

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Kevin Dickins, Acting Managing Director, Housing, Social Services and Dearness Home and
Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Subject: Transition Plan Progress Report – Housing Development Corporation, London (HDC)

Date: March 9, 2021

Recommendation

That, on the recommendation of the Acting Managing Director, Housing, Social Services and Dearness Home, the Managing Director, Corporate Services and the City Treasurer, Chief Financial Officer, and concurrence of the Managing Director, Corporate Services and City Solicitor that the following actions be taken with respect to the proposed restructuring of the Housing Development Corporation, London (HDC), next steps and timelines;

- a) That, the report dated March 9, 2021 titled “Transition Plan Progress Report – Housing Development Corporation, London (HDC)”, Be Received; and
- b) That, the Civic Administration Be Directed to work and report back on the recommendations to winding up the Housing Development Corporation, (HDC) London when it has been confirmed that all commitments and functions of the HDC have been assumed by the City.

Executive Summary

At the Municipal Council, meeting held on January 12, 2021 it was resolved that the Civic Administration be directed “to bring forward the necessary by-laws and documentation to dissolve Housing Development Corporation, London (HDC) and to integrate the affordable housing portfolio into the Corporation of City of London’s Corporate Structure with an implementation timeline of Q2 2021”; and, that the Civic Administration be directed “to undertake all other actions required to support the effective implementation, consistent with the City’s Service Manager legislated responsibility and report back on a recommended course of action”.

The purpose of this report is to provide Municipal Council with an update on the process being taken to effectively transition the HDC into the Civic Administration corporate structure including the ongoing business commitments of the HDC and the ongoing corporate entity it represents.

Linkage to the Corporate Strategic Plan

Strengthening Our Community

- Londoners have access to the supports they need to be successful
- Londoners are engaged and have a sense of belonging in their neighbourhoods and community
- London’s neighbourhoods have a strong character and sense of place

Leading in Public Service

- Increase efficiency and effectiveness of service delivery
- Maintain London’s finances in transparent and well-planner manner to provide equity and affordability over the long term

Analysis

1.0 Background Information

During the January 12, 2021 Municipal Council meeting, Civic Administration committed to providing a report back to the Strategic Priorities and Policy Committee in Q1 of 2021 with an update on the transition plans to integrate the Housing Development Corporation, London (HDC) into the Civic Administration.

Stemming from the January 12, 2021 Municipal Council meeting and building from the information gathered throughout the most recent functional review of the Housing Development Corporation, London (HDC) much work has been undertaken to ensure a fulsome understanding and catalogue of the contractual obligations related to all housing development projects. Additionally, an emphasis on business continuity related to the ongoing commitments of HDC continues to be communicated, while detailed integration plans continue to be finalized related to operational and governance matters to ensure a seamless transition into a new Civic Administration structure.

1.1 Previous Reports Related to this Matter

- Item # 2.3 - Strategic Priorities and Policy Committee – March 26, 2018
- Item # 4.4 - Strategic Priorities and Policy Committee – April 8, 2019
- Item # 2.2 - Strategic Priorities and Policy Committee – August 26, 2019
- Item # 4.1 - Strategic Priorities and Policy Committee – September 16, 2020
- Item # 2.2 - Strategic Priorities and Policy Committee – April 28, 2020
- Item # 3.1 - Strategic Priorities and Policy Committee – June 9, 2020

2.0 Discussion and Considerations

2.1 Business Priorities:

The Housing Development Corporation, London (HDC) continues to be heavily involved in multiple development projects, including those under City of London leadership, directly linked to the Federal Rapid Housing Initiative (RHI), specifically the modular built form projects. These and other critical affordable housing development projects remain top priority for Civic Administration. As such, the respective development companies rostered with HDC have been informed in writing that any ongoing projects will continue in development and will be captured as part of an inventory of business commitments made by the HDC.

HDC has retained Miller Thomson LLP to catalog the legal commitments of the HDC. Once the Miller Thomson LLP has completed the inventory, City staff will present this information to Council, along with such further recommendations as may be advisable.

The City Solicitor has advised that while it should be possible for all existing legal commitments of the HDC to be successfully assumed by the City, the HDC should be retained as a shell company until it has been confirmed that all the City's housing development objectives can be accomplished by the municipal corporation itself.

Civic Administration continues to review and confirm existing priorities and procedures that would allow for the full integration of HDC into the Civic Administration structure. This includes the confirmation that there will be no change in priority status related to surplus school properties. Currently any such property when offered to the HDC, is done so on behalf of the Consolidated Municipal Service Manager (CMSM), which is in fact the City of London. Therefore, the City of London will maintain this priority status moving forward.

2.2 Operational Priorities:

Civic Administration along with the Board and Staff of HDC continue to meet regularly to map out and share information related to the integration efforts. This includes matters

related to Human Resources and Department structure within the Civic Administration Organizational Chart.

Recently it was shared with the HDC Board and Staff that the HDC team would be integrated into the Civic Administration structure as part of a newly formed, and still being designed, Municipal Housing Development team, under the soon to be created Planning and Economic Development Service Area. The transition from the current HDC model to the Municipal Housing Development team will continue through varying levels of engagement across the Civic Administration teams and with involvement from HDC.

The transition into the new Civic Administration organizational structure for HDC will coincide with ongoing City of London restructuring efforts with an aim for May 4, 2021. Ongoing progress continues to occur between all parties and through the involvement of the City of London Human Resources department.

3.0 Financial Impact/Considerations

As part of the transition of the HDC into the Municipal Housing Development team, existing approved budgets will be transferred from the HDC to the City of London. Budget savings resulting from the implementation of the changes will be re-allocated to support the construction of new affordable housing units as they are realized.

Conclusion

The need for affordable housing in the city of London continues to be a top priority, and as such the continuity of business for HDC during this transition period remains of great interest to Civic Administration and the efforts to move affordable housing projects along. As such and through direct communication to HDC, it remains business as usual at this time.

The Civic Administration recommends that the Housing Development Corporation, London (HDC) be retained as a *shell* corporation beyond the transition timeline of May 4, 2021 until it can be satisfied that all commitments and business functions of the HDC can be honoured and absorbed by the City. Ongoing evaluation of the value of retaining the corporate entity will be carried out.

Civic Administration will continue to follow the thorough process that is in place to successfully transition the HDC into the Planning and Economic Development Service Area within the yet to be finalized Municipal Housing Development team by May 4, 2021.

All existing contractual obligations of the HDC are being catalogued by a third party and will be shared with the City of London in due time. This exercise will help inform the next stages of the integration process and once the cataloguing process has been completed, Civic Administration will report back to Municipal Council to outline said commitments and the process for executing on them.

Recommended by: Kevin Dickins, Acting Managing Director, Housing, Social Services and Dearness Home

Recommended by: Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

Concurred by: Barry Card, Managing Director, Corporate Services and City Solicitor