

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY &amp; PROTECTIVE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2015</b>
<b>FROM:</b>	<b>SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME</b>
<b>SUBJECT:</b>	<b>CHANGES TO PROPOSALS UNDER INVESTMENT IN AFFORDABLE HOUSING (IAH) PROGRAM RFP14-36</b>

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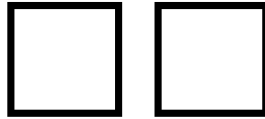
That, on the recommendation of the Director of Municipal Housing, with the concurrence of the Managing Director of Housing, Social Services and Dearness Home, the following actions **BE APPROVED** with respect to the project proposals received under the Investment in Affordable Housing Program RFP14-36:

1. The proposal from Cindy and Robert Sedge for a project located at 736 Talbot Street, London, with a municipal allocation of \$425,000 and a federal/provincial allocation of \$610,000, be withdrawn;
2. a) The total government allocation to Rivas Majano Corporation, now known as 8999872 Canada Ltd., for its project located at 228-230 Dundas Street, London, be increased by \$110,000 per unit for three (3) additional units, bringing the total number of units funded to thirty-three (33);  
  
 b) The municipal allocation for 8999872 Canada Ltd., be reduced by \$308,100, for a revised total municipal allocation of \$840,900 or \$25,482 per unit; and the federal/provincial allocation be increased by \$638,100 for a total revised federal/provincial allocation of \$2,288,100 or \$69,336 per unit; it being noted that this allocation adjustment fully utilizes the final amount remaining in the IAH (2014 Extension) Year-1 federal/provincial allocation;
3. The City of London forward the above-noted project changes to the Province for program funding adjustment under the Investment in Affordable Housing Program (IAH 2014 Extension);
4. In accordance with Municipal Housing Facilities By-Law No A.-5814-11, the attached by-law (Appendix A) **BE INTRODUCED** at the Municipal Council meeting on February 24, 2015, to authorize an Amendment to the Municipal Contribution Agreement substantially in the form of an agreement appended (Appendix B) to the by-laws 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 Amendment Agreement.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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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 25, 2014 Recommendations for Proposals under the Investment in Affordable Housing (IAH) Program Year 4 and IAH 2014 Extension

Community & Neighbourhoods Committee

- October 18, 2011 Investment in Affordable Housing for Ontario, Approval of Administration Agreement

**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 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.

The Investment in Affordable Housing (IAH) Program allocates funding to designated municipal Service Managers in support of local affordable housing priority needs. A Program Delivery and Fiscal Plan (PDFP) was approved 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 of the year indicated in the PDFP must be returned to the Province - “use it or lose it”.

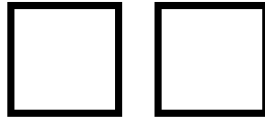
Investment in Affordable Housing (IAH) Program Extension

On August 11, 2014 the Province announced the IAH program extension, now known as IAH (2014 Extension) effective April 1, 2014 to March 31, 2015. The Year-1 allocation of the IAH Extension to the City of London was \$2,661,100 in federal funding allocated by the Province.

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. A Year-1 PDFP was created as follows:

IAH Component	F/P \$ Allocation	# of units	Client Group
Rental	2,500,000	73	Singles/seniors/persons with disabilities
Homeownership	161,100	11	Working poor

Of the Year-1 allocation, \$161,100 was initially to be allocated to the Homeownership Assistance Program. Due to unforeseen circumstances, we were unable to proceed with the program to provide affordable homeownership down payment assistance. However, the provincial program guidelines do allow for 5% of the allocation to be used for administration of the IAH program. The following changes were made: \$161,100 (Homeownership) minus \$133,000 (Admin) = \$28,100, which was rolled into the Rental Component.



In order not to forfeit any funding back to the Province, the PDFP was submitted to the Province as follows:

IAH Component	F/P \$ Allocation	# of units	Client Group
Rental	2,528,100	73	Singles/seniors/persons with disabilities
Homeownership	0	0	0
Administration	133,000		IAH operating reserve

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. Four proposals were subsequently recommended to the Province. Since then, some matters have arisen that require an adjustment to that submission.

*Proponent: Cindy and Robert Sedge*

Project Location: 736 Talbot Street (at Piccadilly) - nine (9) units  
 Proponent Sector: Private  
 Total Project Cost: \$1,511,549  
 Federal/Provincial: \$ 610,000 (\$67,778 /unit)  
 City: \$ 425,000 (\$47,222 /unit)  
 Owner Equity: \$ 150,000 (10%)  
 Mortgage: \$ 326,549

Proponents Cindy and Robert Sedge advised that they are unable to continue with their proposal due to the January 1, 2015 changes in the Ontario Building Code (OBC) that require 15% of new residential projects be accessible. The current footprint of the property and proposed design are not compatible with the changes required by the new OBC. To change the design would be cost prohibitive within the amount of funding allocated to the project. Therefore, they have formally withdrawn from the program.

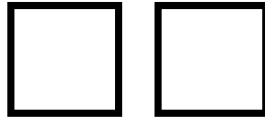
The following actions to re-allocate federal/provincial and municipal funding are recommended in order to ensure that we do not forfeit any funding to the Province (Note: total project funding from government remains the same):

*Initial Allocation for Proponent: Rivas Majano Corporation*

Project Location: 228-230 Dundas St - thirty (30) units  
 Proponent Sector: Private  
 Total Project Cost: \$4,457,158 (affordable & commercial)  
 Federal/Provincial: \$1,650,000 (\$55,000/unit)  
 City: \$1,149,000 (\$38,300/unit)  
 City Façade & UBC: \$ 75,000  
 Owner Equity: \$ 505,939  
 Mortgage: \$1,077,219

The Proponent has purchased 228-230 Dundas Street, the former Honest Lawyer Restaurant. The proposed project is to create 30 one bedroom affordable housing units on the upper floors of the main building and on the upper three floors of the rear building.

The proponent now indicates that he is able to include an additional three (3) affordable housing units into the Site Plan-approved design.



*Revised Allocation for Proponent: Rivas Majano Corporation, now known as 8999872 Canada Ltd. - now thirty-three (33) units*

In order to accommodate the additional units and fully utilize the federal/provincial funds withdrawn from 736 Talbot Street, the City allocation to 228-230 Dundas Street will be reduced by \$308,100 (\$28,100 funding adjustment in PDFP, plus \$610,000 re-allocated from 736 Talbot, minus \$330,000 for 3 additional units) and the federal/provincial allocation will be increased by \$638,100 (\$610,000 re-allocated from 736 Talbot, plus \$28,100 funding adjustment in PDFP).

The proposal for 228 Dundas St was the only one large enough to accommodate the changes as a result of the withdrawal of the project at 736 Talbot Street. The maximum federal/provincial per unit allocation allowed under the program is \$120,000; \$69,336 per unit is well within the maximum allowed.

Total Project Cost: \$4,808,205 (affordable & commercial)  
 Federal/Provincial: \$2,288,100 (\$69,336/unit)  
 City: \$ 840,900 (\$25,482/unit)  
 City Façade & UBC: \$ 75,000  
 Owner Equity: \$ 591,043  
 Mortgage: \$1,013,162

With the withdrawal of the proposal for 736 Talbot Street and the additional 3 units at 228 Dundas Street, the total number of rental units under the revised PDFP is adjusted from 73 to 67.

Municipal Contribution Agreement

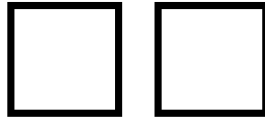
As part of the City of London commitment to the Canada-Ontario Community Rental Housing Program, in 2002, Municipal Council approved a Municipal Housing Facilities By-Law and resolved that project specific agreements under the Municipal Housing Facilities By-Law be prepared for approval by Municipal Council. Municipal Housing Facilities By-Law No. A.-5814-11 outlines the required contents of the contribution agreement with affordable housing proponents. Due to the adjustment in funding for the Projects at 228-230 Dundas Street, an amendment agreement is required.

<b>FINANCIAL IMPACT</b>
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The Affordable Housing Reserve Fund requires an adjustment to reflect the changes to the municipal commitments already approved under RFP14-36.

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

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



**Appendix A**

**By-law No.**

A by-law to approve an amendment agreement between The Corporation of the City of London (the City) and 8999872 Canada Ltd (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 amendment 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 amendment 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 amendment 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



**Appendix B**

**AMENDMENT  
TO  
MUNICIPAL CONTRIBUTION AGREEMENT**

**Investment in Affordable Housing for Ontario (2014 Extension)  
Rental Housing Component**

This Agreement made the day of \_\_\_\_ March, 2015

**BETWEEN:**

THE CORPORATION OF THE CITY OF LONDON

(hereinafter called the "City")

- and -

8999872 CANADA LTD.

(hereinafter called the "Proponent")

**WHEREAS:**

- A. The City and the Proponent entered into an agreement on the 24<sup>th</sup> day of December, 2014 wherein the Proponent agreed to construct 30 Affordable Rental Housing units in the City of London (the "Project").
  
- B. Section 2.3 of the Agreement states: The City agrees to provide to the Proponent as a Loan, upon the terms and subject to the conditions set out in this Agreement, the amount of one million, six hundred, seventy-eight thousand, one hundred dollars [(\$1,678,100) *Federal Funds*] and one million, one hundred twenty thousand, nine hundred dollars [(\$1,120,900) *City Funds*] as described in Schedule "M", to be applied by the Proponent only towards the payment of Development Activities for Affordable Housing. Pursuant to the Proposal, the total amount of such loan being two million, seven hundred, and ninety-nine thousand dollars (\$2,799,000).

NOW THEREFORE, in consideration of the mutual covenants herein and other valuable consideration, the City and the Proponent agree as follows:

- 1. That the number of Affordable Rental Housing units be increased by 3 for a total of 33 units;
  
- 2. That Section 2.1 be amended to revise the amount of Proponent equity to \$591,043.
  
- 3. That Section 2.3 of the Agreement and Schedule 'M' shall be amended to state the loan will be revised as follows: the amount of two million, two hundred eighty-eight thousand, one hundred dollars (\$2,288,100) *Federal Funds* and the amount of eight hundred forty thousand, nine hundred dollars (\$840,900) *City*



*Funds.* Pursuant to the Proposal, the total amount of such loan being three million, one hundred, and twenty-nine thousand dollars (\$3,129,000).

4. That the Federal and City funding shall be secured by a charge/mortgage registered on title by the Proponent to the satisfaction of the City prior to any advance of the funding.
5. All other Terms and Conditions in the Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF** this Agreement has been executed by the **Parties**.

**THE CORPORATION OF THE CITY OF LONDON**

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Matt Brown  
Mayor

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Catharine Saunders  
City Clerk

**8999872 CANADA LTD.**

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Marvin Rivas  
President

I/We have the authority to bind the Corporation.