

Annual Shareholder Report for 2016



What is HDC?

Incorporated in October 2015

- Council approved business plan
- Aligned with other orders of government,
- embedded in Local Strategies and Plans

What?

A MechanismNot a Solution.

Redefining what is possible in creating sustainable affordable rental housing



Why?

Supporting need for affordable housing

Aligning housing within a **social and economic** context;

Maximize impact and stabilized long-term investments in affordable housing.



Governance Vision and Mandate

HDC VISION

“ALL members of the community have access to housing that is safe, secure, and suitable to their needs and ability to pay.” *

* The Affordable Housing Task Force (2000)
The London Community Housing Strategy (2010)
Housing Vision, Homeless Prevention and Housing Plan (2013)
HDC Vision Statement (2015)



HDC MANDATE

HDC stimulates the development and sustainability of affordable housing throughout London and Middlesex.

HDC supports the local need for revitalized and strengthened neighbourhoods, and diverse and inclusive communities.

HDC collaborates with all sectors to create and sustain affordable housing and stimulate economic growth.



HDC Drivers

The Growing Need in Local Environment:

- Local average market rental (AMR) rates are increasing quickly
- No new units developed below AMR
- Vacancy rates very low (~1% for 1 bedroom units)
- Increasing demand from a growing population
- Affordable market units are leaving stock



Part of the solution is also an infrastructure investment opportunity...

\$1 invested in affordable housing development attracts \$1 of non-government equity (investment or mortgage)





Shareholder Update: Parts Working Together



DRIVERS:

- New leads: HDC, City, and LMHC
- Great community need
- Clearer strategies



PLAYERS:

- ALL orders of government
- Private and Non-profit Developers
- Communities
- Other sectors



APPROACH:

- Integrated solutions
- Engaged community
- Efficiency and Maximized value
- Measurable outcomes



Building a Housing STABILITY System



Maximizing new affordable rental stock

Supporting neighbourhood and housing regeneration including in existing public and social housing

Supporting mixed developments integrated into communities

Building and advancing new tools and approaches

Supporting access to **permanent stable affordable rental housing** with supports to stay housed.



Goals, Priorities, and Strategies

HDC Goals:

1. Improve and Enhance on Current Programs Strategies 1 & 2
2. Establish New Housing Development Activities Strategies 3 & 4

HDC Priorities

- Maximize value on all funding allocations (greatest number of high quality units across London and Middlesex County for longest duration)
- Establish new financial and business tools for affordable development
- Work with the City on Municipal (planning, development, finance, land) tools to support affordable development
- Work in partnership with LMHC, the City and other social housing providers on activities that retain and regenerate housing stock.



Goal 1, Strategy 1: Best Deployment of Funds

2016

Initiated 3 new developments – 2 in London and 1 in Strathroy (no London \$)
 161 new units of affordable housing rental units
 40 units at 70% average market rent (AMR) - Funded
 83 units at 80% AMR - Funded
 38 units at approximately AMR (without government investment funds)
 19 funded units have formal support services for priority populations

From 20 years (with 5 year cool-down) to 35 year agreements
 From municipal forgivable loans to repayable loans through negotiated agreements.

Managed 4 other developments (113 additional units) initiated under City.
 2 of these projects (66 units) were completed and in stock in 2017.

2017 and Ongoing:

Working with CMHC on new funds and programs
 Advance new strategies with non-profits
 Supporting challenging project plans
 Advance strategies with municipal lands
 Advance involvement of social housing providers





Goal 1, Strategy 2: Tools and Incentives

2016

Revised contribution agreements
 Delegation of City programs
 Support of new Habitat developments under HDC program
 Work with City Finance on surplus land plans
 Finalized asset transfer plans and policies with City
 Work with City's Planning and Development Services Teams

2017 and Ongoing:

Establish final delegation of authority for federal provincial programs
 Work with City on Vacant Land and Buildings Strategy
 Will need to continue work with Planning on Community Improvement Plans and other tools

STRATEGY 2:
Best use of
tools and
incentives

STRATEGY 4:
Innovative
finance and
investment tools.



Goal 2, Strategy 3: New Revenue Generation

2016

Initiated plans for HDC Direct Development on City Surplus Land
 Establishment of loan repayment with interest for future revenue

2017 and Ongoing:

Working with CMHC on new funds and programs
 Advance new strategies with non-profits
 Advance strategies with municipal lands
 Establish resource plan and initial actions for LMHC multi-site regeneration through strategic partnership
 Engage LMHC in property management services

STRATEGY 3:
Developer of
affordable
housing and new
revenue
generation



Goal 2, Strategy 4: Innovation

2016

Working with large municipal and provincial developers across Canada on creation of a Canadian "housing bank" for social and affordable housing

Established new partnership and rostering approach for new developments and incubation of project plans

2017 and Ongoing:

Initiated plans regarding a housing foundation
 Engaging with specific rostered partners on new forms of affordable development
 Work with City on a catalogue of tools supporting affordable housing
 Work with other municipalities and sector organizations to advance new tools in housing development

STRATEGY 4:
Innovative
finance and
investment tools.



Backbone...Strategy 5: Strong Administration

2016

Corporate policies established
 New Board of governance for HDC
 Supporting Service Manager engagement for housing development
 Initial audit

2017 and Ongoing:

Continue to advance procurement process to include ventures with non-profit providers
 Recruitment of Development Managers for succession and to initiate regeneration planning and HDC developments
 Establish a revised multi-year business plan and associated capital plan

STRATEGY 5: THE HDC BACKBONE

Strong Governance and Administration through Values, Principles, Behaviours, and Results.
 Trust, community engagement, performance, advocacy, partnerships, competency, capacity, etc.



Building the Toolbox



Land Tools



New Financial Tools



Alignment - Broader Community and Corporate Plans



Local Development Tools and Incentives



Competencies and Governance



2016 Financial Overview

Source	Amount for 2017
City of London (Operating - Admin) (Core Reserve Fund) (Capital – One time)	\$480,748 - no new allocations \$2,000,000 – Ongoing operating contribution \$1,600,000 - One-time allocation to reserve
Federal & Provincial Funding	\$260,000 – Admin funds to deliver programs
Total Operating	\$740,748
Total Capital	\$3,600,000
NEW: Surplus Land Asset Transfer	\$740,000 (Council: May 30, 2017)

Federal and Provincial funding varies from year to year (approx. \$10M in 2017).
One-time grants are applied for to enhance annualized funding and to support special projects.



2016 Project and Allocation Summary

- 161 affordable units created in 2016 with
- funding for 124 of those at ODSP, 70% or 80% AMR affordability levels
- Average cost per funded unit on the 3 2016 projects was \$70,000/unit noting the recovery of \$40,000/unit on municipally funded units.
- Total 2016 municipal investment: \$4m leveraging \$8.5m f/p
- Total f/p/m spending in 2016 was \$12.5 m
- Total in private equity and mortgage was \$12.5 m



Summary of What's Next 2017/18



- Finalize 2017 Projects (RFP currently out)
- Begin staging multi-year plans including HDC owned projects
- Finalize Design & Development Standards for Affordable Housing
- Establish a Toolbox of Local Programs to Advance Affordable Housing with the City (including Community Improvement Plan)
- Initiate work on regeneration in partnership with LMHC
- Establish mechanisms for other funding (e.g., foundation support, Canadian Housing Sector Bank)
- Establish a multi-year business and capital plan
- Integrate programs and services within a housing system
- Support City/Service Manager in revisions to local Housing Plan and local housing strategic projects



Governance Board



Dick BROUWER
Chair



Larry HAZEL
Treasurer



Vivian LUI
Secretary



Dan ROSS
Member



Louise STEVENS
Member

Staff Team



Stephen GIUSTIZIA
CEO



Neil WATSON
Development
Manager (Contract)



Melissa ESPINOZA
Business Manager



Isabel da ROCHA
Business Manager



Questions



Dick Brouwer,
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