



CITY OF HAMILTON

COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO: Chair and Members Emergency & Community Services Committee	WARD(S) AFFECTED: Ward 4
COMMITTEE DATE: September 9, 2013	
SUBJECT/REPORT NO: Request for Proposals C5-15-13, New Rental Housing Component of the Investment in Affordable Housing (IAH) Program (CS13042) (Ward 4)	
SUBMITTED BY: Joe-Anne Priel General Manager Community and Emergency Services Department	PREPARED BY: David Brodati (905) 546-2424 ext.6159 Bruce McLean (905) 546-2424 ext. 7242 Gillian Hendry (905) 546-2424 ext. 4818
SIGNATURE:	

RECOMMENDATION

- (a) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends that Homestead Christian Care, 1430 Main Street East, Hamilton be approved for funding of \$5,400,000 under the Investment in Affordable Housing Ontario – New Rental Housing Component;
- (b) That financial assistance for Homestead Christian Care, 1430 Main Street East, Hamilton in the form of a forgivable loan through the Hamilton Affordable Housing Partnership Initiative Fund (HAHPIF) in the amount of \$346,632 be approved; and,
- (c) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends that Good Shepherd Non-Profit Homes Inc., 120 Cannon Street East, Hamilton be approved for funding up to \$5,250,000 should additional funds become available from the Investment in Affordable Housing Ontario program.

EXECUTIVE SUMMARY

The City of Hamilton, in partnership with the Federal and Provincial governments, is actively facilitating and promoting the supply of new affordable rental housing in the community. Since 2003, there have been 14 projects constructed under the Canada-Ontario Affordable Housing Program (COAHP), which represents 731 new rental units for low and moderate-income households.

As stated in Reports CS11079, CS11079(a) and CS11079(b), in August 2011, the Province of Ontario announced the Investment in Affordable Housing for Ontario Program (IAH), which is a re-branding of the former Canada-Ontario Affordable Housing Program. The Program has four components: new rental housing construction, homeownership down payment assistance, housing allowances (rent subsidy), and Ontario Renovates (rehabilitating existing housing). Hamilton's allocation under the program is \$16.8 million to March 31, 2015. Council supported staff's recommendation that \$5.4 million of the funding be invested in the new affordable rental housing construction component (CS11079(b)).

In addition to the \$5.4 million in IAH funding allocated to new rental housing construction, the City is contributing \$346,632 from the Hamilton Affordable Housing Partnership Initiative Fund (HAHPIF). This will fully expend the HAHPIF, which was established in 2002 with an allocation of \$1,500,000 sourced from the Hamilton Future Fund (PD02001).

Under IAH, municipalities must forward Council approved projects to the Minister of Municipal Affairs and Housing (MMAH) for funding consideration.

Request for Proposal (RFP) C5-15-13, which closed July 5, 2013, provided the opportunity for private sector and non-profit housing developers to potentially secure funding. Homestead Christian Care's project at 1430 Main Street East, Hamilton received the highest score in the evaluation of proposals under the RFP and is recommended for the \$5.4 million allocation of IAH funding and the \$346,632 of HAHPIF. If approved by the Minister, the project will provide 47 new affordable rental-housing units, for low and moderate-income households, with rent levels 20% to 30% below the overall average market rent level in the City. This would help the City partially achieve its target of 629 new rental units annually, of which 377 are to be affordable.

Approval of IAH funding for this project would represent a Federal-Provincial investment in Hamilton of \$5.4 million with a construction value in excess of \$9 million. In addition, assuming the Minister's approval of this project, the City would be contributing financial assistance of approximately \$3.3 million through HAHPIF, Development Charge relief,

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relief from Parkland Dedication charges and property tax savings through the “New Multi-Residential” tax class that is equal to the single family rate.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial:

The amount of City financial investment, if the project is approved by the MMAH, is summarized in the table below. There are no ongoing operating subsidies to be provided by the City for the operation of this rental housing project.

Recommended Proponent for Funding Consideration by Province	Total City Financial Assistance [\$]	HAHPI Fund [\$]	Parkland Dedication Charge Relief (Affordable Housing) [\$]	Estimated Nominal Value of Property Tax Savings (35 years) / HAHPI Fund [\$]	Development Charge Relief (Affordable Housing or Redevelopment Credit Conversion) [\$]	IAH Contribution [\$]
1. Homestead Christian Care, 1430 Main Street East, apartment, 47 units	3,311,258	346,632	215,632	2,188,825	560,169	5,400,000 (114,894 per unit)

Staffing:

There are no staffing implications.

Legal:

If awarded funding, the successful proponent of the RFP would enter into a Contribution Agreement with the City of Hamilton, to the satisfaction of the City Solicitor.

HISTORICAL BACKGROUND

Recent Affordable Housing Development Activity:

Since 2003, the City has delivered the rental/supportive component of the Canada-Ontario Affordable Housing Program (COAHP). The Province announced in August 2011 the Investment in Affordable Housing for Ontario Program (IAH), which is a re-branding of the former COAHP. The IAH provides capital grants of up to \$150,000 per unit to lower the cost of constructing new rental housing with rents at least 20% below average market rents.

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The role of the City is to identify and recommend to the Province an appropriate housing project. The IAH program requires that municipalities recommend and select projects through a process in accordance with approved municipal procurement practices.

The following fourteen rental housing projects have been previously approved by the Province in the City of Hamilton, totalling 731 units. For each of the projects, the City contributed resources in the form of waived development charges and reduced property tax rates. In addition, three of the projects received City of Hamilton HAHPIF funding as indicated below. All of the projects have been completed and are now occupied.

- 557 Queenston Road, 34 units, CityHousing Hamilton Corporation;
- 190 Gage Avenue South, 24 units, Taras Shevchenko Home for the Aged;
- 450 Cumberland Avenue, 75 units, T. Valeri Construction Limited (HAHPIF);
- 307 John Street South, 26 units, St. Elizabeth Home Society (HAHPIF);
- 260 King Street East, 123 units, Spallacci Contracting Limited;
- 37 Strathcona Avenue North, 39 units, Hellenic Community of Hamilton and District;
- 4 Bridgewater Court, 48 units, CityHousing Hamilton Corporation;
- 398 King Street West, 156 units, Good Shepherd Non-Profit Homes Inc.;
- 255 West Avenue North, 27 units, Spallacci Contracting Limited (HAHPIF);
- 40-44 Flamboro Street, 7 units, Halton Heritage Realty Inc.;
- 480 Stone Church Road East, 63 units, T. Valeri Construction Limited;
- 1429 Main Street East, 46 Units, Homestead Christian Care;
- 37 Strathcona Avenue North (Firehall), 4 units, Hellenic Community of Hamilton and District; and,
- 1489 Upper Gage Ave., 59 units, 815488 Ontario, Inc.

These 14 projects have resulted in approximately \$47 million of Federal and Provincial monies flowing into Hamilton with a total construction value of approximately \$85 million.

Background to RFP C5-15-13:

In order to take advantage of IAH funding, the City released RFP C5-15-13, which closed July 5, 2013. A total of four submissions were received and all were deemed compliant by Procurement Section staff.

In alphabetical order, the compliant submissions were as follows:

- 1) Good Shepherd Non-Profit Homes Inc., Proposal "A" 120 Cannon Street East, apartment, 27 units;

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- 2) Good Shepherd Non-Profit Homes Inc., Proposal “B” 120 Cannon Street East, apartment, 35 units;
- 3) Homestead Christian Care, 1430 Main Street East, apartment, 47 units; and
- 4) Spallacci Group Inc., 198 Wellington Street South, apartment, 28 units;

The RFP employed a two-stage approach in which the proposals were evaluated for viability in Step One and then scored in Step Two. The RFP document clearly indicated the various evaluation criteria and weighting. For Step One, the submissions were evaluated based on the following criteria and associated weight factors:

♦ Experience and Qualifications	35
♦ Site	25
♦ Development Schedule	20
♦ Financial Viability and Cost Effectiveness	20
Total Step 1 Scoring	100

With a total of 100 points, an overall minimum score of 60 points was required for a “pass” under Step One. In addition, a minimum score of 50% of the available points was required for each of the individual criteria in order to pass this step.

Upon a pass under Step One, the staff Evaluation Team, based on the following criteria and associated weight factor, evaluated the Step Two components of submissions:

♦ Development Concept	20
♦ Population / Target Group, based on identified Community Need.	30
♦ Affordability	50
Total Step 2 Scoring	100

The proposal with the highest score in Step Two is the recommended proposal.

POLICY IMPLICATIONS

Implementation of the Housing and Homelessness Action Plan fulfils the City’s Corporate Strategic Plan Objective 1.5 xi. Creating new affordable rental housing is consistent with the City’s Housing and Homelessness Action Plan, Outcome 1: New housing supply to meet community needs.

RELEVANT CONSULTATION

A City staff evaluation team evaluated the compliant proposals according to criteria established in the RFP. The team was made up of representatives from the following Departments:

- Corporate Services Department, Budgets & Finance Division;
- Community and Emergency Service Department, Finance and Administration
- Planning & Economic Development Department, Development Planning Division and Downtown & Community Renewal Division;
- Community and Emergency Services Department, Housing Services Division; and,
- CityHousing Hamilton.

Procurement Section staff provided guidance and consulting services to the staff evaluation team.

Legal Services was consulted in the development of the Contribution Agreement which the successful proponent will enter into with the City.

Based on input from community stakeholders, the evaluation/scoring framework for this RFP was weighted more heavily than previous RFP's in the areas of affordability, meeting community need and development concept.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Results of RFP C5-15-13:

A total of four proposals were received under the RFP and all four were deemed compliant by Purchasing.

One proposal did not achieve a "pass" through Step One as it scored 4 out of 20 for the Development Schedule criterion. The minimum mandatory score as stated in the Request for Proposal was 10 out of 20. The remaining three proposals achieved a pass through Steps One and Two.

Good Shepherd Non-Profit Homes Inc. provided two Proposals. Both Proposals related to the conversion of an existing property at 120 Cannon St. E. Proposal "A" involved renovating the existing warehouse into 27 residential units. In proposal "B" the building was to be renovated and an extra floor constructed resulting in 35 units.

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Some key elements of the proposals are:

- 1) Homestead Christian Care, 1430 Main Street East (Ward 4)
 - 47 units for singles and persons with mental health and developmental disabilities;
 - 45 units with rents set at 30% lower than typical average market rents;
 - \$114,894 per unit funding request;
 - Re-development of a parking lot;
 - A commercial presence at street level.

- 2) Good Shepherd Non-Profit Homes, Proposal A, 120 Cannon Street East (Ward 2)
 - 27 units mostly for singles;
 - Rents set at 20% lower than typical average market rents;
 - \$150,000 per unit funding request;
 - Renovation of a warehouse.

- 3) Good Shepherd Non-Profit Homes, Proposal B, 120 Cannon Street East (Ward 2)
 - 35 units mostly for singles;
 - Rents set at 20% lower than typical average market rents;
 - \$150,000 per unit funding request;
 - Renovation of a warehouse.

Each proposal exceeded the requirement of designing 5% of the units to meet the City of Hamilton Barrier Free Design Guideline.

The Homestead Christian Care proposal is building permit ready subject to meeting conditions of the approved site plan. A location map for the recommended Homestead Christian Care development is provided in Appendix A of Report CS13042.

The Good Shepherd proposal would need approval of minor variances, but does not have significant development approval requirements.

Based on the scoring of the evaluation team, staff is recommending that Council request the Minister to provide \$5.4 million in IAH funding to the proposal from Homestead Christian Care, 1430 Main Street East. Staff also recommend that should the Minister approve the City's IAH funding recommendation, the City provide Homestead Christian Care with HAHPIF funding in the amount of \$346,632, and thus

meet the total funding request of \$5,746,632. Funding from both the IAH program and the HAHPIF would be secured by a Contribution Agreement (forgivable loan agreement). The agreement would be registered on title and secured by a mortgage. Forgiveness of the loan would be earned over the period of the agreement as long as the proponent adheres to the program rules.

The project provides significantly reduced rents, is well advanced within the planning approvals process, represents strategic redevelopment opportunities, and will inject over \$9 million of construction value into the local economy.

ALTERNATIVES FOR CONSIDERATION

There are no alternatives for consideration.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

Strategic Priority #3

Leadership & Governance

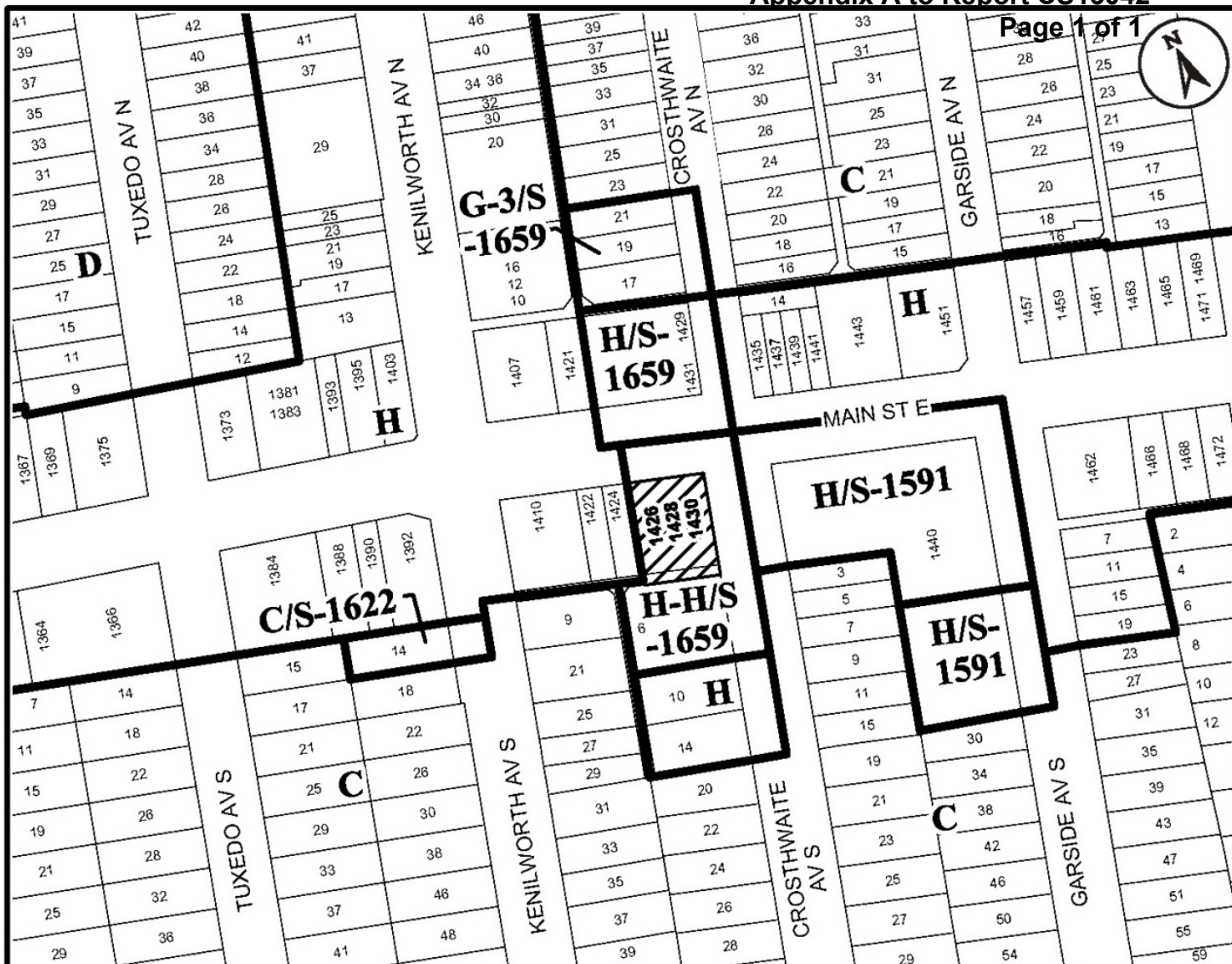
WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

APPENDICES / SCHEDULES

Appendix "A" to Report CS13042: Location Map 1426 - 1430 Main Street East



● Site of the Application



Ward 4 Key Map

N.T.S.

Location Map



PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

File Name/Number:
1426-1430 Main Street East

Date:
July 29, 2013

Appendix "A"

Scale:
N.T.S.

Planner/Technician:
GG/DB

Subject Property

1426-1430 Main Street East