



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	September 25, 2017
SUBJECT/REPORT NO:	Request for Proposals C5-06-17 New Rental Housing Component of the Investment in Affordable Housing Extension, Social Infrastructure Fund, and Home for Good Programs (CES17036) (Wards 4 & 8)
WARD(S) AFFECTED:	Wards 4 & 8
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SUBMITTED BY:	Vicki Woodcox General Manager Community & Emergency Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Minister of Housing be advised that the City of Hamilton recommends that the Hamilton Young Women's Christian Association's (YWCA) affordable housing development project at 52 Ottawa Street North, Hamilton be approved for funding of \$2.75 million under the Investment in Affordable Housing Program Extension – New Rental Housing Component (IAH-E) and for funding of \$2.5 million under the Social Infrastructure Fund (SIF);
- (b) That the Minister of Housing be advised that the City of Hamilton recommends that the Indwell Community Homes, Parkdale Landing affordable housing development project at 205 Melvin Avenue, Hamilton, be approved for funding of \$2,838,030 under the Social Infrastructure Fund (SIF);
- (c) That the Indwell Community Homes, Parkdale Landing affordable housing development project at 205 Melvin Avenue, Hamilton, be approved for funding of \$2,411,970 from the Poverty Reduction Investment Reserve new affordable rental housing component;
- (d) That the March of Dimes Canada Non-Profit Housing Corporation, affordable housing development project at 66 West 28th Street, Hamilton be approved for

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funding of \$265,827 from the Poverty Reduction Investment Reserve new affordable rental housing component; and,

- (e) That the development charge and parkland dedication exemptions for the following affordable housing development projects, with a total value of \$1,973,158, be funded from the Poverty Reduction Investment Reserve new affordable rental housing component:
 - (i) Hamilton Young Women's Christian Association (YWCA), 52 Ottawa Street North, Hamilton (\$905,217 value, \$667,417 development charges and \$237,800 parkland dedication fees); and,
 - (ii) Indwell Community Homes, Parkdale Landing, 205 Melvin Avenue, Hamilton, (\$1,067,941 value, \$759,041 development charges and \$308,900 parkland dedication fees).

EXECUTIVE SUMMARY

Staff issued Request for Proposals (RFP) C5-06-17 to obtain affordable housing proposals from private sector and non-profit housing developers for funding consideration for \$2.75 million of federal/provincial funding under the Investment in Affordable Housing Program 2014 Extension (IAH-E) and \$2.5 million of federal/provincial funding under the Social Infrastructure Fund (SIF). This RFP will also be used to allocate any funding the City might receive as a result of its capital proposal for the Home for Good provincial program or other funding that may become available after the closing of the RFP. The RFP closed on June 29, 2017.

Subsequent to evaluation of the RFP, on August 9, 2017, the Mayor received notice from the Minister of Housing that it would be receiving an additional year of SIF funding of \$2,987,400. The RFP allows the City to award this funding to the successful proponents of RFP C5-06-17.

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

This report recommends that two projects that meet the criteria of the RFP, but for which there were insufficient federal/provincial funds, be funded from the Poverty Reduction Investment Reserve.

Recommended Projects for Federal/Provincial Funds

The Hamilton Young Women's Christian Association (YWCA), 52 Ottawa Street North, Hamilton project proposal received the highest score in the evaluation of proposals under the RFP and is recommended for \$5.25 million in a combination of federal/provincial Investment in Affordable Housing Program (2014 Extension) and Social Infrastructure Fund funding. Approval of IAH-E and SIF funding for the Hamilton YWCA project means a federal/provincial investment in Hamilton of \$5.25 million with a construction value of \$10.8 million. If approved by the Minister, the project will provide 35 new affordable rental-housing units for low and moderate-income households, with rent levels 25% below the average market rent for the City. An additional portion of the project, not funded through this RFP, will produce 15 units that do not qualify for IAH-E or SIF. These units will be subsidized by the Ministry of Community and Social Services under the Supported Independent Living Program, a Developmental Services program.

Subsequent to evaluation of the RFP, on August 9, 2017, the Mayor received notice from the Minister of Housing that it would be receiving an additional year of SIF funding of \$2,987,400. The RFP allows the City to award the amount of \$2,838,030 of this funding to the successful proponents of RFP C5-06-17, which is \$2,987,400 less 5% in administration costs. The Indwell Community Homes project at 205 Melvin Avenue received the second highest score in the RFP and is recommended to receive this allocation.

In March 2017, the Province invited municipalities to respond to an Expression of Interest for the new Home for Good Program (HFG). There are both a supports and capital component to this program, and the Housing Services Division included both in its proposal submission. No decisions have been made about the successful proponents for the HFG funds, but decisions are expected imminently.

If the City is allocated funding through the Home for Good Program, the funding will be used to offset the costs of the projects currently proposed to receive funding under the municipally funded Poverty Reduction Investment Reserve, and the municipal money saved for future affordable housing projects.

Recommended Projects for Municipal Funds

On April 5, 2017, Council allocated \$20 million of the Poverty Reduction Investment Reserve to the development of new affordable rental housing. Pending Council approval of Report CES16043(a) which identifies an investment strategy for the Poverty Reduction Investment Reserve, this report recommends the allocation of \$2,677,797 to two projects that passed RFP C5-06-17 but for which there are insufficient federal/provincial funds.

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The Indwell Community Homes project at 205 Melvin Avenue, for which \$5.25 million was requested, received the second highest score in the RFP. This project is recommended for \$2,838,030 in newly allocated federal/provincial SIF funding, which means an additional \$2,411,970 is needed. Staff recommend that \$2,411,970 be allocated from the Poverty Reduction Investment Reserve new rental housing component for this project.

The March of Dimes project received the third highest score in the RFP and is recommended for \$265,827 from the Poverty Reduction Investment Reserve new rental housing component.

Recommended funding for the three projects is as follows:

Project	Capital Funding	Funding Source	Municipal Development Charge & Parkland Dedication Exemptions	Funding Source
YWCA 52 Ottawa Street North	\$2.75 million	IAH-E	\$905,217	Poverty Reduction Investment Reserve
	\$2.5 million	SIF 2017/2018		
Indwell Community Homes, Parkdale Landing, 205 Melvin Ave	\$2,838,030	SIF 2018/2019	\$1,067,941	Poverty Reduction Investment Reserve
	\$2,411,970	Poverty Reduction Investment Reserve		
March of Dimes, Jason`s Housing expansion	\$265,827	Poverty Reduction Investment Reserve	\$0	NA
Total	\$10.8 million		\$1,973,158	

The three projects will move the City closer to achieving the Housing and Homelessness Action Plan target of 300 purpose-built affordable rental units annually.

Municipal Contributions of Development Charge and Parkland Dedication Fee Waivers

As shown in the above table, the City will be contributing financial assistance of a total of \$1,973,158 through development charge relief and relief from parkland dedication charges. These funds are recommended to be offset from the Poverty Reduction Investment Reserve.

Prequalification List

Council had directed staff to establish a roster of developers for affordable housing (Report CES16016), who are experienced, qualified and capable of developing, building, managing and providing tenant/community support to affordable rental housing. Staff utilized the prequalification stage of the previous RFP C5-11-16 to create a list of eleven prequalified proponents for future requests for proposals. Three additional proponents were added to the prequalification list as a result of this RFP: Hamilton East Kiwanis Non-Profit Homes Inc., CityHousing Hamilton and March of Dimes Canada Non-Profit Housing Corporation.

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

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

The amount of financial investment, provided the projects are approved by the Ministry of Housing, is summarized in the table above. The funding provided to these projects under IAH-E and SIF is capital funding for construction of the buildings, with no ongoing or municipal funding to operate the projects.

Staffing:

There are no staffing implications associated with Report CES17036.

Legal:

If awarded funding, the successful proponents 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). In August 2014, the Province announced the six-year Investment in IAH-E, and in June 2016 announced the two-year SIF, both 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 of at least 20% below average market rents.

The role of the City is to identify and recommend appropriate affordable rental housing projects to the Province in accordance with approved municipal procurement practices.

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

- 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.

An additional three projects with a total of 113 units are in various stages of development as a result of the previous RFP C5-11-16:

- Indwell Community Homes, 56 units, 205 Melvin Avenue (Ward 4)

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- Indwell Community Homes and Hughson Street Baptist Church, 42 units, 500 James Street North (Ward 2)
- Sacajawea Non-Profit Housing Inc., 15 units, 18 West Avenue South (Ward 2)

These nineteen projects mean approximately \$62.25 million of federal and provincial monies flowing into Hamilton with a total construction value of approximately \$125.8 million.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Request for Pre-Qualification and the Request for Proposals was carried out in accordance with By-Law 17-064, City of Hamilton Procurement Policy.

RELEVANT CONSULTATION

An Evaluation Team consisting of City staff evaluated the proposals which were deemed compliant against the criteria established in the RFP. The team was made up of representatives from the following Departments:

- Community and Emergency Service Department, Neighbourhood Action Strategy;
- Community and Emergency Services Department, Housing Services Division; and,
- Planning & Economic Development Department, Development Planning Division and Urban Renewal 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.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Background to RFP C5-06-17

To award IAH-E and SIF funding for the development of new affordable rental housing, the City released RFP C5-06-17, which closed on June 29, 2017. Proponents who were not already prequalified for the current and future affordable housing requests for proposals (Report CES16016) could apply to be prequalified, and all proponents could submit project specific proposals for current and potential future funding.

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A total of six proposals were received and five were deemed compliant by Procurement Staff. There were three requests for prequalification and four project specific proposals submitted.

Project Specific Funding Proposals Recommended for Approval

Key elements of the three proposals recommended for approval are as follows:

Hamilton Young Christian Women`s Association, 52 – 64 Ottawa Street North (Ward 4), (Location Map attached as Appendix A to Report CES17036)

- 35 self-contained units for women and women and children who are experiencing homelessness; 19 one-bedroom units, 10 two-bedroom units, and 6 three-bedroom units
- Rents set at 25% lower than average market rent, including utilities
- The units will remain affordable for a minimum of 50 years, expected to be permanently affordable
- \$150,000 per unit requested
- New six story building
- Basement and ground floor will contain a variety of amenities and space for community programs, thereby functioning as a community hub, including store fronts along Ottawa Street North (4,840 sf commercial space, 10,455 sf program space)
- Located near existing transit routes with frequent service and the proposed LRT corridor, and near many amenities and services including day care across the street
- Community services include programs to support economic security for women such as employment and training, social enterprises, and micro-lending; an existing seniors program, and dedicated health and wellness programs
- Project will include an additional 15 units at 100% of average market rent (\$817), with subsidies from the Ministry of Community and Social Services bringing the rents down to the ODSP shelter allowance amount of \$479. These units will be for persons with developmental disabilities who will receive supports through the Supported Independent Living program currently run by the YWCA.
- Will use sustainable design principles
- All units will be "visitable," meaning they meet certain accessibility standards, and more than 10% will meet the City`s Barrier Free Design Guidelines
- The YWCA will contribute the land and \$1.5 million cash to the project

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Indwell Community Homes, Parkdale Landing, 205 Melvin Avenue (Ward 4),
(Location Map attached as Appendix B to Report CES17036)

- 50 units, 45 one-bedroom, 5 two-bedroom apartments
- New five storey building with ground floor commercial uses
- Housing for singles with a history of unstable housing, most of which have a disability.
- 10 units prioritized for Indigenous persons experiencing homelessness through partnerships with the Native Women's Centre and Homeward Bound
- Rents set at 60% of average market rents one-bedroom units, and 80% of average market rent for two-bedroom units, excluding utilities and a \$26 charge for the amenities including the recreation room, computers and internet
- Minimum of 26 years of affordability, expected to be permanently affordable
- \$105,000 per unit request (less than the maximum of \$150,000 per unit)
- The building will meet the City's Barrier Free Design Guidelines, all units will be "visitable," meaning they meet certain accessibility standards, all units will contain many accessibility features, 8% of units will meet the City's Barrier Free Design Guidelines, 8% will meet the Ontario Building Code barrier-free standards
- Will be part of a community hub including: a supportive housing team providing 24 hour on-call services, a community food centre, community meeting rooms, a convenience store, a neighbourhood pharmacy, and a doctor's office/medical centre
- Will meet Passive House design standards and have other features to reduce environmental impact and increase energy efficiency, significantly reducing the costs of utilities
- Fundraising donors will contribute \$2.639 million to the project

March of Dimes Canada Non-Profit Housing Corporation, 66 West 28th Street (Ward 8), (Location Map attached as Appendix B to Report CES17036)

- Two additional bedrooms and expansion of shared living areas (including the addition of a sprinkler system) in a four-bedroom congregate care home for adults with high-care needs, receiving 24/7 care
- Housing for those with developmental disabilities who will be prioritized for individuals currently living in a hospital setting, in long term care at a young age, or with aging parents who are their primary caregiver
- Rents set at 80% of average market rents for one-bedroom units
- Minimum of 26 years of affordability, expected to be permanently affordable
- \$132,914 per unit request (less than the maximum of \$150,000 per unit)
- The home and all units will be fully accessible, including lifts in each bedroom
- Supports will be provided by on-site staff and a variety of agencies with a goal of maximizing independence and improving quality of life

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- The March of Dimes will be contributing \$88,609 in equity to the project

Each proposal exceeded the requirement of designing 5% of the units to meet the City of Hamilton Barrier Free Design Guideline and an additional 10% 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) \$2.75 million in IAH-E funding to the proposal from the Hamilton YWCA
- 2) \$2.5 million in SIF funding to the proposal from the Hamilton YWCA
- 3) \$2,838,030 in SIF funding to the proposal from Indwell Community Homes

Staff also recommend that Council approve the following funding allocations:

- 1) \$2,411,970 in Poverty Reduction Investment Reserve new affordable housing construction funding to the proposal from Indwell Community Homes
- 2) \$265,827 in Poverty Reduction New Affordable Housing Construction funding to the March of Dimes Canada

These projects provide significantly reduced rents, are in the planning approvals process, represent strategic redevelopment opportunities, and will inject approximately \$21.95 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, 2017. The Ministry of Housing requires time to prepare an offer of funding to the proponent. It is anticipated that in September 2017 the Ministry will be advised of the proposal recommended by Council. The offer of funding will be made to the proponent by the Minister of Housing in October 2017 followed by final drafting and execution of the Contribution Agreement in November 2017.

Results of RFPQ C5-06-17 Prequalification for Future Funding

RFP C5-11-16 resulted in eleven proponents being included on the Prequalified Proponent List RFPQ C5-11-16. Three new proponents were added to the list on the basis of this RFP C5-06-17.

The City will use the Prequalified Proponent List to solicit proposals for affordable rental housing projects until December 31, 2019. 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

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES17036: Location Map of 52 – 64 Ottawa Street North

Appendix B to Report CES17036: Location Map of Part of 205 Melvin Avenue

Appendix C to Report CES17036: Location Map of 66 West 28th Street

Appendix D to Report CES17036: Prequalified Proponent List RFPQ C5-06-17