

TO:	CHAIR AND MEMBERS COUNCIL HOUSING LEADERSHIP COMMITTEE MEETING ON April 11, 2013
FROM:	L. STEVENS DIRECTOR, MUNICIPAL HOUSING HOUSING & SOCIAL SERVICES
SUBJECT:	CONVERT-TO-RENT/REHABILITATION PROGRAM AT 390 BURWELL STREET

RECOMMENDATION

1. That, on the recommendation of the Director of Municipal Housing, the following actions with respect to the Convert-to-Rent/Rehabilitation Program BE APPROVED:
 - a. Homes Unlimited (London) Inc. receive a municipal allocation of \$40,542.00 for one (1) unit at 390 Burwell Street; and
 - b. The recommendation be forwarded to the Community & Protective Services Committee on April 22, 2013 along with a Sources of Financing Report for the municipal allocation of \$40,542.

2. That, on the recommendation of the Director of Municipal Housing, and in accordance with Municipal Housing Facilities By-Law No A.-5814-11, the attached by-law BE INTRODUCED at the Municipal Council being held on April 30, 2013 to approve the Amendment to the Grant Agreement pertaining to the above-noted proposal substantially in the form of agreement appended to the aforementioned by-law and to the satisfaction of the City Solicitor, and to authorize the Mayor and the City Clerk to execute the said Amendment.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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COMMUNITY AND PROTECTIVE SERVICES COMMITTEE

November 25, 2002 – Affordable Housing \$2M Capital Reserve Fund Conditional Allocation
 September 9, 2003 – Convert-to-Rent Operating Agreement, Authorization for Mayor and Clerk to Execute
 March 29, 2004 – Convert-to-Rent Pilot Program and Old East village BIA

COUNCIL HOUSING LEADERSHIP COMMITTEE

September 13, 2005 – Convert-to-Rent Pilot Program Evaluation
 March 7, 2006 – Convert-to-Rent Program Evaluation
 April 3, 2007 – Convert-to-Rent/Rehab Proposal
 March 21, 2012 – Proposed New Convert-to-Rent / Rehabilitation Program

BACKGROUND

London Community Housing Strategy

The London Community Housing Strategy (LCHS) plan, approved by Municipal Council in June 2010, represents an integrated and comprehensive approach that calls for a continued investment and action from all orders of government and from other sectors. It builds on local successes and addresses local needs in the continuum from streets to home ownership. The LCHS recommends a mix of system design, program, political advocacy, service delivery, and administrative recommendations that combine with 1,200 proposed new housing units.

The intention of the LCHS is to establish a more integrated and strategic approach that enhances our community's capacity to ensure all Londoners have a home. The LCHS also informs other community plans and services, noting that housing is integral to building healthy and sustainable communities.



Convert-To-Rent / Rehabilitation Program

The City of London Convert-To-Rent/Rehabilitation (CTR/Rehab) Assistance Program, approved by Council in March 2006, provides financial assistance up to \$48,000 per unit, for properties with seven units or less (up to a maximum of \$250,000 per year):

1. to convert non-residential properties into affordable self-contained rental housing units;
2. for substantial rehabilitation of rental buildings that are vacant and uninhabitable;
3. rehabilitation of existing rental units and special needs modifications

The rents for units approved under the CTR/Rehab Program are set at 70% of the Canada Mortgage & Housing Corporation (CMHC) Average Market Rents established annually in October.

The CTR/Rehab Program boundaries cover a designated area to include the Old East Village Community Improvement Plan area, the downtown Community Improvement Plan area and the properties fronting on Dundas Street between these two areas. Exceptions to these geographic areas will continue to be reviewed, on a case-by-case basis, for specific properties outside the program area that meet all other criteria.

All work must be completed within 18 months of receiving notice of funding approval. The Convert-To-Rent Municipal Contribution Agreement with successful proponents must be registered on title.

Proposals Approved Under Convert-to-Rent To-Date

Under the Convert-to-Rent/Rehabilitation Assistance program, with the added assistance of the Canada Mortgage & Housing Corporation (CMHC) Residential Rehabilitation Assistance Program (RRAP), 52 units to-date were approved by the City of London:

- 225 Dundas Street, 5 apartment units
- 614 Dundas Street East, 2 apartment units
- 658 Dundas Street East, 2 apartment units
- 874 Dundas Street East, 2 apartment units
- 773 Dundas Street East, 1 apartment unit
- 610 Dundas Street East, 1 apartment unit
- 572 Dundas Street East, 10 apartment units
- 260 Clarence Street, 6 apartment units
- 343 Richmond Street, 16 apartment units
- 392 Richmond Street, 7 apartment units

For more than 35 years, the CMHC RRAP Program assisted homeowners to make health and safety repairs to their homes. That program ended March 31, 2012.

In the absence of the CMHC RRAP program, the City of London Convert-To-Rent/Rehabilitation (CTR/Rehab) Assistance Program financial assistance was increased up to \$48,000 per unit, for properties with seven units or less (up to a maximum of \$520,000 or ten units per year).

Proposal from Homes Unlimited at 390 Burwell Street

Homes Unlimited (London) Inc. is a non-profit corporation formed in 1972 to provide affordable rental housing primarily for families of modest income. The corporation and its sister organization Odell-Jalna Residences of London own and operate 445 affordable housing units in seven locations with a mix of townhomes and apartments. For over fifteen years, the properties have been managed by Arnsby Property Management.

Ormah Gibson Tower located at 390 Burwell Street was funded under the Canada-Ontario Affordable Housing Program and the City of London and opened February 1, 2006. The building has ninety (90) apartment units with two (2) commercial units at the front of the building. One commercial unit is occupied by Homes Unlimited and the other commercial unit has been vacant for a number of years. The building includes one, two and three bedroom units, 12 wheelchair-accessible units, meeting/activity room, laundry room and onsite super. Units are rented to small families and single adults. Rents are set at the CMHC AMR. Homes Unlimited is proposing to convert one of the commercial units into a one-bedroom residential unit.

FINANCIAL IMPACT

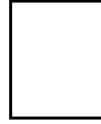
Funding for the delivery of the Convert-to-Rent/Rehabilitation Program is drawn from the Affordable Housing Reserve Fund.

Recommendation

It is recommended that the proposal from Homes Unlimited (London) Inc. for the conversion of one unit from commercial to rental at 390 Burwell Street under the Convert-to-Rent/Rehabilitation Program be approved for a total of \$40,542.

RECOMMENDED BY:
LOUISE STEVENS DIRECTOR OF MUNICIPAL HOUSING

- cc. N. Watson, Housing Development Consultant
- D. Mounteer, Solicitor
- A.L. Barbon, Manager, Financial Planning & Policy



Bill No. 197

By-law No. A.-_____

A by-law to approve an amendment to the grant agreement between The Corporation of the City of London (the City) and Homes Unlimited (London) Inc. (the Proponent)

WHEREAS section 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 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 The Corporation of the City of London (the City) is responsible for the delivery and administration of affordable housing initiatives including affordable rental housing programs, convert-to-rent programs and other initiatives;

AND WHEREAS the Proponent has responded to the procurement process initiated by the City to undertake development activities in return for funding;

AND WHEREAS it is deemed expedient for the City to enter into an amendment to the grant agreement with the Proponent for the purpose of establishing the Proponent's obligations with respect to the Convert-to-Rent/Rehabilitation Program and the City's obligation to provide funding to the Proponent;

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

1. An amendment to the grant agreement between the City and the Proponent for the purpose of establishing the Proponent's obligations with respect to the Convert-to-Rent/Rehabilitation Program and the City's obligation to provide funding to the Proponent be hereby approved.
2. The Mayor and the City Clerk be hereby authorized to execute the amendment to the grant agreement approved in section 1, above, substantially in the form of agreement attached to this by-law and to the satisfaction of the City Solicitor.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on April 30, 2013.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading – April 30, 2013
Second reading – April 30, 2013
Third reading – April 30, 2013

Agenda Item #

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Appendix A

Source of Financing

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Appendix B

**AMENDMENT
TO
GRANT AGREEMENT
AFFORDABLE HOUSING CAPITAL RESERVE FUND**

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON
(hereinafter called the "CITY")

- and -

HOMES UNLIMITED (LONDON) INC.
a corporation incorporated under the laws of Ontario
(hereinafter called the "Non-Profit")

This Agreement made the day of ____ 2013.

WHEREAS:

- A. The City and the Non-Profit entered into an agreement (the "Agreement") on March 14, 2005 wherein the Non-Profit agreed to construct 90 apartments in the City of London (the "Project").
- B. Section 11.1 indicates the City will provide to the Non-Profit a grant of \$1,895,343 City Funds as also described in Schedule "C".
- C. The parties have agreed to amend the Agreement as provided for herein:

NOW THEREFORE, the City and the Non-Profit agree with each other that the Agreement shall be amended as follows:

- 1. To provide for the conversion of non-residential space into a one bedroom apartment with a rent that will not exceed 80% of the Canada Mortgage Housing Corporation Average Market Rent, for a total of 91 units at 390 Burwell Street in the City of London;
- 2. An additional \$40,542 will be provided by the City as a forgivable loan to convert the non-residential unit into a one bedroom residential unit;
- 3. The Non-Profit shall sign a Promissory Note in the form attached hereto in the amount of the \$40,542;

4. The rent charged for the one bedroom apartment at the start of occupancy will not exceed \$571 per month and include heat and water;
5. That tenant(s) gross household income from all sources can be no greater than five (5) times their monthly occupancy cost. The Non-Profit will be required to check the income for the prospective tenant(s) to ensure compliance with this requirement at initial occupancy ("rent up") and when any new tenant(s) are selected as ensuing vacancies occur during the twenty (20) year period following the unit completion date.
6. The forgivable loan will be in place for a term of 20 years starting at occupancy.

All other Terms and Conditions in the aforementioned Agreement shall remain in full force and effect.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

THE CORPORATION OF THE CITY OF LONDON

Joe Fontana, Mayor

Catharine Saunders, City Clerk

HOMES UNLIMITED (LONDON) INC.

Robert Spano, President

Carmen Sprovieri, Treasurer

We have the authority to bind the Corporation

Appendix C

PROMISSORY NOTE

City of London Convert-To-Rent / Rehabilitation Assistance Program

LOAN AMOUNT	AMORTIZATION PERIOD	NON-PROFIT
\$40,542	20 Years	Homes Unlimited (London)

The forgivable loan amount of forty thousand, five hundred & forty two dollars (\$40,542) shall, if the Non-Profit fails to comply with the terms of the application for loan, become due and payable to The Corporation of the City of London on demand.

This note is made in accordance with the terms of the loan dated on _____ 2013 for the premises described as unit 1 at 390 Burwell Street, London

It is understood that if the said premises are sold without the consent of the City of London or if there is any other breach of the terms of loan agreement the whole balance shall become due and payable as stipulated above.

The Non-Profit hereby confirms that we are the owner(s) of the said property.

Robert Spano, President

Carmen Sprovieri, Treasurer

_____ day of _____ 2013

We have the authority to bind the Corporation.

Agenda Item #

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