

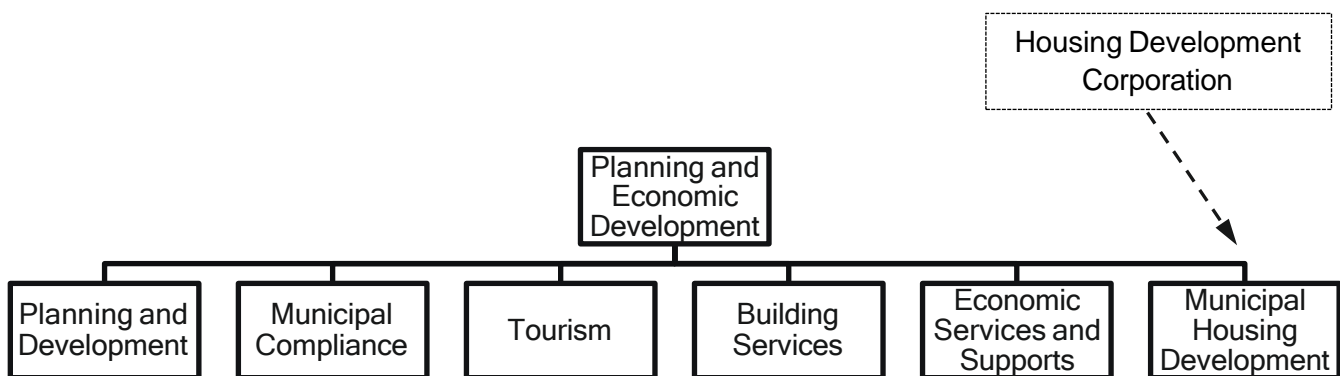


2023 YEAR END REPORT TO SHAREHOLDER

Housing Development
Corporation, London

2023 Housing Development Corporation, London Shareholder Update

We are pleased to present the 2023 update for the Housing Development Corporation (HDC), detailing our significant achievements, strategic advancements, and future over the past year. This comprehensive report is shaped by the March 9, 2021, Strategic Policy and Priorities Committee's directive, which laid out the transition plan for the HDC. Effective April 2022, our staff and organizational resources have been integrated within the Corporation of the City of London's Planning and Economic Development service area, under the oversight of Municipal Housing Development.



Throughout 2023, the HDC's initiatives were driven by the Council-approved Housing Stability Action Plan, reflecting our shareholders' strategic priorities:

1. Responding to the homelessness crisis.
2. Creating more housing stock.
 - Attracting new partners and engaging current ones to foster affordable housing solutions.
3. Providing housing supports.
 - Increasing supportive and specialized housing options.
4. Transforming the service system.

In addition to these focal areas, considerable efforts were dedicated to ensuring alignment with the Council's directives regarding our transition and corporate responsibilities. While the HDC retains its real property assets, our Board has continued to grant authority for entering into contractual obligations related to these properties. Furthermore, a notable effort was made to support the annual financial audit conducted by KPMG, with valuable assistance from the City's Financial Services staff.

This report encapsulates the progress made and the solid foundation laid for future endeavors, ensuring that the HDC remains steadfast in addressing the housing needs of our community.

Dissolving Housing Development Corporation, London

As outlined in the recommendation at the March 9, 2021 Strategic Priorities and Policy Committee:

That, on the recommendation of the Acting Managing Director, Housing, Social Services and Dearness Home, the Managing Director, Corporate Services and the City Treasurer, Chief Financial Officer, and concurrence of the Managing Director, Corporate Services and City Solicitor that the following actions be taken with respect to the proposed restructuring of the Housing Development Corporation, London (HDC), next steps and timelines;

- a) That, the report dated March 9, 2021 titled “Transition Plan Progress Report – Housing Development Corporation, London (HDC)”, **BE RECEIVED**; and
- b) That, the Civic Administration to **BE DIRECTED** work and report back on the recommendations to winding up the Housing Development Corporation, (HDC) London when it has been confirmed that all commitments and functions of the HDC have been assumed by the City.

City staff have begun the activities associated with developing the necessary bylaws and documentation to dissolve the HDC. Legal and procedural resources, along with the input of former staff have been retained in order to develop a comprehensive strategy to integrate the housing portfolio into City of London’s corporate structure. In addition, Civic Administration was directed to undertake all other actions required to support the recommendations and ensure consistency with the City’s Service Manager legislated responsibility.

The typical activities associated with developing the wind-down strategy are:

- Transfer and assign any existing HDC agreements to the City.
- Transfer any real property to the City.
- Review and align any procurement, administrative or procedural policies with those of the City.
- Ensure all necessary obligations of the HDC are transferred to the City.
- Provide recommendations on all necessary bylaws, outstanding financial matters, etc.

The wind-down strategy is anticipated to be presented to Council during 2024, with the intention of completing all necessary transactions prior to December 31, 2024.

Financial Statements of HDC, December 31, 2023

The financial statements of Housing Development Corporation, London as of December 31, 2023, were audited by our external auditor KPMG. These statements provide a snapshot of HDC's financial performance and position, reflecting the organization's dedication to fiscal responsibility, sustainable growth, and value creation for stakeholders.

The outcomes of KPMG's Audit Findings Report provided a comprehensive assessment of HDC's financial records, highlighting the organization's strong financial controls and adherence to industry best practices.

The audit returned a “clean” result as outlined below:

- There was one uncorrected audit misstatements noted, but it was not significant.
- There were no significant unusual transactions.
- There were no issues to the alleged fraud risk from management overriding controls.
- There were no control deficiencies that identified to be substantial.

Accumulated Surplus:

The total amount of assets, both financial and non-financial, less any liabilities of the local government is as follows:

- HDC had accumulated a surplus of \$37 million.
 1. \$33.5 Million - investment in tangible capital assets for 122 Base Line Road, 403 Thompson Road and 1958 Duluth Crescent.
 2. \$3.5 million - reserve funds set aside for future affordable housing.

HDC Activities in 2023

The activities of the HDC in 2023 contributed towards implementing the vision, goals, and objectives of the Housing Stability Action Plan. These activities also made progress towards the stated targets identified in Council's Roadmap to 3,000 Affordable Housing Units (Roadmap) Action Plan.

Highlighted activities of the HDC in 2023 include:

1697 Highbury Avenue, Habitat for Humanity

HDC partnered with Habitat for Humanity to promote affordable housing by funding non-profits to offset municipal development fees. This collaboration facilitated the construction of 20 townhomes at 1697 Highbury Avenue. Habitat for Humanity, in conjunction with the City's Housing Stability Services, is matching these homes with eligible families.

In 2023, Habitat requested a reduction in the number of units from 20 to 14 due to several financial challenges: the severe escalation in construction costs, the significant rise in interest rates, and necessary changes to their affordable mortgage model. To bridge the funding gap and ensure the project's viability, Habitat plans to sell six units on the open market, initially offering them to social service agencies before making them available to the general public.

Habitat for Humanity Heartland Ontario's Affordable Homeownership Program helps low-income families achieve homeownership through a structured process. The program involves acquiring land, selecting homeowners who contribute 500 volunteer hours, and building homes with donated materials and volunteer labour. Homeowners secure a mortgage with payments based on 30% of their gross income and receive a 0% interest second mortgage from Habitat. Increases in income are applied to the second mortgage, ensuring financial stability. Homeowners build equity and benefit from home appreciation, fostering financial growth and community stability.

403 Thompson Road

The Strategic Priorities and Policy Committee report, dated May 30, 2023, recommended a single source procurement with Indwell Community Homes to implement a Supportive Housing Model pilot project at 403 Thompson Road. Following the HDC Board and Council's endorsement, Indwell, began making minor changes to the building to suit their program in June 2023, and the building was occupied by participants in October 2023.

345 Sylvan Street

In the early part of 2023, City Council approved agreements with the Canada Mortgage Housing Corporation (CMHC) to construct a 42-unit affordable rental housing development on City-owned lands. HDC had been supporting the pre-development and design work with Ellis-Don and provided a contribution to the project of just over \$2 Million as part of the approval. City staff have taken over the construction management and coordination of the work with Ellis-Don. The project, which uses prefabricated modular systems is currently under construction with an anticipated occupancy in the Fall of 2024.

18 Elm Street

In 2023, significant progress was made on the Shovel-Ready Affordable Housing project at 18 Elm Street, led by the Ontario Aboriginal Housing Support Services Corporation (OAHS) in partnership with the City of London. The project, which will provide 42 affordable rental units, moved forward with the necessary approvals. Early in the year, the HDC Board and City Council approved agreements to allow the transfer of the property to OAHS to access pre-approved funding from the CMHC. The site was fully prepared with approved zoning, site plans, and building designs, setting the stage for a construction tender in the spring. This development aligns with the City's strategic focus on increasing affordable housing options and supporting Indigenous communities by ensuring that the new units will be affordable, set at no more than 80% of the median market rent for the area.

1958 Duluth Crescent

Throughout the 2023, the 1958 Duluth Project focused on a draft plan of subdivision near the intersection of Trafalgar Street and Clarke Road. The proposal includes a mix of single-detached dwellings, townhouses, low-rise apartments, and mixed-use buildings. Specifically, two single-detached homes and several street-fronting townhouse blocks are planned for the northwest corner, providing a transition from the existing neighborhood. The northeast area will feature two-story townhouses and apartment buildings, while the southern section will host four-story apartment and mixed-use buildings. A public park and walkway are also integral parts of the development, enhancing community connectivity and recreational spaces. A report to Planning and Environment Committee received approval in October 2023 and City staff have started

coordinating the design of the new public road.

2015 - 2023 Affordable Housing Development Updates through HDC

The following outlines the number of affordable units secured through various partnerships and collaborations with various affordable housing providers.

Address	Affordable Units	Year Approved	Status
228-230 Dundas Street	33	2015	Completed and renting in 2021
516 Albert St., Strathroy 1822039 Ontario Ltd.	27	2016	Completed and renting in 2018
27 Centre St. Escalade Property Corp.	46	2016	Completed and renting in 2018
356 Dundas St Indwell Community Homes	50	2016	Completed and renting in 2019
770 Whetter Ave. Homes Unlimited Inc.	50	2017	Completed and renting in 2019
25 Centre St. Escalade Property Corp.	45	2017	Completed and renting in 2021
1045 Dundas St. London Affordable Housing Foundation	41	2018	Completed and renting in 2020
1090 Hamilton Rd. Italian Seniors Project	54	2018	Completed and renting in 2020
440 Clarke Rd. Zerin Development Corp.	33	2019	Completed and renting in 2021
329-331 Richmond St. Youth Opportunities Unlimited	35	2019	Projected completion in 2024
122 Base Line Road W. MHD and HDC	61	2022	Completed and renting in 2022
403 Thompson Road MHD and HDC	44	2023	Completed and renting in 2023
TOTAL	519		

Future Affordable Housing Development Updates through HDC

The following represents the projects that HDC and the City actively worked on in 2023. These projects represent future affordable housing units in the London market.

Address	Units	Comments
345 Sylvan Street	42	Projected completion in September 2024
18 Elm Street	42	Construction began in April 2024 and is scheduled to be completed by October 2025
1958 Duluth Crescent	224	Clearance of draft plan conditions including detailed design of the road, are underway
1697 Highbury Ave Habitat for Humanity	14	Timeline for construction start to be determined
TOTAL	322	