



# Annual Shareholder Report

2019

Housing Development Corporation, London

City of London, Strategic Priorities and Policy Committee (SPPC)  
Meeting of June 9, 2020



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# Message from HDC

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To the City of London Mayor and Council as Sole Shareholder and the Community:

This report highlights HDC's work and achievements in 2019 with planned activities on community developments, next business plans, and direct land development; all with a heightened focus on those in greatest need. Ongoing updates will continue to be shared through the Housing Stability for All Plan and the City's Multi-Year Strategy reporting.

2019 was a busy and challenging year for HDC - along with all municipal housing services. There was dedication to helping create new community housing strategies, plans, policies, budget considerations, and housing developments. At the same time, there remained a rapidly growing housing crisis and work being done to define the best structure for the housing services system.

Over its three years of operation, HDC has continued to adjust services and approaches. In 2019, HDC attracted investments that helped achieve some of the highest number of units at the lowest cost and best return on value anywhere in Canada. These actions occur when there is alignment between capable and ready community organizations, the support of strong local plans - including the Housing Stability for All Plan, and the required resources and investments – including those recently approved by Council.

Notwithstanding these achievements, the London area continues to experience some of the greatest housing affordability challenges in Canada. The lack of available affordable stock, increasing rents and housing prices, and a changing economy are impacting the housing stability of more and more households.

And now, the impact of a global pandemic is only accentuating the needs of those facing housing instability. Recovery from this crisis will rely on all orders of governments and all sectors to continue to invest in housing as community facilities and essential municipal infrastructure that helps people engage in their community and activate the economy.

HDC extends thanks to the work of our local community and non-profit housing organizations, developers, builders, and the various government service areas that pull together to create new affordable housing. The commitment to our continued work is now more important than ever.



Craig Cooper, HDC Board Chair



Stephen Giustizia, HDC CEO

# HDC Role and Services

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## The Role of HDC:

HDC is an incubator and enabler of affordable rental housing development. It was established as a focused and specialized body to:

- Work with private, non-profit, and government sectors to enable and advance the development of affordable rental housing
- Engage in partnership with the City to advance its housing infrastructure needs
- Operate independently to acquire and advance land for affordable housing development

Creating affordable rental housing takes time and requires dedicated expertise and capacity to work through the complex processes and various government requirements. HDC supports the interests of developers, their plans, and available resources to generate the opportunity for available investments that create sustainable affordable rental housing for those who require it.

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## HDC Services

Successful affordable rental housing development requires meeting the needs of the residents and acts as a stabilizing force for the community. Planning and creating sustainable affordable rental developments requires specialized knowledge and experience. HDC services include:

- Navigating the complex tasks associated with planning new affordable rental housing developments, including viable and sustainable capital and operating budgets (proformas)
- Researching and providing information related to the housing sector and local needs
- Providing partner organizations with consultation and services related to accessing and stacking funding and programs and matching them to the proposed project plans and resources
- Promoting co-operation, partnerships and initiatives between non-profit organizations, community agencies, private sector and all levels of government to improve access to affordable rental housing stock for low to mid income households
- Providing specific affordable rental housing design and development considerations to address needs in the community
- Navigating municipal tools, programs, permissions, and incentives
- Directly supporting pre-qualified [rostered partners](#) (see HDC website) and development plans through the municipal approval pre-development and construction related processes
- Administering government funding to support construction timelines and manage project risk
- Acting as a neutral third-party negotiator for Section 37 Bousing, for those developers seeking additional height and density in exchange for affordable rental housing.

# The HDC Difference

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HDC provides private sector developers and community and non-profit organizations the specialized support needed to plan and advance affordable rental housing projects. This includes:

- Acting as a consultant to building design, land use planning, finance and development process for social housing regeneration and redevelopment
- Ensuring cost effective capital build plans and operating budgets are sustainable and realistic
- Bridging the various application processes and requirements related to affordable rental housing development, with the developer and all orders of government
- Working together with our partners on plans that are aligned with local housing needs and that are flexible to future needs
- Championing innovation related to affordable rental housing development with the focus on building strong sustainable housing in strong communities
- Bridging land and development opportunities including those related to surplus lands including schools, hospitals, church land or other community-based land redevelopment
- The ability to negotiate units, acquire lands, and help social housing providers use available tools to regenerate their community sites
- Supporting developments to advance excellence in design
- Ensuring those working on affordable rental housing developments are using best practices in creating strong viable projects

Together, these actions advance the goal of creating as many affordable rental units as possible for those that lack housing stability.

Since 2016, HDC has helped to create, build, and secure approximately 600 new affordable rental housing units in our community. These units provide housing for people with low to moderate incomes and to others identified within the local [Housing Stability for All Plan](#).



# HDC and Alignment with Local Plans



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HDC was initiated and created through community plans identified in Ontario’s first integrated homeless prevention and housing plan: The London Community Housing Strategy (2010).

This report aligns HDC’s business activities to the associated initiatives within the HDC Strategy, Council’s Multi-Year Strategic Plan and budget (2019-2023) and the local Housing Stability for All Plan. These further align to the work and actions envisioned in the London Plan.

These aligned functions reflect the same needs and strategies that helped define the role and focus of HDC. This work continues within current local housing strategies and plans. HDC’s business solutions are intended to work together within a broader municipal services environment and to advance a “housing system” approach to supporting the needs of our community.

The specialized focus of HDC has helped to produce new programs, approaches, and processes that have resulted in increased value to the investments made by all orders of government and partners.

Although the work done and the strategies and budgets developed in 2019 reflect strong results and commitments, the critical need for affordable rental housing stock has only since been amplified and will rely even more on the continued aligned work of all City service areas and community partners.



# HDC Affordable Rental Housing Initiatives

There are many strategies and approaches that support the creation of long-term sustainable affordable rental housing in the community. Not all of these are applicable to all environments or to all housing developments.

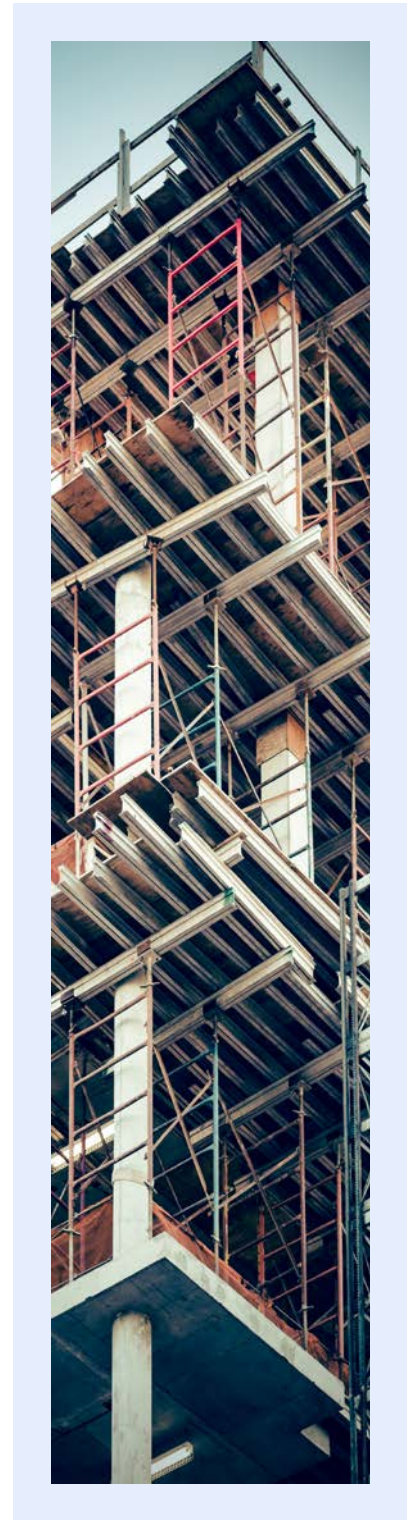
HDC works with knowledge of the local housing market and trends to advance strategies that align with resources, programs and opportunities. HDC also works with the City to advance the necessary programs, permissions, and authorities required to expedite housing as critical municipal infrastructure.

This coordinated approach helps HDC attract and leverage government and community investments, maximize land use, create new partnerships, influence new policies, and provides the procedural framework to support achieving the greatest number of new affordable rental housing units possible.

HDC's business activities must respond to current and future community needs and local housing strategies. These are best defined by the following four initiatives:

- Creating more partnerships for affordable housing development;
- Negotiating more affordable housing units in private developments;
- Advancing and regenerating land for more affordable housing development; and
- Attracting funding and investment tools to support the long-term continuation of this work.

The following sections provide an overview of the processes and related 2019 accomplishments for these initiatives, including the associated actions anticipated in 2020 and beyond.



# Partnerships in Development

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## Overview

HDC actively works with the community to help create affordable rental housing through partnerships with private and non-profit housing developers.

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## Process

The work of building affordable rental housing for those in need relies on first building the interests, capacity, and direct engagement of private sector builders and developers, non-profit housing organizations, other orders of government, and other community-based organizations.

This work involves creating partnerships, navigating permissions, authorities, funding, plans and development with very tight margins to help create strong sustainable affordable rental housing infrastructure with centuries of projected lifespan.

HDC works with pre-qualified [rostered partners](#) through a distinct procurement process. This is similar to practices that are used in other business incubation and innovation labs. This process allows HDC to help incubate sustainable developments and create best value. This is done through a multi-phased approach. Steps may include readying the organization and pre-planning, feasibility and site planning, establishing viability and securing investments.

HDC uses its advancing industry expertise to work with partners to:

- Provide services to private and non-profit housing developers to help build affordable rental housing in London and Middlesex, and to meet the growing needs of our community;
  - Advance building design, land use planning, and proforma expertise specific to affordable rental housing development;
  - Successfully plan and implement developments by providing proven and streamlined processes that result in significant cost reductions, reduced risk and prudent decision making;
  - Assist in obtaining capital funding towards a multi-residential development in exchange for unit rents lower than the average market rent; and
  - Guide successfully funded developments through construction to occupancy.
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## Accomplishments

### In 2019:

- Two developments advanced to create 100 new units: 440 Clarke Road, and 329-331 Richmond Street See: *2019 Development Activity; Appendix A*
- HDC advanced funding to secure these developments while making application to advance other government funding which resulted in an average HDC cost of \$1,177 per unit
- Total municipal investment of \$117,745 leveraging \$34,437,707 in other funding
- 123 units from past approvals were completed and occupied
- Affordability period duration sustained at 50 years

### To date since the start of HDC:

- 498 units were approved for funding for an HDC average of 125 units/year despite increased cost of construction
- 215 units are now completed with full occupancy
- Total municipal investment of \$7,030,780 leveraging \$105,565,100 in other funding (the total cost of developments in Appendix B chart)
- Affordability period duration between 30 to 50 years

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## What's Next

HDC is working with Indwell Community Homes on an affordable rental housing development at 744 Dundas Street. The building will consist of one-bedroom and two-bedroom units for a total of 72 units. This development will be a "specialized housing" model – focused on housing that is designed and operated to support specific housing needs and will provide tenants with a broad range of housing supports such as health, wellness and belonging. Construction is expected to start in 2020 with a completion expected in late 2021.

Additional projects are in the various stages of planning with HDC rostered partners to create a virtual pipeline of future affordable rental housing development projects.

More information about approved developments can be found at [www.hdclondon.ca](http://www.hdclondon.ca).

### Strategic Alignment and Related Web Links

**HDC Strategy:** [A Partner in Great Housing Solutions](#)  
**City's Strategic Plan:** [Strengthening Our Community \(02 and 05\)](#)  
**Housing Stability for All Plan:** [Strategy 2: Creating More Housing Stock](#)

# Negotiated Units (Bonusing)

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## Overview

Section 37 of the Planning Act allows municipalities to secure public benefits in exchange for allowing a developer to increase the height and density of their building beyond the normal zoning permissions. Since 2018, London has used this “bonusing” provision to support the creation of new affordable rental housing.

HDC works as a neutral third-party negotiator between the City and developers to support negotiations for bonusing in exchange for affordable rental housing.

HDC supports this process by providing information and guidance, facilitated negotiations, and the provision of fair recommendations to the City of London’s Development Services in response to the interests of the associated developer, considerations of local housing needs and priorities, requirements of the Planning Act, and the potential of bonusing for affordable rental housing within Council’s land use planning and housing related policies.

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## Process

The City’s Pre-Application and Application Development Review Process provide opportunities for Section 37 Bonusing for the purpose of housing affordability. Development Services will first refer a developer to HDC for consultation and then the recommended units are implemented through a Council approved Zoning By-law. This is completely funded by the developer.

The units are secured through a development agreement which speaks to:

- The number of affordable rental housing units to be provided
  - The percentage of Average Market Rent (as per CMHC) to be charged
  - The period of affordability in years
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## Accomplishments

### In 2019:

- 53 new affordable rental housing units have been approved by Council through bonus zoning and legal agreements, with no additional cost to the municipality
- Aligned 36 of the 53 units for tenants in need of housing with supports, including through partnerships with Homeless Prevention Services

### Since implementation of bonusing for affordable rental housing (2018):

- 88 new affordable rental housing units have been approved by Council through bonus zone amendments and legal agreements, with no additional cost to the municipality
- Average one-bedroom rents at approximately \$815/month compared to approximate market rent at \$1,024/month (This is based on the 2019 rental market. Actual unit rates will be subject to the rates at the time of their construction)
- Average negotiated affordability period: 20-25 years

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## What's Next

The future of bonusing will be determined through the City's Rethink Zoning Program. HDC has been identified as a local resource to inform the new City by-law for the Program. Until the new Rethink by-law is in force and effect, and as long as Development Services allows for the use of Bonusing, HDC shall continue to pursue Section 37 for affordable rental housing.

More information about Section 37 Bonusing can be found at [www.hdclondon.ca](http://www.hdclondon.ca).

### Strategic Alignment and Related Web Links

**HDC Strategy:** [A Leader in Housing Policies and Programs](#)  
**City's Strategic Plan:** [Strengthening Our Community \(05\)](#)  
**Housing Stability for All Plan:** [Strategy 2: Creating More Housing Stock](#)



# Land and Development

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## Overview

HDC was established to support residential development on infill, surplus, or other strategic lands to advance new developments and build complete communities, inclusive of affordable rental housing. This includes surplus public lands which could be municipal or other lands such as surplus school sites.

HDC was also established to support work for regeneration of social housing lands, starting with the significant regeneration plans being advanced by London Middlesex Community Housing (LMCH). This work was also anticipated within the City's blueprint for growth – the London Plan. It will be guided by the LMCH Strategic Plan and Housing Stability for All Plan.

HDC's work together with its partners will enhance the use of these lands towards affordable rental housing in new and innovative ways.

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## Process

HDC works with City of London, property owners, and service professionals to assess and, where appropriate, access and ready lands for affordable rental housing development. Steps include:

- Land feasibility assessment and planning
- Establishing project and financial viability
- Site due diligence and preliminary engineering, including preparing materials associated with the development approvals process and land readiness
- Finalizing program applications and funding
- Project management and construction administration

The function of HDC's work in land and development, alongside its other initiatives, means reduced costs associated with pre-planning and land acquisition and improving overall land use and capacity.

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## Accomplishments

### In 2019:

- 122 Baseline Road West is underway, and 403 Thompson Road is under site assessment  
*See: 2019 Development Activity; Appendix A*
- Completed pre-application consultation with the City related to development of 122 Baseline Road West
- Progressing on land use planning permissions to prepare the lands for their highest and best community value, inclusive of affordable rental housing development
- Successfully negotiated agreements to purchase two surplus school sites
- HDC supports LMCH's pre-planning assessments, reports, and development recommendations related to their regeneration plans

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## What's Next

HDC has finalized assessments and will soon be closing on agreements to purchase two vacant surplus school sites. The next steps will include navigating through the complex tasks associated with planning and readying these lands for development and construction of more affordable rental housing. These future housing plans are envisioned to be integrated into the surrounding communities and display best practice in retaining and increasing the community's value in these assets.

This work, which was a primary reason in establishing HDC as a specialized entity, requires additional effort by HDC, the community, and the City to advance the associated permissions and "tools" to support this work.

More information about Land Development can be found at [www.hdclondon.ca](http://www.hdclondon.ca).

### Strategic Alignment and Related Web Links

|  |  |
|--|--|
| <b>HDC Strategy:</b>                   | <a href="#"><u>A Developer in New and Regenerative Community Based Housing</u></a> |
| <b>City's Strategic Plan:</b>          | <a href="#"><u>Strengthening Our Community (04)</u></a>                            |
| <b>Housing Stability for All Plan:</b> | <a href="#"><u>Strategy 2: Creating More Housing Stock</u></a>                     |

# Investment Tools

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## Overview

HDC helps organizations navigate the evolving landscape of available capital investment programs related to affordable rental housing development. These programs, and the associated processes related to advancing development, are lengthy and complex. Many funding programs have individual program interests and guidelines.

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## Process

HDC works with private and non-profit housing developers on capital and operating budgets in order to determine equity and finance requirements necessary to ensure a proposed development is viable and sustainable for the long-term. HDC is then able to determine the appropriate funding source and amount required; at which point, HDC can navigate the complexities in order to stack available programs.

With roster partner support and approval, HDC may complete and submit funding applications on their behalf which results in an in-kind contribution towards the affordable rental housing development.

HDC continues to review the potential to establish a community land trust and foundation specific to the business of affordable housing development.

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## Accomplishments

### In 2019:

- Advanced new approaches to accessing and stacking government investments and aligning program requirements with project needs and budgets
- Created new business alliance agreements that allow HDC, providers, and other sectors groups to collaborate on creating specialized housing developments
- Revised 2 project proformas for housing developments already underway to support their rapid applications and access \$17,108,453 of additional government funding
- Leveraged local contributions on 4 developments to access \$33.5 million in grant and low-interest loans through CMHC Co-Investment Fund
- Worked with the City to create a Community Improvement Plan for Affordable Rental Housing that was approved by Council and funded within the Multi-Year budget

### To date since the start of HDC:

- Successfully reconfigured 5 development plans and budgets in order to incorporate the Co-Investment Fund, leveraging approximately \$38 million in grant and low-interest loans
- Assisted in the creation of the Development Charges Alternative Payment Agreement offered through City of London Development Services

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## What's Next

In 2020, HDC will be looking to utilize the federal/provincial "Ontario Priorities Housing Initiative" (OPHI) Year 2 funding for new rental housing. This funding has been allocated and planning has begun on future developments for OPHI Year 3 funding.

HDC will also continue work with the City and CMHC to advance local programs, permissions and funding as well as advancing plans with all levels of government that assist in expediting affordable rental housing development.

### Strategic Alignment and Related Web Links

|  |  |
|--|--|
| <b>HDC Strategy:</b>                   | <a href="#"><u>A Leader in Housing Policies and Programs</u></a> |
| <b>City's Strategic Plan:</b>          | <a href="#"><u>Strengthening Our Community (04 and 05)</u></a>   |
| <b>Housing Stability for All Plan:</b> | <a href="#"><u>Strategy 2: Creating More Housing Stock</u></a>   |

# Appendix A: HDC Strategy

**HDC's Work:** Helping to create sustainable affordable rental housing throughout London and Middlesex. Supporting people and communities that are strong and inclusive of affordable housing.

## STRATEGIC AREAS OF FOCUS



A Partner in Great Housing Solutions



A Developer in New and Regenerative Community Based Housing



A Leader in Housing Policies and Programs



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

*Your trusted partner in developing sustainable and affordable housing*

# Appendix B: 2019 Development Activity



## Youth Opportunities Unlimited (YOU)

YOU's "Joan's Place" development at 329-331 Richmond Street will be an affordable rental building focused on youth.

This development is a "Specialized Housing" project focused on housing with supports. It also was advanced through a partnership approach, including work with the City's Homeless Prevention team and other community service providers.

The new site will have a mix of affordable and market rent one and two-bedroom units, totaling 35 units.



## Zerin Development Corp.

Zerin Development Corp. has been a long-time provider of social housing. Zerin was able to leverage their holdings and modify their organizational structure to support their next generation of development – starting with 440 Clarke Road.

This mixed development will include units for priority populations at deeper affordability as well as units at and slightly above the median market rent. It will have a mix of one and two-bedroom affordable and market rent units, totaling 65 units.



## 122 Baseline Road W.

The City of London transferred vacant surplus lands known municipally as 122 Baseline Road W. to HDC in December 2018.

HDC is now making application to Development Services for a combined Official Plan and Zoning By-law Amendment. The proposed amendment will provide for a low-rise, four-story, 61-unit residential apartment building that integrates into and compliments into the surrounding neighbourhood.



## 403 Thompson Road

The City of London transferred vacant surplus lands known municipally as 403 Thompson Rd. to HDC in December 2018.

HDC is currently in the process of site assessment and other due diligence as part of the pre-development activities related to this site.



## Total HDC Development Activity Through Partnerships

| Address   | Affordable Units | Market Units | Total Units | Approved | Status                        |
|---|------------------|--------------|-------------|----------|-------------------------------|
| 516 Albert St., Strathroy<br>London Property Corp.      | 27               | 4            | 31          | 2016     | Completed and renting in 2018 |
| 27 Centre St.<br>Escalade Property Corp.                | 46               | 15           | 61          | 2016     | Completed and renting in 2018 |
| 356 Dundas St<br>Indwell Community Homes                | 50               | 19           | 69          | 2016     | Completed and renting in 2019 |
| 770 Whetter Ave.<br>Homes Unlimited Inc.                | 50               | 4            | 54          | 2017     | Completed and renting in 2019 |
| 25 Centre St.<br>Escalade Property Corp.                | 45               | 37           | 82          | 2017     | Projected completion in 2021  |
| 1045 Dundas St.<br>London Affordable Housing Foundation | 41               | 0            | 41          | 2018     | Projected completion in 2020  |
| 1090 Hamilton Rd.<br>Italian Seniors Project            | 54               | 6            | 60          | 2018     | Projected completion in 2020  |
| 440 Clarke Rd.<br>Zerin Development Corp.               | 33               | 32           | 65          | 2019     | Construction start in 2020    |
| 329-331 Richmond St.<br>Youth Opportunities Unlimited   | 35               | 0            | 35          | 2019     | Construction start in 2020    |
| <b>Total</b>  | <b>381*</b>      | <b>117**</b> | <b>498</b>  |          |                               |

\*In addition, HDC had inherited 226-230 Dundas St., 193 Clarke Road and 534 Albert St., Strathroy.

\*\*Market units in the above developments are rented at or slightly above the average market rent. These rents are considered affordable in relation to the local housing market. Market rents in affordable developments also help fund lower rents while stabilizing the entire project.

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For more information on these, and other HDC developments that are completed or currently underway, please visit [www.hdclondon.ca](http://www.hdclondon.ca).

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# Appendix C: 2019 Financials

| Federal/Provincial Capital Funding                   | 2019 Allocation<br>(April 1, 2019 to<br>March 31, 2020) | 2020 Allocation<br>(April 1, 2020 to<br>March 31, 2021) |
|--|---|---|
| Investment in Affordable Housing – Extension (IAH-E) | \$2,469,725   | N/A   |
| Ontario Priorities Housing Initiative (OPHI)         | \$4,302,900   | \$682,397   |

**DRAFT**  
**HDC Reserve Fund Analysis**  
as at December 31, 2019

|   |             |                   |
|---|-------------|-------------------|
| 2019 Opening Cash Balance                     |             | \$ 7,803,024      |
| Plus annual City contribution and interest    |             | 2,183,800         |
| Less: 2019 Drawdowns <sup>1</sup>             |             | (3,245,067)       |
| 2019 Closing Cash Balance <sup>1</sup>        |             | 6,741,756         |
| Less: Reserve Commitments                     |             |                   |
| 329-331 Richmond Street                       | (100,000)   |                   |
| 1090 Hamilton Road                            | (140,738)   |                   |
| 122 Baseline Road                             | (2,861,868) |                   |
| 403 Thompson Road                             | (91,092)    |                   |
| 1958 Duluth Crescent                          | (1,995,379) |                   |
| 18 Elm Street                                 | (1,036,564) |                   |
| Investment support additional land resourcing | (50,000)    |                   |
| Miscellaneous Operating Expenses              | (1,569)     |                   |
| Subtotal Committed Funds to Date              |             | (6,277,210)       |
| Administrative Funds (Future Expenses)        |             | <u>(300,487)</u>  |
| 2019 Uncommitted Capital                      |             | <u>\$ 264,059</u> |

Note 1: Drawdowns include \$214,205 disbursement for loan receivable to reflect cash balance of reserve fund presented above. In the audited financial statements Note 6: Analysis of Reserve Fund the \$214,205 part of the equity balance of \$6,955,961.



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