

Report to Community and Protective Services Committee

To: Chair and Members, Community and Protective Services Committee Meeting
From: George Kotsifas, Deputy City Manager, Planning and Economic Development
Subject: Authorization and Delegations to Advance Urgent Housing Projects
Date: November 2, 2021

Recommendation

That, on the recommendation of the Deputy City Manager Planning and Economic Development, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council Meeting to be held November 16, 2021 to:

- (a) **AUTHORIZE AND APPROVE** the standard form "Rapid Housing Initiative (RHI) Agreement", substantially in the form of the agreement attached as Schedule 1 to be completed in accordance with Round 2 of the RHI program between Canada Mortgage and Housing Corporation (CMHC) and The Corporation of the City of London;
- (b) **DELEGATE** the duties of the City as Recipient to the Round 2 "Rapid Housing Initiative (RHI) Agreement", related to project plans, administration, development approvals, program and project management, oversight and progress attestation requirements noted within the CMHC Agreements, to Housing Development Corporation, London (HDC) as agent for the City;
- (c) **AUTHORIZE AND DELEGATE** the Deputy City Manager Planning and Economic Development to execute any such agreements, amendments, or similar such program agreements that may be required by CMHC under Round 2 RHI or similar such CMHC capital investment funding programs and agreements that may be required to advance the City's identified Urgent Housing with Supports projects. These agreements are within approved budgets and do not increase the indebtedness or contingent liabilities of The Corporation of the City of London.

Executive Summary

This report recommends the City of London's continued participation in the "Rapid Housing Initiative (RHI)" through a second agreement with Canada Mortgage and Housing Corporation (CMHC) and through continued delegated authority to Housing Development Corporation, London (HDC) to advance and deliver RHI Round 2 project plans and related activities, working in partnership with Civic Administration.

In alignment with the City's Urgent Housing Strategy, Round 1 of CMHC's RHI program (\$7.5M), advanced the creation of 33 new affordable rental housing units within the 61-unit development at 122 Base Line Road West. Construction of this first of three priority sites identified by HDC and Civic Administration is tracking on-time for completion by December 31, 2021 and first occupancy in January 2022.

The remaining two priority development sites being readied for RHI Round 2 are 403 Thompson Road and 345 Sylvan Street. In order to advance affordable housing funding approvals and project plans for these two sites, and in accordance with Council's direction emerging from the December 15, 2020 meeting of its Community and Protective Services Committee (CPSC), this report seeks the required authorities and delegations to execute agreements and initiate contracts and capital construction for the noted remaining two priority development sites as quickly as possible.

Any updates will be reported back to Council through either this specific urgent housing initiative or through other existing housing strategy or budget reporting tools.

Linkage to the Corporate Strategic Plan

This report advances the work of the London Community Recovery Network, London's Housing Stability Action Plan, and the City of London's Multi-Year Strategy.

The [London Community Recovery Network](#) (LCRN) is working in partnership with the community to identify solutions that will drive recovery that is inclusive to all Londoners. This includes building individual, family, and community resilience through housing stability as London moves beyond the global COVID-19 pandemic.

The [Housing Stability Action Plan](#) (HSAP) focuses on increasing affordable and quality housing options for individuals and families, reducing the number of individuals and families experiencing homelessness, and supporting improved access to mental health and addiction services.

Council's direction to Civic Administration emerging from the December 15, 2020 report to CPSC on Urgent Housing, directed staff to "continue advancing opportunities to develop additional properties to create up to 150 units" to address local urgent housing needs.

Background

1.0 Background Information

1.1 Previous Reports Related to this Matter

- [Homeless Prevention Covid 19 Response Extension \(and other Canada Ontario Housing funding extensions provided through the Province of Ontario\)](#) (CPSC: Aug 31, 2021)
- [Housing Stability for All Plan 2020 Update](#) (CPSC: May 11, 2021)

- [Homeless Prevention - COVID-19 Response](#) (CPSC: March 30, 2021)
- [Letter of Mayor Holder to CPSC Re: 3000 Unit Challenge](#) (CPSC: March 30, 2021)
- [Municipal Council Approval of the Housing Stability Plan 2019 to 2024](#) (CPSC: December 3, 2020)
- [Update on Urgent Transitional and Modular Supported Housing Development Report on July 15, 2020](#) (CPSC: December 15, 2020)
- [Canada Mortgage and Housing Corporation \(CMHC\) Seed and Rapid Housing Initiative \(RHI\) Agreements](#) (CPSC: November 3, 2020)
- [Homeless Prevention COVID-19 Response and Funding Overview](#) (CPSC: April 28, 2020)
- [Canada's COVID-19 Economic Response Plan Funding Agreement](#) (CPSC: April 28, 2020)
- [Council Approved "Canada-Ontario Community Housing Initiative..." and associated delegation of Authority to HDC](#) (CPSC: June 17, 2019)
- [Council Approved "Delegation of the Rental Housing Component ...for the Development of Affordable Housing to the Housing Development Corporation, London \(HDC\)" and related previous reports.](#) (CPSC: July 18, 2017)

2.0 Discussions and Considerations

2.1 Urgent Housing Initiative – Status Update

To advance the urgent housing strategies and initiatives of the City of London's Housing Stability Action Plan (HSAP), and the "Specialized Housing" strategy approved by Council within the City's Multi-Year Budget, the City Manager established an internal Housing Enterprise Action Team to support a collaborative housing system approach to deliver on these strategies and related work. Through this work, it was established that development activities related to the urgent housing strategies and initiatives, including RHI program delivery, are being led by HDC in alignment with its delegated authorities by Council; and, building management, operations, and specialized housing and tenancy strategy considerations are being managed through Housing Stability Services together with partner community agencies, and with support through Planning and Economic Development.

Development plans related to current urgent housing initiatives that are being advanced by HDC and supported through the Housing Enterprise Action Team to align with CMHC's RHI program (and other funding programs) include new affordable rental housing developments at three priority sites, as identified by HDC and Civic Administration in the City's Urgent Housing Strategy:

1. 122 Base Line Road West
 - HDC owned vacant lands; re-zoned by HDC to create 61 units.
 - CMHC RHI Major Cities stream funding application approved (Round 1).
 - Currently under development.
2. 403 Thompson Road
 - HDC owned vacant lands; re-zoned by HDC to create 44 units.
 - Application for funding under RHI Round 1 Projects Stream declined.

- Application for funding revised and resubmitted under RHI Round 2 Major Cities Stream, which has been approved.
 - Project plans currently under review for Site Plan Approval and Building Permit submission is anticipated in late November/early December 2021.
3. 345 Sylvan Street
- City owned lands; demolition of the existing former group home was managed by HDC to prepare vacant lands that are development ready.
 - Re-zoned by HDC to create 42 units; Council approved zoning is currently under appeal to the Ontario Land Tribunal (OLT).
 - Application for funding under RHI Round 1 Projects Stream declined.
 - Application for funding revised and resubmitted under RHI Round 2 Projects Stream; status pending at the time of writing this report. Should the CMHC RHI Round 2 application be declined for a second time, HDC/City will investigate sources of financing through other CMHC and government funding programs.
 - Project plans currently under review for Site Plan Approval and Building Permit submission is anticipated in late November/early December 2021.
 - Site Plan and development approvals remain subject to the process and timeline of the OLT, and a decision of the OLT to uphold the Council approved zoning.

HDC completed the due diligence, preliminary engineering, prequalification and other procurement processes required to ready the lands at 122 Base Line and 403 Thompson, and at 345 Sylvan Street through Council's delegated authority. This work included establishing EllisDon Corporation (EllisDon) as the successful proponent to advance the urgent housing plans related to the three identified priority development sites.

HDC and the City's Housing Enterprise Action Team are also working to advance other sites in an effort to establish London's ongoing preparedness and capacity to continuously create new affordable rental housing developments directly and with community partners, as capacity allows, to meet specific local needs. These strategies will be further defined within the pending report related to Council's implementation plan to create 3000 units in 5 years.

2.2 [CMHC's Rapid Housing Initiative \(RHI\)](#)

London's Allocation - Round 1

The City received \$7.5M through the CMHC RHI Major Cities Stream Round 1 to create 33 units of the 61-unit affordable rental housing development at 122 Base Line Rd. W. The City was able to move quickly to align 122 Base Line with the CMHC RHI program requirements given HDC's completion of all necessary pre-development work, including a successful re-zoning application to the Approval Authority.

Utilizing RHI Round 1 funding combined with other sources of financing, HDC executed a fixed-price design-build contract with EllisDon to deliver the development plans related to the first priority site at 122 Base Line. Through the combined efforts of Civic Administration

and HDC staff working together as the City's Housing Enterprise Action Team, construction of this first CMHC RHI affordable housing development project has stayed on course with the aggressive rapid delivery program timelines and is currently tracking for completion by December 31, 2021 with first occupancy planned for January 2022. Alignment of the CMHC RHI program tenancy requirements, property management services and operations will be managed through Housing Stability Services.

London's Allocation - Round 2

Round 2 of the CMHC RHI program retained the two streams of funding established within the first round: the 'Major Cities Stream' and the 'Projects Stream'.

As the funding applications to CMHC's RHI Projects Stream related to 403 Thompson and 345 Sylvan were declined in Round 1, updated applications were prepared and submitted by HDC under RHI Round 2, including 403 Thompson under the Major Cities Stream and 345 Sylvan under the Projects Stream.

In October 2021, CMHC confirmed the City of London's RHI Round 2 funding allocation under the Major Cities stream for up to \$10,794,247 to advance the creation of 44 units of new affordable rental housing at 403 Thompson Road. This Round 2 RHI Major Cities allocation is in addition to the \$7.5M received under RHI Round 1 (allocated to 122 Base Line). The status of the Round 2 application related to 345 Sylvan remained unknown at the time of writing this report.

The Round 2 RHI funding guidelines provide only minor variations through lessons learned in Round 1. This includes providing greater flexibility from the previous modular-specific development requirements but retaining the rapid project delivery timeline requirements.

Through the pre-development work completed by HDC and continued by EllisDon, 403 Thompson is appropriately zoned to advance the proposed development in alignment with the RHI Round 2 funding commitment and program requirements. Plans are currently under review for Site Plan Approval. The City's Housing Enterprise Action Team will again be engaged to ensure alignment of the project with CMHC's rapid project delivery timelines.

2.3 Investment Funding, Project Proformas, and Next Steps for Ongoing Urgent Housing

Established in the proforma to advance 122 Base Line, the ability to stack funding sources is essential to assembling sufficient capital to fully fund and cashflow these major capital housing projects while also keeping operating costs, and therefore tenant rents, at their lowest possible levels. This ensures the alignment of housing with supports to the priority populations identified within the "Specialized Housing" strategy and the "Urgent Housing" plans at levels generally otherwise challenging to meet within other strategies and plans.

The stacking of funds may include use of allocations received through the Canada/Ontario National Housing Strategy (NHS) programs and provincial funding programs, including

the Social Services Relief Fund (SSRF) and the Ontario Priorities Housing Initiative (OPHI). The City, directly or through its HDC entity, has the option to also access other government funding, including capital loans and grants, that can be used to support the creation of new affordable housing.

The final projected costs of the proposed project sites remain unconfirmed due to the current fluctuating nature of pricing and access to materials and supplies in construction. These costs will be confirmed through work underway with HDC to establish fixed price design-build contracts and to align available funding subject to the associated program approvals. This will be confirmed by HDC through its work with EllisDon and Civic Administration and will be advanced with the concurrence of the Deputy City Manager, Planning and Economic Development.

Any municipal tools and funding approvals being considered under the 3000-unit strategy currently under development through Civic Administration may also apply to these projects but would be subject to the separate recommendations and authorities to be considered by Council.

3.0 Financial Impact/Considerations

There are no financial impacts at this time. All financing is anticipated to be established within government funding programs and existing Municipal/HDC commitments, including land, which is defined in the project's capital and operating proformas.

Any further municipal funding support required will be brought forward for Council's approval, as required.

Conclusion

The City of London has been allocated up to \$10,794,247 under CMHC's Rapid Housing Initiative Major Cities Stream Round 2, in addition to funds previously allocated under Round 1. To access the Round 2 funding, execution of a second Rapid Housing Initiative (RHI) Agreement is required. Civic Administration is requesting the continuation of HDC's delegated authority related to development activities to advance and deliver new affordable housing development projects under the CMHC RHI program.

Ongoing initiatives and work will continue to be advanced on urgent housing and other HSAP related priorities and reported to Council within the established update plans.

Prepared and Submitted by: **Stephen Giustizia, HDC President and CEO**

Recommended by: **George Kotsifas, Deputy City Manager, Planning and Economic Development**

c. Craig Cooper, Director, Housing Stability Services
Kyle Murray, Director, Financial Planning & Support, Finance and

Corporate Services
HDC Staff