

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON NOVEMBER 3, 2020
FROM:	KEVIN DICKINS ACTING MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	CAPITAL REPAIR AND IMPROVEMENT PROGRAM LOAN FUNDING REQUEST

RECOMMENDATION

That, on the recommendation of the Acting Managing Director, Housing, Social Services and Dearness Home;

The following actions be taken with respect to this report:

- a) The Capital Repair and Improvement Loan of \$535,260 for capital repairs in accordance with By-law No. A.-7519-79 attached as "Schedule 1", along with \$251,566 of Canada-Ontario Community Housing Initiative (COCHI) funding, for a total allocation to The Spirit of 1919 Co-Operative Inc. in the amount of \$786,826 **BE APPROVED**;
- b) The financing for the loan identified in a) above **BE APPROVED** in accordance with the "Sources of Financing Report" attached, hereto, as Appendix 'A';

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Municipal Council Approval of Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI), Approval of Ontario Transfer Payment Agreement (CPSC: June 17, 2019)
- Capital Repair and Improvement Program – Approval of Loan Agreement (CPSC: August 12, 2020)

BACKGROUND

Link to Corporate Strategic Plan

Administering the Capital Repair and Improvement Program links to the Corporate Strategic Plan's key area of focus of "Strengthening our Community", specifically:

- Reduce the Number of Individuals and Families Experiencing Chronic Homelessness or At Risk of Becoming Homeless

Link to Housing Stability Action Plan

Administering the Capital Repair and Improvement Program links to the Housing Stability Action Plan Strategic Initiative 2.2.c "Support long-term capital planning for social housing providers to address renovation and repair needs".

Intent of this Report

Request approval for loan funding to The Spirit of 1919 Co-Operative Inc. located at 2 Bonaventure Drive in London as recommended by the Acting Managing Director, Housing Social Services and Dearness Home.

Background

Under the *Housing Services Act, 2011*, the City of London was identified as the Service Manager responsible for administering the delivery of social housing in the City of London and the County of Middlesex.

Within London and Middlesex County, there are 63 Social Housing Providers (excluding London Middlesex Housing Corporation) who manage approximately 3,300 rent-geared-to-income units. Through the recent completion of the Building Condition Assessment and Reserve Fund Studies, which analyzed capital requirements for those 63 Social Housing Providers, a \$63,842,095 forecasted infrastructure gap by 2025 was identified.

As the social/community housing sector faces the challenge of aging infrastructures and longer lead time for capital project execution, the intent of the Capital Repairs and Improvement Program (“Program”) is to provide additional funding mechanisms that allow greater support and flexibility for housing providers.

The Program will provide non-profit and co-op housing providers the opportunity to access capital funding through a centralized application process. All approved requests through the Program will be funded in the form of either a grant, an interest-free loan with a repayment plan, or a combination of both.

On August 25, 2020, the Municipal Council approved the standard Capital Repair and Improvement Loan Agreement for the Program and approved the Acting Managing Director, Housing, Social Services and Dearness Home, or his/her designate, to execute the agreement on behalf of the City upon obtaining approval of the loan amount in accordance to By-law No. A.-7519-79 (“Schedule 1”).

Since Municipal Council’s approval of the standard Capital Repair and Improvement Loan Agreement for the Program, Housing Services has coordinated with Finance to develop and finalize the Capital Loan process. At any point in time the approval of grants or loans within this program are subject to a review of the available balance in the Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund, which was established to provide funding support for major capital repairs and upgrades to maintain existing social housing units managed by non-profit and co-op housing providers.

Request for Capital Loan

The Spirit of 1919 Co-Operative Inc. (“Co-Operative”) is a social housing provider in the city’s service management area. It is a townhouse complex with twenty-four (24) two-bedroom units, thirty-eight (38) three-bedroom units, and sixteen (16) four-bedroom units located at 2 Bonaventure Drive in London. The complex was built in 1988. The Co-operative’s current capital reserve fund balance is \$391,653, and generated an average annual surplus of \$26,050 over the last three years. The Co-operative also contributes over \$60,000 annually to its capital reserve fund as required by the *Housing Services Act, 2011*.

The Building Condition Assessment (BCA) completed in 2019 for the building identified the windows and storm doors are in poor condition, where several units are experiencing drafts and water infiltration. In addition, vinyl siding is near its end of useful life and several locations are beginning to lift and break. To avoid further deterioration and potential structure integrity concern, the repair and replacement of these elements should be addressed immediately.

A funding application was submitted to the Housing Division by the Co-Operative to rationalize the capital works planned, options reviewed, and budget and project plan submitted with technical documentation as per the Program guidelines. Upon Housing Division’s review of the application documents, and the Co-Operative’s capital reserve fund and financial resources, it is recommended that the Co-Operative receive an allocation of \$251,566 COCHI funding, funded 100% by the Province; and up to \$535,260 in an interest-free loan funding, repayable in equal installments within ten (10) years. The funding will be utilized for the following repairs:

a) Window Replacement	\$ 233,896
b) Front & Rear Storm Door Replacement	\$ 70,200
c) Vinyl Siding Replacement	\$ 416,400
d) Project Management	\$ 66,330
Total Capital Request	\$ 786,826
COCHI Funding	\$ 251,566
Loan Funding	\$ 535,260
Total Funding	\$ 786,826

FINANCIAL IMPACT

Capital Repairs and Improvement projects utilizing the COCHI funding (\$251,566) are funded 100% by the Province and are not subject to any cost sharing requirements by the City.

Capital Repair and Improvement projects utilizing the Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund (\$535,260) will be approved based on By-law No. A.-7519-79 attached as "Schedule 1", where projects with a value of \$100,000 or greater for each occurrence shall be approved by Municipal Council. The Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund has sufficient funding to accommodate this loan allocation as outlined in the Source of Financing Report attached as Appendix "A".

PREPARED BY:	SUBMITTED BY:
MENG LIU MANAGER, HOUSING ADMINISTRATION AND SUPPORT	DAVE PURDY MANAGER, HOUSING SERVICES
RECOMMENDED BY:	
KEVIN DICKINS ACTING MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME	

- C: Annette Ripepi, Financial Business Administrator
 Kyle Murray, Director Financial Planning & Business Support
 Jason Davies, Manager of Financial Planning & Policy

APPENDIX "A"

Chair and Members
Community & Protective Services Committee

#20156
November 3, 2020

RE: Capital Repairs - 2 Bonaventure Drive
The Spirit of 1919 Co-operative Inc. - \$786,826.00 (including H.S.T.)

FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the loan funding request can be accommodated from the Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund, and that subject to the adoption of the recommendation of the Acting Managing Director, Housing, Social Services and Dearness Home, the detailed source of financing for this request is:

<u>ESTIMATED EXPENDITURES</u>	<u>This Submission</u>
2 Bonaventure Drive - The Spirit of 1919 Co-operative Inc.	\$786,826
NET ESTIMATED EXPENDITURES	<u>\$786,826</u>
<u>SOURCE OF FINANCING</u>	
Drawdown from Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund (Loan)	1) \$535,260
COCHI (Canada-Ontario Community Housing Initiative) Funding (Provincial Funding) (Grant)	\$251,566
TOTAL FINANCING	<u>\$786,826</u>

- 1) The uncommitted balance in the Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund will be approximately \$9.8M with the inclusion of this project.

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Kyle Murray
Director, Financing Planning & Business Support

Bill No. 101
2017

By-law No. A.-7519-79

A by-law to repeal and replace By-law A.-6041-647 being "A by-law to establish the Social Housing Major Repairs and Upgrades Stabilization Reserve Fund."

WHEREAS section 9 of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality has all of the rights, powers and privileges of a natural person;

AND WHEREAS subsection 10(1) of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality may pass by-laws respecting the financial management of the municipality (paragraph 3) and services or things that the municipality is authorized to provide under subsection 10(1) (paragraph 7);

AND WHEREAS Section 417 of the *Municipal Act, R.S.O. 2001, C.25*, as amended, provides that a municipality may establish a reserve fund for any purpose for which it has authority to spend money;

AND WHEREAS it has been deemed expedient to repeal and replace the current stabilization reserve fund to provide funding support for major capital repairs and upgrades to maintain existing social housing stock managed by non-profit and co-op housing providers.

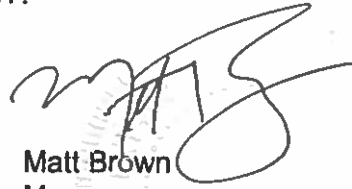
NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. A reserve fund is hereby established to be known as the "Social Housing Major Repairs, Upgrades and Stabilization Reserve Fund" (hereinafter called the "Fund").
2. The monies standing in the Fund shall be used by The Corporation of the City of London to provide for major capital repairs and upgrades to maintain existing social housing units managed by non-profit and co-op housing providers.
3. Monies with a value of less than \$100,000 for each occurrence can be expended by the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate for the purposes outlined in section 2 of this by-law.
4. Before monies with a value of \$100,000 or greater for each occurrence are expended from the Fund for the purposes outlined in section 2 of this by-law, the approval of the Municipal Council shall be given to the allocation of such monies from the Fund.
5. Any subsequent monies raised through the annual property tax levy to be used as a contribution to the Fund shall be deposited to the Fund by the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate.
6. The Managing Director, Corporate Services and City Treasurer, Chief Financial Officer or designate may invest the monies standing in the Fund in such securities as are permitted under subsection 418(1) of the *Municipal Act, 2001*, as amended, and in so doing, may consolidate the monies standing in the Fund with other funds that the Corporation may hold from time to time provided that any earnings derived from the monies standing in the Fund shall accrue to and form part of the Fund.
7. Notwithstanding that provision may not be made by the Municipal Council in the estimates of the current or any subsequent year for contributions to the Fund, it shall continue and be maintained, and the Municipal Council shall always be taken as considering the Fund as necessary so long as this by-law continues in force.


8. By-law A.-6041-647 being "A by-law to establish the Social Housing Major Repairs and Upgrades Stabilization Reserve Fund", passed by Municipal Council on October 23, 2006, is hereby repealed.

9. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council on March 2, 2017.



Matt Brown
Mayor



Catharine Saunders
City Clerk

First Reading - March 2, 2017
Second Reading - March 2, 2017
Third Reading - March 2, 2017