploring further financial support through various government programs and potential partnerships.

## **4.0 Key Issues and Considerations**

### **4.1 Single Source Procurement**

In alignment with 14.4(e) of the Procurement of Goods and Services Policy, procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular. Civic Administration is recommending architects Tillmann Ruth Robinson Inc. be appointed as the Prime Consultant to design and deliver the Project, as the firm has special knowledge and experience that will enable them to replicate the 403 Thompson Road design and project plans.

As the appointed Prime Consultant, architects Tillmann Ruth Robinson Inc. will be responsible for the comprehensive and coordinated delivery of all sub-consultant services required to design and oversee development of the Project, including architectural, structural, mechanical, and electrical consultant services at a reduced percentage-based fee (plus disbursements), and specialty consultant services on a fixed-fee basis, including landscape architecture, civil engineering, cost consulting and energy modelling. The total estimated Prime Consultant fee submitted by architects Tillmann Ruth Robinson Inc. amounts to \$651,572.00, excluding HST, and is based on the design-build construction cost for the recently completed and occupied original project design at 403 Thompson Road.

Administering a single source procurement with architects Tillmann Ruth Robinson Inc. offers efficiencies to achieve development-readiness and cost savings of approximately 20% below the typical fees charged for projects of a similar size and scope.

Subject to Council approval of the recommendations of this report, the Corporation shall enter into a formal contract in the form of the OAA 600-2021 A Standard Form of Contract for Architect's Services with architects Tillmann Ruth Robinson Inc. as the Prime Consultant to complete the Project.

### **4.2 Coordination of Activities to meet OPHI Funding Timeline Requirements**

Funding sources to support development of the Project include approximately \$2.3 Million from OPHI - Year 6. The Project can only benefit from this funding if the City can commit the funds through the Province by no later than December 15, 2024, and can obtain a building permit and start construction of the Project by April 15, 2025.

Currently, the design and development activities described in this report are being expedited to support the OPHI program and timeline requirements. It is anticipated that this phase of the overall subdivision infrastructure development plan will have sufficiently progressed by the end of Q1-2025 to a point whereby a building permit may be granted to initiate the start of construction for the Project.

Council approval of the recommendations in this report are required to coordinate the work of the Prime Consultant with the guidance of the Municipal Housing Development team. The full permit application includes completion of the Project design, site plan approval, and permit drawings to commence construction of the Project in alignment with the OPHI program requirements.

### **4.3 Delegation of Authority**

A delegation of authority to the Deputy City Manager of Planning and Economic Development ensures that time-sensitive matters to advance and deliver the Project can be actioned quickly. The DCM directs staff from Municipal Housing Development on matters related to land use applications, project plans and program indemnifications. Regardless of any delegations, any significant deviation from the Agreement with architects Tillmann Ruth Robinson Inc. will require direction from Council.

## **Conclusion**

For Civic Administration to align approximately \$2.3 Million in OPHI Funding as one source of financing to support the future construction of a 44-unit affordable housing building on Block 5 (Building A) of the Duluth Subdivision; the funding must be committed by December 15, 2024, and a building permit must be obtained with construction starting before April 15, 2025.

Approval of a single source procurement with architects Tillmann Ruth Robinson Inc., in alignment with s. 14.4 (e) of the Procurement of Goods and Services Policy, would serve to immediately advance the design, site plan approvals and drawings, application and approvals processes required to meet the commitment and building permit requirements for OPHI Funding. The project is a replica of the 403 Thompson Road building of which architects Tillmann Ruth Robinson Inc. was the lead and their firm has special knowledge and experience to expedite the design to shovel-ready status at a reduced cost.

Construction of the Project shall remain subject to future reporting and Council approval.

Civic Administration will report back to Council with the capital budget and a strategy to fund the construction of the building.

**Prepared by:**                    **Kimberly Wood,  
Senior Housing Development Coordinator,  
Municipal Housing Development**

**Submitted by:**                **Matt Feldberg, MPA, CET  
Director, Municipal Housing Development**

**Recommended by:**         **Scott Mathers, MPA, P.Eng.  
Deputy City Manager, Planning and Economic  
Development**

**Attached:**    **APPENDIX A – Source of Financing Report  
APPENDIX B – Duluth Subdivision Concept**

## Appendix "B"

#24093

May 21, 2024

(Consultant Award)

Chair and Members

Strategic Priorities and Policy Committee

RE: SS-2024-143 Prime Consultant to Design an Affordable Housing Project at 1958 Duluth Crescent, Block 5

(Subledger CN240001)

Capital Project SH3000 - Roadmap to 3000 Affordable Housing Units

architects Tillmann Ruth Robinson Inc. - \$651,572.00 (excluding HST)

### Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget 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	Approved Budget	Committed To This Date	Submitted This Submission	Balance for Future Work
Engineering	5,198,325	1,749,775	663,039	2,785,511
Land Acquisition	15,937,069	15,081,481	0	855,588
Construction	2,904,095	2,904,095	0	0
Capital Grants	45,685,391	16,843,905	0	28,841,486
City Related Expenses	475,120	475,120	0	0
<b>Total Expenditures (Note 1)</b>	<b>\$70,200,000</b>	<b>\$37,054,376</b>	<b>\$663,039</b>	<b>\$32,482,585</b>

### Sources of Financing

Capital Levy	16,700,000	16,700,000	0	0
Drawdown from Affordable Housing Reserve Fund	44,002,694	10,857,070	663,039	32,482,585
Drawdown from Land Acquisition Reserve Fund	7,000,000	7,000,000	0	0
Provincial Grants - OPHI Year 5	2,497,306	2,497,306	0	0
<b>Total Financing (Note 2)</b>	<b>\$70,200,000</b>	<b>\$37,054,376</b>	<b>\$663,039</b>	<b>\$32,482,585</b>

### Financial Note:

Contract Price	\$651,572
Add: HST @13%	84,704
Total Contract Price Including Taxes	736,276
Less: HST Rebate	-73,237
Net Contract Price	\$663,039

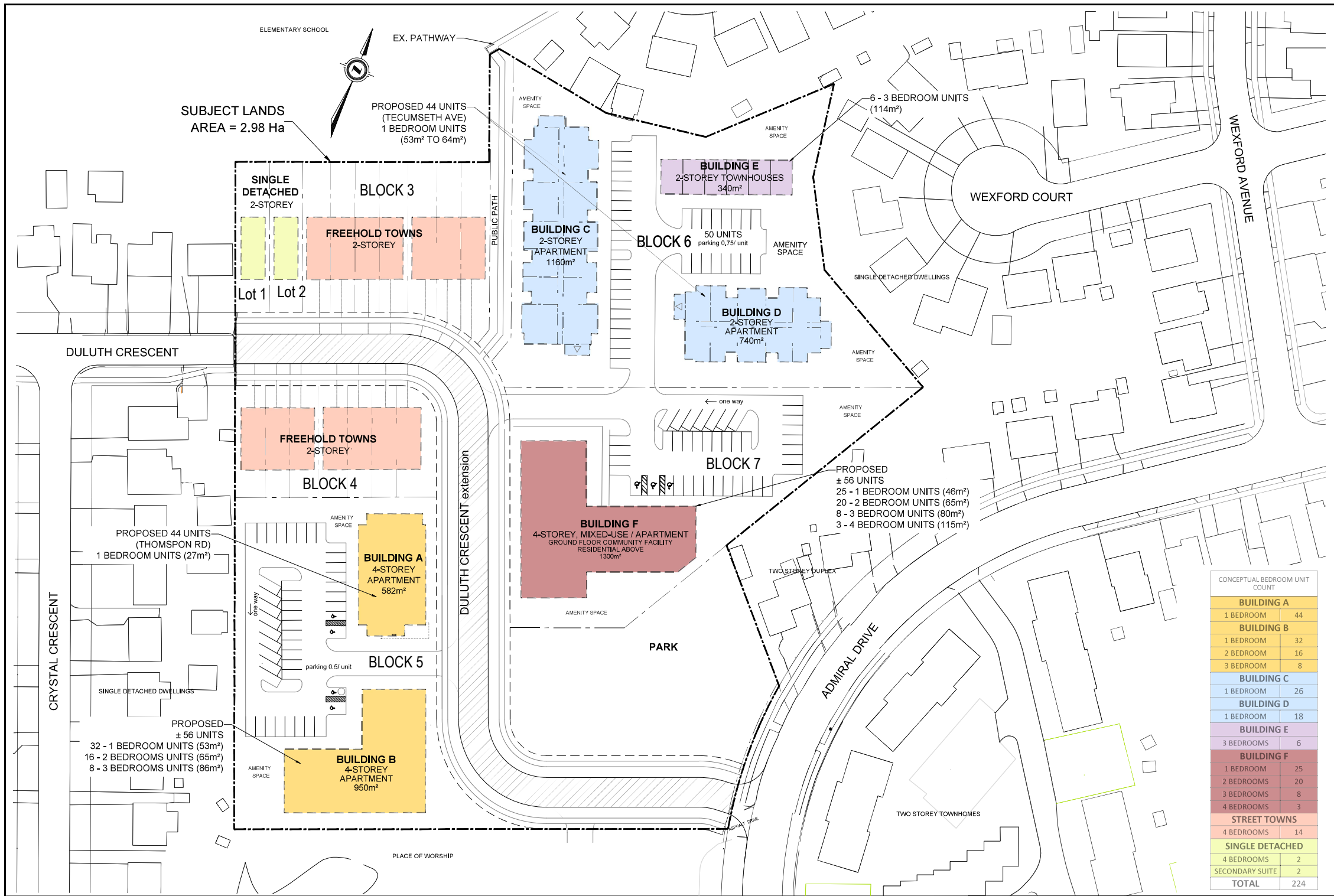
**Note 1:** The remainder of the original \$78 million Roadmap financing is included in the 2025-2026 capital plan.

**Note 2:** Additional financing opportunities for this initiative through Canada Mortgage and Housing Corporation (CMHC) and Ontario Priorities Housing Initiative (OPHI) - Year 6 are being explored. If additional sources of funding are secured, the allocations presented above will be adjusted accordingly.

Alan Dunbar

Manager of Financial Planning & Policy





**mbpc**  
**Monteith + Brown**  
planning consultants

DRAFT PLAN OF SUBDIVISION  
Block D RP-934 and Part of Block E RP-934 and Part of South 1/2 Lot 4, Concession C (Geographic Township of London) City of London County of Middlesex

KEY PLAN N.T.S.

CONCEPTUAL BEDROOM UNIT COUNT		
APPROX. UNIT SIZE	#	%
1 bedroom apartment (27 to 64m <sup>2</sup> )	145	65
2 bedroom apartment (65 to 80m <sup>2</sup> )	36	16
3 bedroom apartment (81m <sup>2</sup> to 99m <sup>2</sup> )	16	7
4 bedroom apartment (115m <sup>2</sup> )	3	1
3 bedroom townhouse (114m <sup>2</sup> )	6	3
4 bedroom freehold towns (226m <sup>2</sup> including garage)	14	6
4 bedroom single detached dwellings & Secondary Suite (280m <sup>2</sup> including garage)	2	1
2	2	1
<b>Total</b>	<b>224</b>	<b>100</b>

CONCEPTUAL BEDROOM UNIT COUNT		
BUILDING	1 BEDROOM	2 BEDROOMS
<b>BUILDING A</b>	44	
<b>BUILDING B</b>	32	16
<b>BUILDING C</b>	26	
<b>BUILDING D</b>	18	
<b>BUILDING E</b>	6	
<b>BUILDING F</b>	25	20
<b>STREET TOWNS</b>	8	3
<b>SINGLE DETACHED</b>	2	
<b>SECONDARY SUITE</b>	2	
<b>TOTAL</b>	<b>224</b>	

LAND USE SCHEDULE		
LAND USE	AREA (in Ha)	PERCENT
SINGLE DETACHED RESIDENTIAL LOTS 1 to 2	0.07	2.3
STREET TOWNHOMES BLOCKS 3 and 4	0.38	12.8
MEDIUM DENSITY RESIDENTIAL BLOCKS 5 and 6	1.22	40.9
MIXED USE RESIDENTIAL COMMERCIAL BLOCK 7	0.47	15.8
URBAN PARK and WALKWAY BLOCKS 8 and 9	0.33	11.1
ROAD & WIDENING	0.51	17.1
<b>TOTAL SITE AREA</b>	<b>2.98</b>	<b>100.0</b>

CLIENT: HOUSING DEVELOPMENT CORPORATION

BAR SCALE: 1:400  
0 5 10 15 20m

ADDRESS: PROPOSED INFILL SUBDIVISION 1958 DULUTH CRESCENT, LONDON

DRAWN BY:	CHECKED BY:	PROJECT NO. 20-1701
DESIGNED BY:	APPROVED BY:	DRAWING NO. DP

SCALE: on 24x36 DATE: May 10, 2024