



**CITY OF HAMILTON**  
**EMERGENCY & COMMUNITY SERVICES DEPARTMENT**  
**Housing Services Division**

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	September 12, 2016
<b>SUBJECT/REPORT NO:</b>	Request for Proposals C5-11-16 New Rental Housing Component of the Investment in Affordable Housing Extension and Social Infrastructure Fund Programs (CES16037) (Wards 2 and 4)
<b>WARD(S) AFFECTED:</b>	Wards 2 and 4
<b>PREPARED BY:</b>	Bruce McLean 905-546-2424 ext. 7242 Julie Western Set 905-546-2424 ext. 6159
<b>SUBMITTED BY:</b>	Joe-Anne Priel General Manager Community & Emergency Services Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Minister of Housing be advised that the City of Hamilton recommends that Indwell Community Homes, 205 Melvin Avenue, Hamilton be approved for funding of \$5.5 million under the Investment in Affordable Housing Extension Program (IAH-E) – New Rental Housing Component;
- (b) That the Minister of Housing be advised that the City of Hamilton recommends that Indwell Community Homes / Hughson Street Baptist Church, 500 James Street North, Hamilton be approved for funding of \$6.3 million under the Social Infrastructure Fund Program (SIF) – New Rental Housing Component; and,
- (c) That the Minister of Housing be advised that the City of Hamilton recommends that Sacajawea Non-Profit Housing Inc., 18 West Avenue South, Hamilton be approved for funding of \$1.92 million under the Social Infrastructure Fund Program (SIF) – New Rental Housing Component.

**EXECUTIVE SUMMARY**

Staff issued Request for Proposal (RFP) C5-11-16 to obtain affordable housing proposals from private sector and non-profit housing developers for funding consideration using \$5.5 million of Federal/Provincial funding under the Investment in Affordable Housing Extension program (IAH-E). The RFP closed on June 23, 2016.

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Shortly after closing, the Province announced additional Federal/Provincial housing investments under the 2016 Social Infrastructure Fund (SIF). As such, a further \$8.22 million is added to the existing \$5.5 million totalling \$13.72 million as the funds available through IAH-E and SIF for new rental housing under RFP C5-11-16.

Under IAH-E and SIF, municipalities must forward Council-endorsed projects to the Minister of Housing (MOH) for funding consideration. Final approval rests with the Minister of Housing.

The Indwell Community Homes / Hughson Street Baptist Church project at 500 James Street North, Hamilton received the highest score in the evaluation of proposals under the RFP and is recommended for \$6.3 million. The Indwell Community Homes project at 205 Melvin Avenue received the second highest score and is recommended for \$5.5 million allocation. Sacajawea Non-Profit Housing Inc. received the third highest score and is recommended for \$1.92 million. If approved by the Minister, the projects will provide 113 new affordable rental-housing units, for low and moderate-income households, with rent levels 20% to 33% below the 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-E and SIF funding for these projects would represent a Federal-Provincial investment in Hamilton of \$13.72 million with a construction value in excess of \$22.8 million. In addition, assuming the Minister's approval of these projects, the City would be contributing financial assistance of approximately \$4.68 million through Development Charge relief, relief from Parkland Dedication charges and property tax savings through the "Multi-Residential, New Construction" tax class that is equal to the single family rate.

Council has directed staff to establish a roster of developers for affordable housing (CES16016). Staff utilized the prequalification stage of RFP C5-11-16 to create a list of prequalified proponents for future requests for proposals. Eleven Proponents were prequalified from the seventeen submissions received (attached as Appendix A to Report CES16037).

The prequalified proponent list will be regularly updated and utilized until December 31, 2019.

***Alternatives for Consideration – Not Applicable***

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## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

### **Financial:**

The amount of City financial investment, if the projects are approved by the MOH, is summarized in the table below. The funding provided to these projects under IAH-E and SIF is capital funding for construction of the buildings. There will be no ongoing City funding to operate the projects.

<b>Recommended Proponent for Funding Consideration by Province</b>	<b>Total City Financial Assistance [\$]</b>	<b>Parkland Dedication Charge Relief (Affordable Housing) [\$]</b>	<b>Estimated Nominal Value of Property Tax Savings (20 years) [\$]</b>	<b>Development Charge Relief (Affordable Housing or Redevelopment Credit Conversion) [\$]</b>	<b>IAH-E [\$]</b>	<b>SIF [\$]</b>
1. Indwell Community Homes, 205 Melvin Avenue, Hamilton, apartment, 56 units	1,430,500	322,884	1,107,616	N/A	5,500,000 (98,215 per unit)	
2. Indwell Community Homes, 500 James Street North, Hamilton, apartment, 42 units	2,352,458	363,245	1,353,753	635,460		6,300,000 (150,000 per unit)
3. Sacajawea Non-Profit Housing Inc. 18 West Avenue South, Hamilton, apartment, 15 SIF units (23 units in total)	898,196	39,900	779,433	78,863		1,920,000 (128,000 per unit)

### **Staffing:**

There are no staffing implications associated with Report CES16037.

### **Legal:**

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

## **HISTORICAL BACKGROUND**

### **Recent Affordable Housing Development Activity:**

Since 2003, the City has delivered the Canada-Ontario Affordable Housing Program (COAHP) and the Investment in Affordable Housing for Ontario Program (IAH). The Province announced in August 2014 the Investment in Affordable Housing Extension

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Program (IAH-E), and in June 2016 announced the Social Infrastructure Fund (SIF); both are a re-branding of the former COAHP. The IAH-E and SIF provide 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.

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

The following sixteen rental housing projects have been previously approved by the Province in the City of Hamilton, totalling 813 units. All of the projects have been completed and are now occupied except for 120 Cannon Street East which is under construction.

- 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;
- 307 John Street South, 26 units, St. Elizabeth Home Society;
- 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;
- 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, Indwell Community Homes;
- 37 Strathcona Avenue North (Firehall), 4 units, Hellenic Community of Hamilton and District;
- 1489 Upper Gage Ave., 59 units, 815488 Ontario, Inc;
- 1430 Main Street East, 47 units, Indwell Community Homes; and,
- 120 Cannon Street East, 35 units, Good Shepherd Non-Profit Homes.

These sixteen projects have resulted in approximately \$57 million of Federal and Provincial monies flowing into Hamilton with a total construction value of approximately \$101 million.

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**Background to RFP C5-11-16:**

In order to take advantage of IAH-E and SIF funding, the City released RFP C5-11-16, which closed on June 23, 2016 and served to prequalify proponents for the current and future affordable housing requests for proposals (CES16016). In addition to being pre-qualified for potential future affordable housing funding, proponents could submit project specific proposals for current funding.

Twenty requests for prequalification were received. The RFP document clearly indicated the evaluation/scoring criteria. For prequalification, the submissions were evaluated based on the proponent's qualifications and experience. One submission was disqualified by Procurement Section staff as it was not signed and the Form of Proposal was not submitted. Twelve of the remaining nineteen submissions were approved as prequalified proponents.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None

**RELEVANT CONSULTATION**

An Evaluation Team consisting of City staff 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, Finance and Administration;
- Community and Emergency Service Department, Neighbourhood Action Strategy;
- Planning & Economic Development Department, Development Planning Division and Downtown & Community Renewal Division; and,
- Community and Emergency Services Department, Housing Services Division.

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, community hub partnerships and supports and development concept.

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## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

### **Results of RFP C5-11-16 Project Specific Funding Proposals:**

The RFP employed a three-step approach in which the proponents were qualified in Step One then proposals were evaluated for viability in Step Two and then scored in Step Three. The RFP document clearly indicated the various evaluation criteria and weighting.

For Step One, the proposals were evaluated based on the following criteria and associated weight factors:

♦ Company Profile	10
♦ Development, Construction, Management Experience	10
♦ Affordable Housing Program Experience	10
♦ Developing, Operating Housing for the identified Population / Target Group	10
♦ Housing Supports Partnerships	10
<b>Total Step 1 Scoring</b>	<b>50</b>

An overall minimum score of 35 (70%) was required to “pass” under Step One and be pre-qualified. Those proponents that passed Step One and had a project specific proposal for current funding proceeded to Step Two.

For Step Two, the proposals were evaluated based on the following criteria and associated weight factors:

♦ Site	25
♦ Development Schedule	20
♦ Financial Viability and Cost Effectiveness	25
<b>Total Step 2 Scoring</b>	<b>70</b>

An overall minimum score of 49 points (70%), was required for a “pass” under Step Two in order to proceed to Step Three.

For Step Three, the proposals were evaluated based on the following criteria and associated weight factors:

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♦ Development Concept	20
♦ Population / Target Group, based on identified	30

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Community Need	
♦ Affordability	50
<b>Total Step 3 Scoring</b>	<b>100</b>

An overall minimum score of 50 points (50%) was required for a “pass” under Step Three. The proposals with the highest scores in Step Three are the recommended proposals.

Some key elements of the successful proposals are:

- 1) Indwell Community Homes, 205 Melvin Avenue (Ward 4), (Location Map attached as Appendix “B” to Report CES16037);
  - 56 units for singles with a history of unstable housing. Most will have a diagnosed mental illness, many will have a primary addiction, concurrent disorder or physical condition,
  - Rents set at 20% lower (\$479) than typical average market rents for bachelor units (\$604),
  - \$98,215 per unit funding request, and
  - Re-development of a partially vacant rooming house, and commercial space.
- 2) Indwell Community Homes and Hughson Street Baptist Church, 500 James Street North (Ward 2), (Location Map attached as Appendix “C” to Report CES16037);
  - 42 units for singles with low incomes who may be referred through local connections, a Housing First program, or self-referral and, typically living in inappropriate, substandard or unaffordable housing,
  - Rents set at 33% lower (\$479) than typical average market rents for one-bedroom units (\$756),
  - \$150,000 per unit funding request,
  - New 4-storey apartment building as part of a larger community hub.
- 3) Sacajawea Non-Profit Housing Inc., 18 West Avenue South (Ward 2), (Location Map attached as Appendix “D” to Report CES16037);
  - 15 units for Aboriginal singles, couples and small families,
  - Up to 4 units for individuals transitioning from chronic or episodic homelessness,

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- Rents set at 20% lower (\$599) than typical average market rents for one-bedroom units (\$756), and 20% lower (\$734) than typical average market rents for two-bedroom units (\$920),
- \$128,000 per unit funding request,
- New 3 storey walk-up apartment building,
- Additional 8 units with other funding sources, 23 units in total.

Each proposal exceeded the requirement of designing 5% of the units to meet the City of Hamilton Barrier Free Design Guideline and an additional 5% of the units to Ontario Building Code barrier free standards.

Based on the scoring of the Evaluation Team, staff is recommending that Council request the Minister to provide funding in the following amounts:

- 1) \$5.5 million in IAH-E funding to the proposal from Indwell Community Homes, 205 Melvin Avenue, Hamilton.
- 2) \$6.3 million in SIF funding to the proposal from Indwell Community Homes and Hughson Street Baptist Church, 500 James Street North, Hamilton.
- 3) \$1.92 million in SIF funding to Sacajawea Non-Profit Housing Inc., 18 West Avenue South, Hamilton.

These projects provide significantly reduced rents, are in the planning approvals process, represent strategic redevelopment opportunities, and will inject over \$14.7 million of construction value into the local economy.

The program timelines established by the Province are very tight. Projects must have a signed Contribution Agreement by December 31, 2016. The Ministry of Housing requires time to prepare an offer of funding to the Proponents. It is anticipated that in September 2016 the Ministry will be advised of the proposals recommended by Council. The offer of funding will be made to the Proponent by the Minister of Housing in October 2016 followed by final drafting and execution of the Contribution Agreement in November 2016.

### **Results of RFPQ C5-11-16 Prequalification for Future Funding:**

Council has directed staff to establish a roster of non-profit and private developers prepared and qualified to develop new affordable housing with supports (Report CES16016). Housing Services Division staff consulted with Procurement and Planning & Economic Development staff and determined the best approach would be to use the

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Step One Prequalification stage of RFP C5-11-16 to create a list of prequalified proponents.

RFP C5-11-16 closed on June 23, 2016 and seventeen requests for prequalification were submitted. The Evaluation Team reviewed the submissions using the identical Stage One criteria used for the evaluation of project specific proposals for current funding. Eleven Proponents qualified and are listed in the Prequalified Proponent List RFPQ C5-11-16.

The City will use the Prequalified Proponent List to solicit proposals for affordable rental housing projects until December 31, 2019. This will be for remaining IAH-E and SIF funds allocated to new rental housing construction, and possible for any additional future sources of new rental housing funding, including the City's development charges reserve, and any funds received from the sale of City properties that City Council directs to be used for new affordable housing development.

The Prequalified Proponent List will be reviewed and updated annually including an opportunity for interested developers to be added to the list.

## **ALTERNATIVES FOR CONSIDERATION**

None

## **ALIGNMENT TO THE 2016 – 2025 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.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report CES16037: Prequalified Proponent List RFPQ C5-11-16

Appendix "B" to Report CES16037: Location Map 205 Melvin Avenue

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Appendix “C” to Report CES16037: Location Map 500 James Street North

Appendix “D” to Report CES16037: Location Map 18 West Avenue South

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