TO:	**CHAIR AND MEMBERS COMMUNITY and PROTECTIVE SERVICES COMMITTEE MEETING ON, APRIL 28th, 2020**
FROM:	**SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME**
SUBJECT:	**AUTHORIZATION FOR CORE AREA ACTION PLAN FUNDING FOR A SPECIALIZED HOUSING DEVELOPMENT AT 744 DUNDAS ST.**

RECOMMENDATION

That, on the recommendation of the Managing Director, Housing, Social Services and Dearness Home and with the concurrence of the CEO and Board of the Housing Development Corporation, London (HDC) that the following actions **BE TAKEN** with respect to the proposed Specialized Housing development at 744 Dundas St., advanced by Indwell Community Homes:

1. **TO AUTHORIZE** and **APPROVE** allocations of:
   a) $4,000,000 as a forgivable loan; and
   b) up-to $500,000 as an interest-free repayable loan;
   as outlined in the attached Source of Financing (Appendix "A"); and

2. **TO DELEGATE** to the Managing Director, Housing, Social Services and Dearness Home or their written designate, authority to execute an affordable housing Contribution Agreement, currently being finalized through HDC in partnership with the City's Homeless Prevention Services, the City Solicitor, and Indwell Community Homes as proposed in the by-law attached (Appendix "B") and **TO INTRODUCE** the by-law at the Municipal Council Meeting to be held on May 5, 2020.

It is noted that these authorities remain subject to confirmation of the other sources of project financing and associated contribution agreements that are being pursued and will be executed through HDC, working in partnership with the City of London and Indwell.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Core Area Action Plan (SPPC: October 28, 2019)
- Approval of The Housing Stability for All Plan (HSAP) (CPSC: December 3, 2019)
- Housing Quarterly Report (CPSC: January 21, 2020)
- Municipal Council Approval of the Multi-Year Budget and Business Cases associated with the Core Area Action Plan (Council: March 2, 2020)

LINK TO STRATEGIC PLAN 2019-2023

This report addresses multiple aligned initiatives within the City's Multi-Year Strategic Plan and Multi-Year Budget, Housing Stability for All Plan, Core Area Action Plan (CAAP), and HDC's approved Strategic Plan.

Council's 2019 – 2023 Strategic Plan identifies 'Strengthening Our Community' and 'Building a Sustainable City' as strategic areas of focus. The Housing Stability Plan supports homeless prevention and housing stability priorities, including Strategic Initiative 2.3: Increase Supportive and Specialized Housing Options. The following Multi-Year Budget Approved Business Cases were advanced in part to support priority projects like this:

Business Case 6: Co-ordinated Informed Response
To find long-term housing stability for persons transition to housing with supports

Business Case 7: Core Area Action Plan (CAAP)
To create more purpose-built, sustainable affordable housing stock in London. It prioritized "specialized housing" - affordable housing with supports to identified persons at higher risk with integrated supports to daily living required to assist them in retaining housing stability.

Business Case 10: HDC Funding for More Affordable Housing
To support HDC's work with community partners to create new sustainable, affordable housing.

OVERVIEW

BACKGROUND:
This report recommends an allocation of CAAP program funds and the associated delegated authority to commit the funds to support a specialized housing project by Indwell Community Homes at 744 Dundas St. London. The recommendation is advanced by the City and HDC in partnership, noting that both parties continue to work with Indwell to advance this project to Canada Mortgage and Housing Corporation (CMHC) for an application to the National Housing Strategy Co-Investment Fund program for the balance of required funds.

Context:
Based on the rapidly growing need for housing with supports in London, in November 2018, HDC, in partnership with the City's Homeless Prevention and Housing service area, issued a Request for an Expressions of Interest (REOI) from pre-qualified ("rostered") non-profit organizations to advance a viable plan for a "specialized housing" development.

Specialized housing focuses on housing for persons experiencing or at imminent risk of homelessness and requiring housing with supports in a congregate environment designed and suited to the needs and promote the health of the tenant population.

The "specialized housing" model sought to advance a new development through coordinated planning, application of programs and funding, and focus on priority tenants and their supports. This innovative approach requires alignment between orders of government and involved sectors in support of a lead organization proven in advancing capital development and providing operational housing with support services. This partnership includes health sector representatives, City service area leads, HDC, and CMHC.

The REOI plan defined the priority need for specialized housing with supports for individuals and small family (predominantly adult and senior) households and related sub-populations. The intended tenant populations were defined in partnership with the City's Homeless Prevention Services (HPS) staff and health sector representatives.

The plan was based on the Coordinated Informed Response (CIR) used by local community agencies to solve homelessness through shared tools and strategies. CIR is based on a caring and compassionate response and enhanced services available for those experiencing homelessness to maintain housing stability and the related promotion and protection of the communities in which they reside.

Proponent: Indwell Community Homes
Indwell Community Homes was identified as the successful proponent to the REOI. Indwell entered into a Memorandum of Understanding (MOU) with HDC on March 1, 2019 and has worked together towards the approval of an affordable housing development at 744 Dundas St. Indwell is an experienced non-profit developer and direct deliverer of housing with supports to over 500 rental housing units across Southern Ontario. They build and provide affordable housing with supports that enhances the lives of their tenants and their surrounding communities.

Planning Timeline:
On July 18, 2019, the HDC Board approved the Indwell Community Homes project for Specialized Housing at 744 Dundas, subject to further work that remained outstanding to finalize a viable financial (capital and operating) plan and complete the necessary steps in site development plans and zoning requirements. Over the subsequent months, Indwell has worked with various City services and with the support of HPS and HDC to advance the proposed project at 744 Dundas to a state of viability and construction readiness.

During the same time period, Indwell was able to also acquire use of the new affordable housing development at 356 Dundas St. and established this site as a preliminary location for their housing with supports model / program in London.
On September 18, 2019, the HDC Board approved 2019 rental housing projects and funding allocations for the 744 Dundas Street site, which included support of the Indwell project advancing for future program funding, subject to the project's financial viability, site approvals, and final HDC CEO approval.

In March 2020, HPS and HDC met with Indwell and confirmed the shared interest of advancing the project at 744 Dundas, recognizing the required conditions had been met and confirmed.

On April 16, 2020, the HDC Board approved the Indwell project to advance for development, which requires the Council approval and delegated authority for the CAAP allocation as recommended in this report.

PROJECT DESCRIPTION:
Indwell's experience informed the design of 744 Dundas with modest units that are livable and adaptable to the needs of their tenants. Indwell works with communities and their tenants to design and manage housing that advances excellence in design and construction, including high-energy efficient "Passive Haus" construction to create buildings that foster stability and belonging.

The proposed development at 744 Dundas includes 72-units of rental housing on the site of the former Embassy Hotel. The interior of the building is structured in 3 sections. A commercial main floor space will provide space for services available to building tenants, the community, and for the establishment of a local office for Indwell staff. (Note: Only tenant related services are funded within the HDC contribution agreement).

The balance of the building is comprised of 72 (68 one-bedroom and 4 two-bedroom) residential units at rental rates geared to persons on social assistance and other fixed incomes. Prospective tenants will include persons identified through the health sector as well as tenants through local homeless prevention services. In all cases, tenant selection and supports will conform to London's Co-ordinated Informed Response process with 35 units allocated to work directly with Homeless Prevention Services.

Indwell's housing with supports model is funded in part through agreements with the Ministry of Health. These support services will also form part of the municipal Contribution Agreement(s) to ensure the recommended funding also achieves Council's CAAP program goals.

COMBINED MUNICIPAL ALLOCATIONS:
The financial and program plans for the 744 Dundas Street housing project have been designed to meet the program criteria for CMHC Co-Investment Funding. The municipal and other funding contributions will be used to support an application for additional project funding from CMHC's Co-Investment Program toward the required $18.1 M (est.) total project cost

The attached Appendix A Source of Financing remains subject to final CMHC application and approvals; however, any amendments to the project budget are not anticipated to alter the upset limit of the allocation recommended through the City's CAAP program funding.

Recommended City of London Funding:
The City's proposed allocation includes:

1. **$4,000,000** from the CAAP
2. **This** municipal allocation will be structured as a forgivable loan over a 50-year affordability period, there will be a requirement for ongoing work with HPS and expert tenant support services provided by Indwell.

3. An additional allocation of $500,000 will be provided as an interest free repayable loan, with repayment to occur within the construction period of the project. Allocation of any portion of these additional funds would only occur if deemed essential by HDC during the construction phase of the project to assist with cashflow. Any funds issued from this allocation would need to be repaid within the capital development phase of the project. .

HDC Approved Funding:
HDC's allocation includes:

1. A forgivable loan allocation from the HDC Reserve of $317,603;

2. An allocation of Ontario Priority Housing Initiative (OPHI) Year 2 funding of $682,397. This request will be advanced to the province directly by HDC; and

3. In kind contributions from HDC
   Where applicable, in-kind contributions including staff can be leveraged as municipal contributions to support the CMHC Co-Investment Fund application.

In all cases, the approved funding is subject to a final viable budget inclusive of CMHC final contributions, as determined by HDC and the City's delegated authority.

All municipally administered or allocated funding will be secured on title through a Contribution Agreement to be prepared and advanced by HDC with assistance from the City Solicitor and Homeless Prevention and Housing Services.

Indwell will also work with HDC on the potential to access the City's new Community Improvement Plan for Affordable Housing. These funds are not identified in the Source of Financing as they are required to be repaid in full and are subject to a separate process.

NEXT STEPS

Financial Impacts:
All City, HDC, and Service Management funding will be secured within available budget allocations prior to the start of work. The CMHC Co-Investment Fund requires a separate application process to confirm the allocation. This should not interfere with project timelines.

Approval Process:
It is anticipated that the project at 744 Dundas will be able to start construction in the coming months, with a goal of completion prior to 2022. Over the course of the next months, the balance of funding will be confirmed, Contribution Agreement(s) finalized and signed between the parties and site readied for construction. These activities will be supported by HDC.

Covid-19 Impacts:
Work with Indwell on next steps required to advance this project may be impacted by the current State of Emergency underway to mitigate the spread of Covid-19. Further updates on this project and Covid-19 related impacts will be addressed through the City's Quarterly Reporting updates on the Housing Stability Plan.

PREPARED BY:	**SUBMITTED BY:**
ISABEL DA ROCHA **BUSINESS AND PROGRAM MANAGER, HOUSING DEVELOPMENT CORPORATION, LONDON (HDC)**	**CRAIG COOPER MANAGER, HOUSING, SOCIAL SERVICES AND DEARNESS HOME**
CONCURRED BY:	**RECOMMENDED AND CONCURRED BY:**
STEPHEN GIUSTIZIA, **CEO, HOUSING DEVELOPMENT CORPORATION, LONDON (HDC)**	**SANDRA DATARS BERE** **MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME AND BOARD HOUSING DEVELOPMENT CORPORATION, LONDON (HDC)**

Att. Appendix "A": Source of Financing from Financial Planning and Policy
Appendix "B": By-law to Delegate Authority

c: Dave Purdy, Manager, Housing Services, HSSDH
Alan Dunbar, Manager, Financial Planning & Policy, Finance and Corporate Services,
David Mounteer, Solicitor II, Legal and Corporate Services,
Gregg Barrett, Director, City Planning and City Planner
Britt O'Hagan, Manager, City Building and Design
Board, Housing Development Corporation, London

APPENDIX 'A'

#20059

Chair and Members
Community and Protective Services Committee

April 28, 2020
(Specialized Housing Support)

RE: Specialized Housing - 744 Dundas Street
(Subledger NT20GG03)
Capital Project SH1101 - New Housing Units with Support
Indwell Community Homes

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the total cost of this project can be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Housing, Social Services and Dearness Home, the detailed source of financing for this project is:

SUMMARY OF ESTIMATED EXPENDITURES		Approved Budget	Committed to Date	This Submission		Balance for Future Work
Specialized Housing Forgivable Loan				*4,000,000*		
Specialized Housing Repayable Loan				*500,000*		
New Housing Units with Support	2)	$5,000,000	$0	$4,500,000		$500,000
NET ESTIMATED EXPENDITURES		**$5,000,000**	**$0**	**$4,500,000**	1)	**$500,000**
SUMMARY OF FINANCING:						
Drawdown from Social Housing Major Repairs, Upgrades & Stabilization R.F.	3)	$5,000,000	$0	$4,500,000		$500,000
TOTAL FINANCING		**$5,000,000**	**$0**	**$4,500,000**		**$500,000**

1) **Financial Note:**

The total budget for this specialized housing project **is estimated** to be $18.1 million. Through the City's Homeless Prevention service area, the City is contributing $4.5 million ($4.0 million forgivable plus $0.5 million repayable).

	$ millions
City Contribution (from Homeless Prevention Service Area)	
Specialized Housing Grant (Forgivable Loan)	$4.0
Specialized Housing Loan (Repayable)	0.5
Subtotal City Contribution	**4.5**
CMHC Co-investment Contribution [a]	5.5
CMHC Co-investment Loan [a]	5.4
Development Charges Demolition Credits	1.1
Housing Development Corporation (HDC) Contribution	1.0
Donations to Indwell Community Homes	1.0
Other Contributions	0.1
Specialized Housing Loan (repaid within two years)	(0.5)
Total Estimated Building Cost	**$18.1**

a *The application for CMHC Co-investment funding is made by Indwell Community Homes with funds flowing through Indwell. The HDC is involved as advisors only. The contribution and loan amounts are estimated at this time - to be confirmed through the CMHC application. The co-investment loan becomes a low interest mortgage held by Indwell.*

2) With the 2020-2023 Multi-Year Budget, Council approved $5 million for New Housing Units with Supports (Business Case #7 - Core Area Action Plan; Initiative #22). The City's contribution to this project from this funding includes a $4 million forgivable loan and a $0.5 million repayable loan (to be repaid within two years).

Any amendments to the project budget are not anticipated to alter the upset limit of the allocation recommended from London's funding contribution.

3) Per Council resolution dated August 27, 2019, the funding returned from the London Medical Network was deposited in the Social Housing Major Repairs, Upgrades & Stabilization Reserve Fund to be used as source of financing to develop permanent housing with supports for mental health and addictions. With the 2020-2023 Multi-Year Budget, this reserve fund was approved as a funding source for business case #7 - Core Area Action Plan noted in 2) above.

4) The City's financial commitments for the Specialized Housing development at 744 Dundas Street by Indwell Community Homes do not reflect the full approved cost of the project, noting that the viability of the project remains conditional on other funding applications.

5) Annual operating expenses will be funded by the Local Health Integration Network (LHIN) (costs for supports) plus rent and lease revenue. The City of London will not be responsible for ongoing operating expenses.

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Jason Davies
Manager of Financial Planning & Policy

Appendix B

Bill No.

By-law No.

A By-law to delegate the authority to sign Affordable Housing Contribution Agreements relating to the supply of affordable housing at 744 Dundas Street to the Managing Director, Housing, Social Services and Dearness Home, or their written designate.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 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 section 23.1 of the *Municipal Act, 2001* provides that a municipality may delegate its powers and duties to a person or body subject to the restrictions set out in that section of the *Municipal Act, 2001*;

AND WHEREAS The Corporation of the City of London (the "City") has by by-law adopted a Delegation of Powers and Duties Policy;

AND WHEREAS it is deemed expedient for the City to delegate the authority to sign Affordable Housing Contribution Agreements relating to the supply of affordable housing at 744 Dundas Street to the Managing Director, Housing, Social Services and Dearness Home, or their written designate;

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

1. The the authority to sign Affordable Housing Contribution Agreements relating to the supply of affordable housing at 744 Dundas Street is hereby delegated to the Managing Director, Housing, Social Services and Dearness Home, or their written designate;

2. Scope of Power:

a) The municipality may revoke any delegation under this by-law at any time without notice;
b) Nothing in this delegation shall limit the municipality's right to revoke the delegation beyond the term of the council that made the delegation;
c) Both the municipality and the delegate can exercise the powers delegated under this by-law;

3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading –
Third reading –