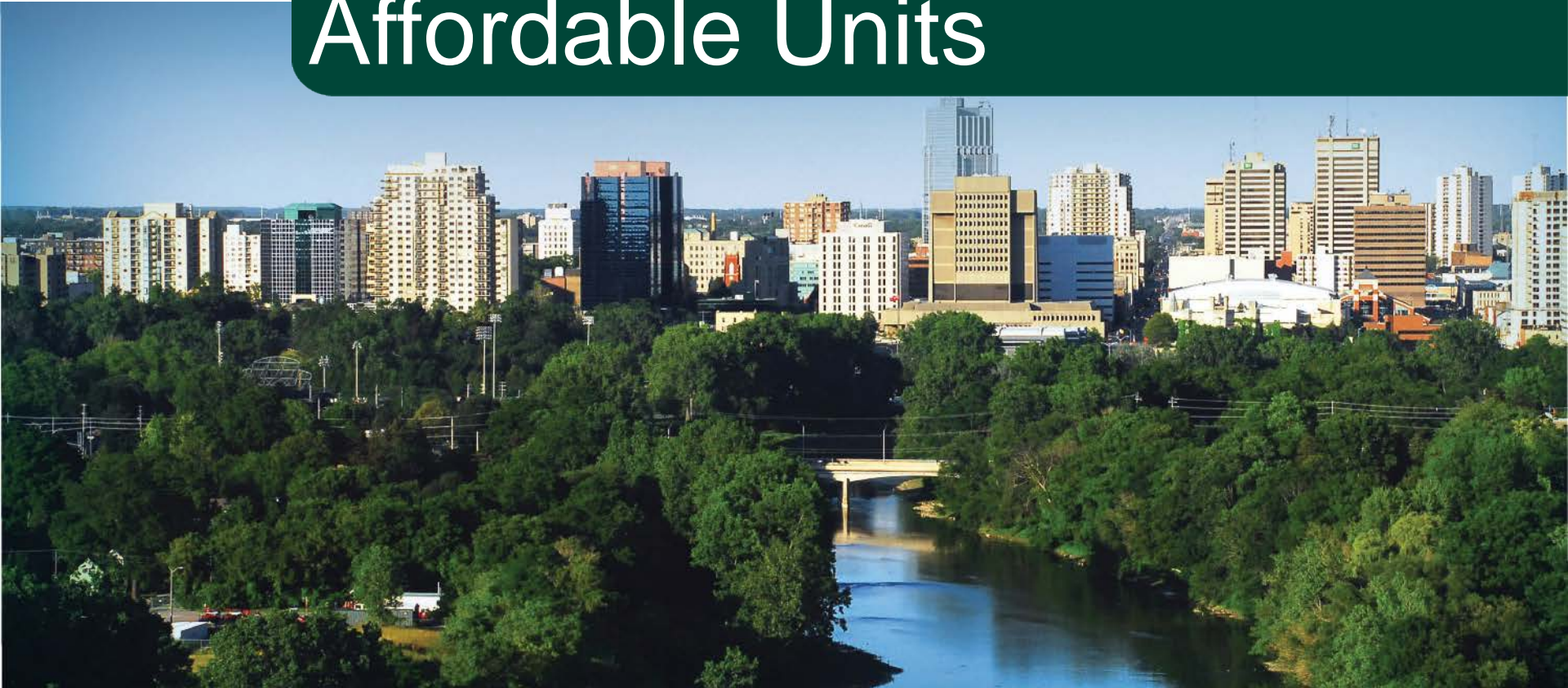




# Roadmap to 3,000 Affordable Units



November 23, 2021 Community and Protective  
Services Committee



# Background

In March of 2021, Municipal Council passed a resolution which stated that:

*the Civic Administration BE DIRECTED to expedite the development of needed 3,000 affordable housing units as set out in “Housing Stability Action Plan” (HSAP) to be in place in five years, instead of ten years as set out in the Plan; and*

*the Civic Administration BE DIRECTED to report back to a future meeting of the Community and Protective Services Committee with an implementation plan, inclusive of financial impacts, that sets out the best supports for the development of affordable housing units.*



# The Need for 3,000 Units

- The average and median house prices increased by 50.0% from 2015 to 2020 in London
- Average Market rent in London grew from \$898 per month in 2015 to \$1,147 in 2021
- Annual average housing units built 2015 to 2020 is 2,100
- While the average affordable housing units being built from 2018 to 2020 was only 130



# How the Roadmap was Created

- Civic Administration secured the services of SHS Consulting to assist in developing an implementation roadmap in response Council's direction.
- SHS worked with Civic Administration and consulted with Canada Mortgage and Housing Corporation (CMHC), private and non-profit residential developers, and other jurisdictions in their research.

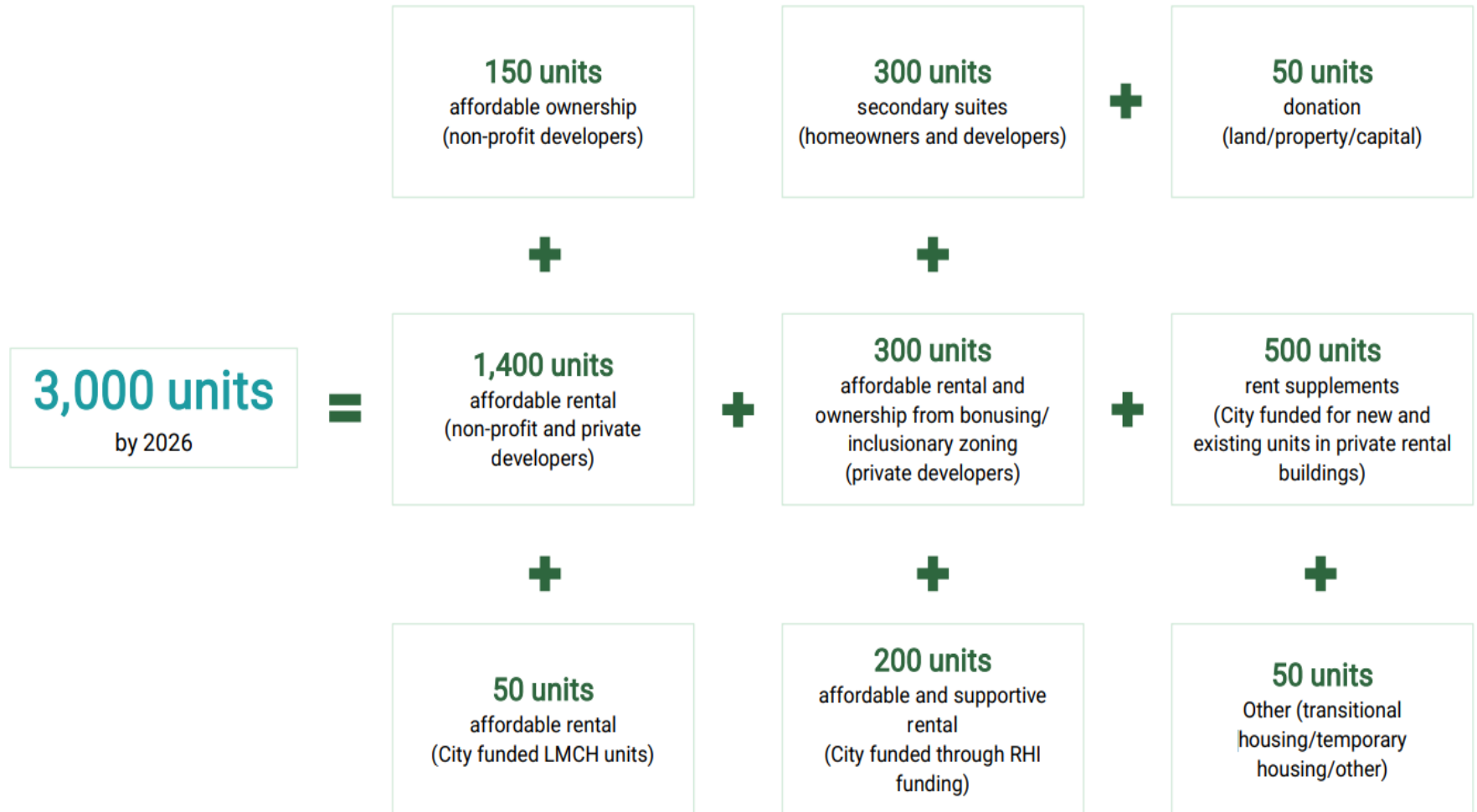
# What We Heard

- There is significant capacity and interest among non-profit organizations to build affordable housing but the lack of a standard funding program from the City has made building affordable housing a significant challenge compared to other communities.
- There is interest among private developers to build affordable housing but there is also an expectation that there will be incentives for these units.

# What We Heard

- The City should leverage funding from senior levels of government by building on these programs and working closely with CMHC
- Non-profit and private developers can build affordable units more cost-efficiently than the City and they can better leverage private donations and CMHC funding programs. Therefore, the emphasis should be primarily on supporting housing providers rather than on the City developing housing itself.

# Target Portfolio Approach





# Operating Budget Impacts

Program - Rent Supplements (Non-Profit and Private)	Annual Units	Grant (per unit)	Annual Operating Budget Impact	Cumulative Operating Budget Impact
<b>2022</b>	100	\$7,200	\$720,000	\$720,000
<b>2023</b>	100	\$7,200	\$720,000	\$1,440,000
<b>2024</b>	100	\$7,200	\$720,000	\$2,160,000
<b>2025</b>	100	\$7,200	\$720,000	\$2,880,000
<b>2026 and beyond</b>	100	\$7,200	\$720,000	\$3,600,000

(\$ Thousands)	2022	2023	2024	2025	2026	TOTAL
<b>Rent Supplements</b>	\$720	\$1,440	\$2,160	\$2,880	\$3,600	\$10,800
<b>Additional Resources</b>	\$250	\$350	\$350	\$350	\$350	\$1,650
<b>TOTALS</b>	\$970	\$1,790	\$2,510	\$3,230	\$3,950	\$12,450
<b>Incremental Tax Levy Impact</b>	N/A*	0.25%	0.10%	0.10%	0.10%	0.55%

- 2022 impacts will be funded from the Operating Budget Contingency Reserve on a one-time basis
- Ongoing funding requires an operating budget amendment in the 2023 Budget Update
- Equates to a ~0.25% tax levy increase for 2023 and then ~0.1% per year for 2024-2026





# Capital Budget Impacts

(Including one-time sources)

Year	Annual Units	Annual Plan Total
2022	380	\$15,600,000
2023	380	\$15,600,000
2024	380	\$15,600,000
2025	380	\$15,600,000
2026	380	\$15,600,000
<b>5-Year Plan Total</b>	<b>1,900*</b>	<b>\$78,000,000</b>

\* Excludes LMCH intensification, City RHI, Donations and IZ categories as these do not require additional funding at this time.

- Approach to funding the capital grants and contributions for the Plan:
  - New Affordable Housing Reserve Fund will serve as the primary funding source – funding will be consolidated in this fund and transferred from other sources.
  - A portion of projected 2021 year-end surplus to be contributed (up to \$10M forecasted)
  - Substitution of \$16.7 million Canada Community Building Fund (Fed. Gas Tax) funding currently available into eligible capital projects in order to free up other capital funding to support this plan
  - Transfers from various City reserves and reserve funds to the New Affordable Housing Reserve Fund from 2022 to 2026 as required to support timing of capital costs and available funds.



# Benefits of Approach

- Property tax levy increases for ongoing operating funding are limited and will be included as part of the 2023 Annual Budget Update.
- Avoids the use of debt – noting that the strategy primarily involves grants to third parties, which cannot be debt financed in accordance with the Municipal Act.
- Receipt of the Canada Community-Building Fund (CCBF formerly Fed Gas Tax) top-up has allowed the City to free up a significant amount of otherwise committed one-time funding to support affordable housing. Without this infusion of funding the City's financial resources would be further constrained by approximately \$16.7M.
- Demonstrates the strength of the City's prudent financial practices to save prior to needs arising.
- Stages funding in the New Affordable Housing Reserve Fund by only drawing down approved allocations as required. This ensures continued monitoring of expenditures based on milestones and progress.



# Financial Risks of Approach

- Reduced reserve and reserve fund balances – may constrain other future initiatives, may negatively impact our credit rating metrics, and will move the City further away from achieving target balances where they currently exist (e.g. EEE).
  - Partially addressed by strategically leaving strong balances in reserves and reserve funds that are flexible by design, e.g. Economic Development Reserve Fund etc.
  - Also mitigated by use of the New Affordable Housing Reserve Fund as the primary conduit. Keeping a significant portion of funding in the reserve fund until needed provides a degree of flexibility should priorities shift, other projects arise, etc., versus only using a capital project.
- Does not address any additional future required funding for City-owned housing initiatives.
  - With debt availability already constrained, this risk is potentially significant. In order to fund future affordable housing projects outside of this Plan, funding from other levels of government will play an important role in the affordability of any financing requirements.
- Significant use of the Canada Community-Benefit Fund top-up to indirectly support affordable housing will reduce funding availability for future eligible needs.
  - Risk is partially offset by the City's Capital Asset Renewal & Replacement RF's that support the City's lifecycle renewal needs. These funds can provide a short-term buffer.