

TO:	CHAIR AND MEMBERS COMMUNITY & PROTECTIVE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2015
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	INVESTMENT IN AFFORDABLE HOUSING (IAH) PROGRAM (2014 EXTENSION) FUNDING YEARS 2 TO 6 AND RECOMMENDATION FOR ADDITIONAL PROPOSAL UNDER RFP14-36

RECOMMENDATION

That, on the recommendation of the Director of Municipal Housing, with the concurrence of the Managing Director of Housing, Social Services and Dearness Home, the following actions **BE APPROVED** with respect to the following project proposal received under the Investment in Affordable Housing Program RFP14-36:

1. Escalade Property Corp. receive a municipal allocation of \$40,000 per unit for twenty-six (26) IAH units, plus funding of \$5,000 per unit for four (4) accessible units, for a total municipal allocation of \$1,060,000 and a federal/provincial allocation of \$70,000 per unit, for a total federal/provincial allocation of \$1,820,000, for a project located at 1166 Hamilton Road, London;
2. The City of London forward the above-noted project proposal to the Province for program funding approval under the Investment in Affordable Housing (2014 Extension) Program Year-2;
3. The funding allocation from the Affordable Housing Reserve Fund, for the total municipal allocation of \$1,060,000 recommended above, be as set out in the attached Appendix A – Sources of Financing Report;
4. In accordance with Municipal Housing Facilities By-Law No A.-5814-11, the attached by-law (Appendix B) **BE INTRODUCED** at the Municipal Council meeting on February 24, 2015, to authorize a Municipal Contribution Agreement substantially in the form of an agreement appended to the by-law (Appendix C) and to the satisfaction of the City Solicitor for the above-noted proponent; and
5. The Mayor and the City Clerk **BE AUTHORIZED** to execute the said Agreement.

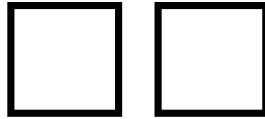
PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Community and Protective Services Committee

November 25, 2002 Municipal Housing Facilities By-Law

Council Housing Leadership Committee

May 25, 2010	London Community Housing Strategy Update
October 28, 2011	Investment in Affordable (IAH) Housing for Ontario Approval of Program Delivery and Fiscal Plan
March 21, 2012	Update Program Delivery and Fiscal Plan for Investment in Affordable Housing Program



August 27, 2014 Recommendations for Proposals under the Investment in Affordable Housing Program Year-4 and IAH Extension
 September 22, 2014 Investment in Affordable Housing for Ontario (2014) Extension, Approval of Administration Agreement

Community Services Committee

April 2, 2012 Revisions to the Affordable Housing Capital Reserve Fund Policy

BACKGROUND

Investment in Affordable Housing for Ontario (IAH)

Investment in Affordable Housing for Ontario (IAH) is the federal and provincial program for the creation and repair of affordable housing. The IAH provides flexibility, with accountability, to municipal Service Managers to deliver affordable housing in our communities. The City of London is the Service Manager for the city as well as for Middlesex County. The Ministry of Municipal Affairs and Housing provides guidelines for the various components and program requirements under IAH to facilitate participation by Service Managers.

A Program Delivery and Fiscal Plan (PDFP) was approved in December 2011. The London PDFP was guided by the London Community Housing Strategy (LCHS) which independently established needs and priorities for affordable housing as well as other system, program, and funding recommendations.

Federal/provincial funding not allocated by December 31 in the year indicated in the PDFP must be returned to the Province – “use it or lose it”.

The first four-year IAH allocation for the London Service Manager area was \$13.6 million.

Investment in Affordable Housing (IAH) Program Extension (Year 1)

On August 11, 2014 the Province announced the renewal of IAH program, now known as IAH (2014 Extension) effective April 1, 2014 to March 31, 2020. On August 25, 2014, the Province announced the Year-1 allocation of the IAH Extension to the City of London in the amount of \$2,661,100.

Request for Proposals – RFP14-36

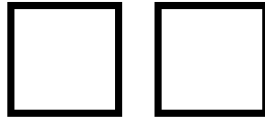
The RFP for new affordable housing units closed July 28, 2014. Eight (8) proposals were received from proponents wishing to develop within the city.

After review by the Evaluation Committee, the one (1) proposal was recommended to and subsequently approved by the Province, for funding approval under the IAH Program, thus utilizing the final amount remaining in that federal/provincial allocation.

The remaining proposals were recommended to and subsequently approved by the Province, for funding approval under the IAH Program (2104 Extension) Year-1.

The following is the PDFP for IAH (2014 Extension) Year-1:

IAH Component	F/P \$ Allocation	# of units	Client Group
Rental	2,528,100	73	Singles/seniors/persons with disabilities
Administration	133,000		IAH operating reserve
Total	2,661,100		



Due to the limited amount of funding available under IAH 2014 Extension (Year 1), a proposal from Escalade Property Corp. (JLC Homes Ltd.) for a proposed project at 1166 Hamilton Road, London, which tied for first place during the evaluation process, was not recommended at that time. However, the Province has since formalized the full notional allocation for the City of London under the Extension Program.

Investment In Affordable Housing (IAH) (2014 Extension) Program - Years 2 To 6

On December 19, 2014, the Province announced the full notional allocation to the City of London under the IAH Program (2014 Extension), including the Year-1 amount announced in August. The total notional allocation for all six program years is \$26,026,200, as outlined in the following table:

Year 1 (2014-15)	Year 2 (2015-16)	Year 3 (2016-17)	Year 4 (2017-18)	Year 5 (2018-19)	Year 6 (2019-20)
\$2,661,100	\$5,227,900	\$5,224,600	\$5,221,400	\$5,208.600	\$2,482,600

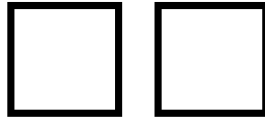
The IAH (2014 Extension) continues to offer the following program components to Service Managers: Rental Housing; Homeownership; Rent Supplement; Housing Allowance and Ontario Renovates. Service Managers may select which components to deliver each year using the annual funding allocation.

The Program Delivery & Fiscal Plan for Years 2 to 6 is currently under development for approval by the Chief Administrative Officer (CAO) or his delegated authority.

Since time is of the essence when dealing with a provincially restrictive program, and since a high-scored proposal was already received and evaluated under RFP14-36, it is recommended that Section 14.4 of the city’s Procurement of Goods & Services Policy be invoked and the proposal from Escalade Property Corp. be put forward for approval.

Recommendation under RFP14-36

- Proponent: Escalade Property Corp. (JLC Homes Ltd. - John Leahy)
- Project Location: 1166 Hamilton Rd
- Proponent Sector: Private
- Zoning: Zoned R7, R9-1, H-5, D100, H20
- Building Permit: May 2015
- Occupancy Date: September 2016
- Environmental: Phase 1 ESA completed November 2014. Phase 2 not required.
- Building Type: Building structure will be poured concrete with Hambro joist floor system and a built up flat roof. The concrete construction provides a durable and non-combustible structure that has excellent longevity. The façade will be a two tone buff colour with a ground floor treatment to give contrast & block appearance.
- Target Group: Singles, couples, recent immigrants, aboriginals and working poor
- Energy Efficiency: High efficiency central gas heating with 95% combustion efficiency; LED lighting; Energy Star windows, doors and appliances; low flow toilet and shower heads; programmable thermostats; motion sensors in common areas; insulation beyond OBC requirements; air



conditioning. Energy Audit will be undertaken at completion of construction.

Construction Manager: Steve Allen
 Architect: William Haas Associates
 Dev. Consultant: Devonshire Consulting
 Property Management: BGM Property Management (Barb Moss)

Total Project Cost: \$4,290,509
 Federal/Provincial: \$1,820,000 (\$70,000/unit)
 City: \$1,040,000 (\$40,000/unit)
 City Accessible: \$ 20,000 (\$5,000/unit)
 Owner Equity: \$ 450,000 (10.5%)
 Mortgage: \$ 960,509
 Year 1 Surplus: \$ 32,483 (7.2% ROI)

Unit Type	Number	Unit Size	Rent	Utilities Included in Rent
1 bedroom	5	620sf	\$530	heat, water, parking
1 bedroom	17	620sf	\$605	heat, water, parking
1 bedroom accessible	4	710sf	\$530	heat, water, parking
Total	26			

The Proponent is a London based homebuilder active for the last 10 years as a builder in various parts of the City and Middlesex County who has built over 100 units with a mix of single, semi-detached and small multiple projects.

The site is located just east of the intersection of Hamilton Rd and Gore Rd fronting onto Hamilton Rd. The immediate area is a mix of residential and commercial uses. Immediately to the east are the recently renovated Valleyview Apartment, a multi building mid-rise development with about 120 units. To the west is a former grocery store, now a restaurant/catering facility. To the south across Hamilton Rd is street facing residential development and the valley of the South Fork of the Thames River. To the north is a single family residential development with medium priced, well maintained homes. Amenities in the area include East Park Gardens about 400m east and the Bob Hayward YMCA one block west. The site is serviced by two bus routes. The project will include 33 parking spaces.

The development has gone to Planning & Environmental Committee and a public meeting has been held. All municipal services are in place.

Next Steps

A Request for Proposals will be released within the next couple of months for the balance of Year 2 funding slated to be allocated to the Rental Component.

Municipal Contribution Agreement

As part of the City of London commitment to the Canada-Ontario Community Rental Housing Program, in 2002, Municipal Council approved a Municipal Housing Facilities By-Law and resolved that project specific agreements under the Municipal Housing Facilities By-Law be prepared for approval by Municipal Council.

Municipal Housing Facilities By-Law No. A.-5814-11 outlines the required contents of the contribution agreement with affordable housing proponents.



FINANCIAL IMPACT

The Source of Financing for the \$1,060,000 requested is the Affordable Housing Reserve Fund as outlined in Appendix A.

ACKNOWLEDGEMENTS

The Investment in Affordable Housing Program RFP process was undertaken with the assistance of Neil Watson, Housing Development Consultant and his Associate, Isabel DaRocha; Melissa Espinoza & Stephen Giustizia, Housing; Gregg Barrett, Planning; David Purdy, Finance; Charles Abromaitis & Cameron Bazilli, Realty Services; Anthony Wilson, Social Services; Evelyn Hurt & Alan Dunbar, FP&P; and Chris Ginty, Purchasing.

RECOMMENDED BY:	CONCURRED BY:
LOUISE STEVENS DIRECTOR OF MUNICIPAL HOUSING	SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME

- C. A.L. Barbon, Manager, C/S Financial & Business Services
- A. Dunbar, Mgr Financial Planning & Policy
- N. Watson, Housing Development Consultant
- D. Munteer, Solicitor, City of London
- T. Brutto & E. Boyd, Municipal Affairs & Housing

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Appendix A

Sources of Financing



Appendix B

By-law No.

A by-law to approve an agreement between The Corporation of the City of London (the City) and Escalade Property Corp. (the Proponent) for the purpose of establishing the City of London Affordable Housing Program and the City's obligation to provide funding to the Proponent; and to authorize the Mayor and the City Clerk to execute the agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 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 The Corporation of the City of London (the City) is responsible for the delivery and administration of affordable housing initiatives including affordable rental housing programs, convert-to-rent programs and other initiatives;

AND WHEREAS the Proponent has responded to the procurement process initiated by the City to undertake development activities in return for funding;

AND WHEREAS it is deemed expedient for the City to enter into an agreement with the Proponent for the purpose of establishing the Proponent's obligations with respect to the City of London Affordable Housing Program and the City's obligation to provide funding to the Proponent;

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

1. An agreement between the City and the Proponent for the purpose of establishing the Proponent's obligations with respect to the City of London Affordable Housing Program and the City's obligation to provide funding to the Proponent be hereby approved.
2. The Mayor and the City Clerk be hereby authorized to execute the agreement approved in section 1, above, substantially in the form of agreement attached to this by-law and to the satisfaction of the City Solicitor.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on _____, 2015.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading –