



**HDC**

**Housing Development Corporation, London**

*Your trusted partner in enabling the developing of  
sustainable and affordable housing*

**2018 Shareholder Update  
and  
Strategic Plan 2019-2023**

**June 24, 2019**





# Message from CEO and Board Chair

To Municipal Council and Community Members:

There is a critical shortage of affordable housing across our community. The problem is getting worse and many are impacted, including:

- People living in vulnerable situations without housing;
- Those employed in low to moderate income jobs;
- People looking to call London, and this great area, their new home.
- Those who experience housing as a barrier to finding work;
- People who, without support, risk losing their homes; and

Together, we are responding to housing needs, but more action is required from all stakeholders. Local governments play an anchor role in advancing and encouraging this work. Affordable housing developments are considered municipal facilities, services, and part of the City's infrastructure because, like parks, roads, and water, they are critical to creating strong and inclusive communities. HDC is an instrument of Council that works with private developers, non-profit housing organizations, and others with the resources, plans, and programs needed to create more affordable housing to address local needs. HDC's partnership role with the City and others relies on a shared vision and plan.

This document includes a Report to the Shareholder on HDC's work in 2018 as well as a revised HDC Strategic Plan (2019-2023) that aligns with other local plans including the Homeless Prevention and Housing Plan, London Plan, and City's Strategic Plan. These plans reflect a "system approach" based on working together on housing solutions.

We look to Council's continued leadership and the engagement of our community to help provide housing stability for all.

**Dick Brower**  
Chair, HDC Board of Directors

**Stephen Giustizia**  
Chief Executive Officer, HDC



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# Housing Affordability Gap in London

**\$29,000/yr salary for retail/sales**

“Affordable” would be shelter costs at < \$750/m

**25% of all workers in sales and retail**

Labour market vacancies align with housing gap

**\$887/month**

**average 1 bdrm rent**  
Average available 1 bedroom unit is approx. \$1100/m

**2.1% rental market vacancy rate**

Much lower for affordable units

**3000 new affordable housing units are needed in London**

**\$415,000**

**average home price**  
Unattainable to those in seeking affordable housing

**300 + units needed per year to close this gap**

**14% of Londoners in core housing need**

4<sup>th</sup> highest in Canada

**40% of Londoners rent**

New rental stock is primarily higher priced / luxury units

**500 people experiencing chronic homelessness**

Requiring specialized housing with supports



# HDC: Helping to Close the Gap

London needs approximately 3000 affordable rental units across the city and for many populations to address these housing gaps. (Based on Canada Mortgage and Housing Corporation (CMHC) analysis in 2018)

- Without these units:
- More people will face rising housing costs and a lack of availability;
  - The local labour market will be impacted;
  - Social housing waitlists will continue to grow; and
  - London's housing affordability gap will continue to expand.

Creating 300 new units per year will help to close this gap, especially if these units can be advanced within a variety of programs that both prioritize local needs and blend into the respective communities. HDC was established with a mandate to enable this work.

HDC offers a unique approach to closing the gap, including:

- A small team of skilled leaders under the guidance of an expert Board of governance;
- Specialized industry knowledge and trust relations with stakeholders;
- A track record of advancing quality affordable housing that communities want;
- Specialized tools and practices that focus on development;
- Flexibility to learn and stack new programs, services and funding; and
- A willingness to continuously explore new ventures affordable developments.

HDC's work in negotiating agreements, navigating and stacking funding programs, advancing units in private developments, and working to creating new, viable and sustainable affordable developments has been recognized as a municipal best practice\* and a mechanism to achieving better affordable housing outcomes. (\*MMAH, 2017)



# HDC's Work Within a Housing System

Housing solutions requires working together within a housing system.

## HDC's unique and specialized role in this system is:

- Building new affordable housing inventory
- Creating policies and tools that support more affordable development
- Supporting partners committed to community based housing solutions
- Maximizing every dollar invested in affordable housing development
- Seizing opportunities that position affordable housing as part of strong and integrated communities

## HDC does this by:

- Helping to navigate pre-qualified partners housing organizations through complex development processes
- Enabling new programs by working in collaboration with the City on the required tools and resources
- Maintaining design and program guidelines that support tenants, developers, and communities
- Leveraging programs, funding, and land use/regeneration strategies
- Working with strong non-profit organizations to help them create long-term viable and sustainable housing projects
- Aligning with City services to enable housing solutions together
- Being a flexible, effective, efficient, and accountable organization

## In 2016...

**476** New units created

**\$8.8** Million of municipal funding leveraged

**\$45** Million in private equity, loans and investments







# 2018 Accomplishments

HDC enabled housing policies and programs to help create new affordable housing in London and Middlesex.

## In 2018, HDC's work included:

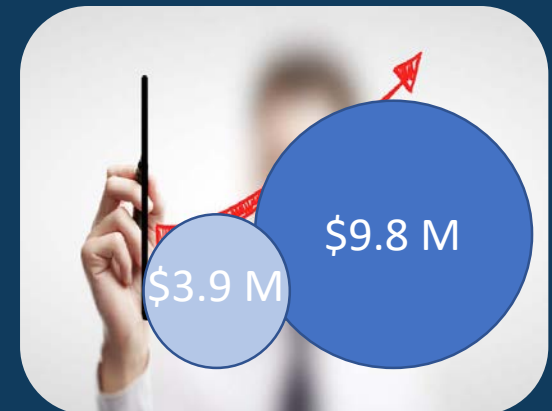
- Leveraging government programs, allowing municipal contributions to be reinvested to support future housing plans and 101 new approved units
- Working with City Planning and Development Services on streamlined planning and approval processes for affordable housing developments
- Negotiating 35 affordable units recommended and approved by Council through s.37 *Planning Act* "bonusing" in exchange for height and density
- Advancing 4 successful Co-Investment and 3 successful SEED Fund applications for community partners, through partnership with CMHC and their new National Housing Strategy programs
- Supporting readiness planning and detailed assessments of land and site potential related to public housing regeneration

## Additional 2018 Information on HDC:

- Appendix A: 2018 Development Activity
- Appendix B: 2018 Financials
- Appendix C: HDC Contributions to City's Multi-Year Strategy

## In 2018...

- 101** New units approved
- 4** New homeownerships funded through Habitat for Humanity
- 35** Units negotiated through bonusing
- \$3.9** Million of municipal funding leveraged
- \$9.8** Million in private equity, loans and investments





# HDC Strategy Map 2019-2023

## VISION

All members of the community have access to housing that is safe, secure, and suitable to their needs and ability to pay. *Housing Stability for All.*

## HDC'S WORK

Creating sustainable affordable housing throughout London and Middlesex. Supporting neighbourhoods that are inclusive of affordable housing. Working with others to create affordable housing that supports people, builds strong communities and stimulates economic growth.

## STRATEGIES



**1. A Partner in Great Housing Solutions**



**2. A Developer in New and Regenerative Community Based Housing**



**3. A Leader in Housing Policies and Programs**



**4. A Trusted and Accountable Organization**

## PRIORITIES AND INITIATIVES

Working with government programs to create new affordable housing supply.

Making it easier for groups and individuals to create new affordable housing.

Building strong, sustainable housing solutions.

Developing surplus lands to include affordable housing.

Creating partnerships to develop new models of affordable housing.

Supporting plans to regenerate social and public housing.

Helping to create and use authorities, programs and tools to advance affordable housing in new and regenerated developments.

Advancing new financing and development tools for affordable housing.

Providing value through effective business solutions and efficient service management.

Being a local and national leader in the housing sector.

Managing through strong sustainable governance.

## HDC BEHAVIOURS

Open Transparent Fair Honest Knowledgeable Experienced Reputable Credible





# Strategy 1: A Partner in Great Housing Solutions

## Intent of this Strategy

- Strong competent partners are engaged in affordable housing development
- Government funds are leveraged for the greatest benefit
- HDC work with pre-qualified partners on creating a business plan and ensure sustainable operation

## Expected Results

- Additional funding to generate affordable housing units
- Solid relationships with development sector and community organizations
- Simple processes for builders, developers and individuals to create affordable housing
- Aligned interests, processes and policies with City and related to housing development and regeneration of social housing properties
- Stronger partnerships with other orders of government and sector areas related to new affordable housing development

## Anticipated Outcome

- \* 200 additional units per year:
  - 150 units per year of mixed housing
  - 25 units per year for secondary suites and single units
  - 50 units every other year for specialized housing





# Strategy 2: A Developer in New and Regenerative Community Based Housing

## Intent of this Strategy

- All surplus public lands are reviewed for urban regeneration including affordable housing
- Social housing providers are supported in their regeneration plans
- Housing is created by working across sectors and with new partners

## Expected Results

- Stronger capital planning of public facilities to include exploring opportunities to stack housing development
- Activate surplus city and other government lands to advance developments inclusive of new affordable housing
- Aligned interests, processes and policies with City related to housing development and social regeneration

## Anticipated Outcome

- \* 50 additional units per year:
- Direct HDC lead development of surplus lands inclusive of affordable housing
- Initial site plans supporting LMCH Regeneration
- New policies and resources supporting municipal land acquisition and staging to include affordable housing





## Strategy 3: A Leader in Housing Policies and Programs

### Intent of this Strategy

- Additional housing and new development plans are created through innovative financing tools and resources
- Municipal tools are aligned to support and expedite the development of more affordable housing
- The community has clear expectations related to the need of affordable housing

### Expected Results

- Work with City on a Community Improvement Plan (CIP) as a basis for municipal programs, permissions, and supports to affordable housing
- Work with the City on a bonus policy that makes affordable housing a priority (or other similar such tools within new emerging provincial laws)
- Introduce new innovative approaches including a special purpose foundation to build a community advancing affordable development
- Build housing solutions that are based on best practices and services

**\*All projected unit outcomes remain subject to the associated multi-year strategy funding and any related provincial regulations.**

### Anticipated Outcome

- \* 50 additional units per year:**
  - Working with City Planning on bonusing units within multi-residential developments
  - Establishing standards that support many solutions to qualify for affordable housing options
  - Financial and resource strategy for new tools and approaches





# Strategy 4: A Trusted and Accountable Organization

## Intent of this Strategy

- Londoners trust and engage HDC as a stable well governed organization
- HDC is recognized as a supportive, competent and productive workplace
- HDC is respected by partners and stakeholders who value the services and support provided by HDC
- HDC is open and fair in its operations and administration

## Expected Results

- Improved HDC communications plans
- Finalize work with the City on a Shared Services Agreement
- Strategies to retain a strong and active Board
- Internal staff development and succession planning

## Anticipated Outcome

### Creating a strong organization by:

- Continuous improvement plans are advanced regularly creating a lean organization
- Integrated business policies and processes with City and HDC and with other government programs
- Succession strategies within the organization





# Anticipated Outcomes

The HDC Strategy builds on the Council-approved HDC mandate and business plans. HDC’s ability to achieve the outcomes summarized below relies on the City of London Multi-Year Strategy and budget requests summarized in Appendix C. It also remains subject to related provincial and federal laws and programs.

OUTCOMES	2019	2020	2021	2022	2023
• Increase affordable housing stock (3000 units needed)	*100	150	150	150	150
• Create a separate capital plan to advance specialized housing development		25	25	25	25
• Establish a secondary suite and other single unit conversions/development program (with City)		25	25	25	25
• Work with City on affordable housing bonusing within multi-residential developments	50	50	50	50	50
• Activate surplus lands		50	50	50	50
<b>Total per year</b>	<b>150</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>

\* 2019 is based on existing funding



# Anticipated Timelines

HDC’s strategy is intended to be flexible and responsive to changes in the economy, budget, and needs of the community. To ensure success, HDC will work in collaboration with the City, community, and other orders of government to hold us accountable in our measures and outcomes.

OUTCOMES	2019	2020	2021	2022	2023
• Advance a sustainable strategic plan for LMCH regeneration	→				
• Create a capital reserve for acquisition of schools and other surplus lands		→			
• Work with the City Planning to create a Community Improvement Plan and Affordable Housing Policy to advance affordable housing city-wide	→				
• Alignment of HDC strategic long term planning with City and key organizations	→				
• Establish a local affordable housing foundation			→		



# Appendix A: 2018 Development Activity

Location	Total Units	Affordable Units	Market Units	Status
516 Albert St.	31	27	4	Completed and Renting
27 Centre St.	61	46	15	Completed and Renting
356 Dundas St.	69	50	19	Under Construction
25 Centre St.	82	45	37	Under Construction
770 Whetter Ave.	54	50	4	Under Construction
1045 Dundas St.	41	41	0	Approved in 2018
1090 Hamilton Rd.	60	60	0	Approved in 2018
<b>Total</b>	<b>398</b>	<b>313</b>	<b>85</b>	

In 2018, HDC approved two multi-residential affordable housing rental developments for a total of 101 units.

1045 Dundas Street will have 41 affordable units. This development is owned by London Affordable Housing Foundation, a non-profit housing provider. This building has a 50 year affordability period.

1090 Hamilton Road will have 60 affordable units. This development is owned by Italian Seniors Project, a non-profit housing provider. This building has a 50 year affordability period.



1045 Dundas Street



1090 Hamilton Road





# Appendix B: 2018 Financials

Federal / Provincial Capital Funding	2018 Allocation	2019 Allocation
Social Infrastructure Fund	\$1,214,940 Invested in 1045 Dundas St.	n/a
Investment in Affordable Housing - Extension	\$5,560,960 Invested in 1090 Hamilton Rd.	\$2,469,725
NEW: Canada –Ontario Community Housing Initiative / Ontario Priorities Housing Initiative	n/a	\$ TBD

## Reserve Fund as at December 31, 2018

<b>Municipal Contribution Opening Balance</b>		<b>\$5,990,560</b>
Plus annual City contribution, interest and surplus		\$2,154,800
<b>2018 Drawdowns</b>		
Office Leasehold, 122 Baseline, Habitat for Humanity		(\$342,336)
<b>Closing Cash Balance</b>		<b>\$7,803,024</b>
<b>Less: Reserve Commitments</b>		
Ongoing Commitments Past Developments	(\$359,845)	
2018 New Developments: 1045 Dundas St. 1090 Hamilton Rd.	(\$3,933,100)	
122 Baseline Rd. Project (Initial Allocation from 2017)	(\$2,876,095)	
403 Thompson Rd. Project (Site Readiness Allocation from 2017)	(\$100,000)	
Miscellaneous Operating Expenses	(\$11,069)	
<b>Sub-Total Committed Funds to Date</b>		<b>(\$7,280,109)</b>
Funds Held for Future Administrative Expenses		(\$333,065)
<b>2018 Uncommitted Capital</b>		<b>\$189,850</b>



# Appendix C: HDC Contributions to City Multi-Year Strategy

The following table highlights HDC’s contributions to the City of London Strategic Plan (2020-23). These initiatives, addressing priority affordable housing solutions, remain subject to the City’s Multi-Year Budget. They support an integrated response to housing supply with investment growth from \$2,000,000 (current since 2000) to \$8,250,000 (by 2023).

City Multi-Year Strategy Reference: Strengthening our Community (SOC)	HDC Supported Strategies	Estimated Funding Requests	Outcome Measures
SOC-02: Specialized Housing Options	<b>Specialized Housing</b>	(new) \$1,100,000/yr. to \$1,250,000/yr.	25 units/yr. or 50 units every 2yrs. Priority populations Partner: Homeless Prevention
SOC-04: Innovation for Affordable Development	<b>Activating Surplus Lands</b>	(new) \$500,000/yr.	50 units/yr. New CIP supported through growth by 2021 Partner: Civic Administration
	<b>CIP/Municipal Tools</b>	(new) \$3,000,000/yr.	
	<b>Bonus Units (Or similar initiatives)</b>	\$0	50 units/yr. Negotiated and recommended Partner: City and Developers
SOC-05: More Affordable Stock	<b>HDC Core Funding</b>	(increase) \$2,500,000/yr. to \$3,000,000/yr.	150 units/yr. Mixed affordable housing Partner: Civic Administration
	<b>Secondary/Single Unit Program</b>	(new) \$500,000/yr.	25 units/yr. Partner: Civic Administration



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