

Request for Decision

Award of Contract CDD09-16, Request for Proposal for Affordable Housing under the Canada-Ontario Affordable Housing Program

Presented To:	City Council
Presented:	Wednesday, Sep 23, 2009
Report Date	Tuesday, Sep 15, 2009
Type:	Managers' Reports

Recommendation

WHEREAS the City of Greater Sudbury has agreed to participate in the new Canada-Ontario Affordable Housing Program (AHP) 2009 Extension;

WHEREAS Housing Services issued an RFP under the Rental Component of the Affordable Housing Program,

THEREFORE BE IT RESOLVED THAT the qualified proposals identified in this report be forwarded to the Minister of Municipal Affairs and Housing for approval under the new Canada-Ontario Affordable Housing Program (AHP) 2009 Extension.

Finance Implications

There is no budget impact as all costs will be funded by Provincial/Federal grants.

Policy Implications

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Background

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Signed By

Report Prepared By

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Recommended by the Department

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BACKGROUND

In March 2009, the Federal and Provincial governments announced, as part of their economic stimulus plans, investments of \$1.2 billion towards affordable housing in Ontario. Of those funds, \$540 million has been allocated to extend the Canada-Ontario Affordable Housing (AHP), known as the new AHP Extension (2009). The new AHP includes funding for rental units for seniors, persons with disabilities and other low income households. The funding must be expended over the next two years.

In April 2009, Council agreed to participate in the new AHP Extension (2009).

The Ministry of Municipal Affairs and Housing issued the program guidelines in mid June. The guidelines indicate that funding will be provided over the next two years on a strict "use it or lose it" basis. Any monies uncommitted by each fiscal year end will lapse. Another key program component is that selected projects must start construction within three (3) months of being selected. The Ministry reserves the right to reallocate any funding from housing proponents who cannot meet their project commitments by the required timelines.

The new program offers up to \$120,000/unit in capital funding. The monies are made available in the form of a 20 year forgivable loan. Forgiveness is earned only if the proponents continue to meet the program criteria.

The funds will be made available during the construction process thus further decreasing project cost. There are no on-going program subsidies so projects must be viable on their own. In exchange for the capital funding, project rents must remain affordable for a minimum of 20 years. Affordable rents will be set at 80% of the local Average Market Rent as determined annually by CMHC.

The municipality is responsible for program delivery and on-going program administration. Ministry funding has been made available for program start up and delivery.

The Ministry chose not to provide Service Managers with notational funding allocations. Instead, the Ministry is holding a provincial competition for proposals. All municipalities are invited to submit qualified proposals to the Ministry who will then select projects from those submitted. There is no guarantee that any of the projects submitted by the CGS to the Ministry will be selected.

The Ministry has set 3 submission dates for proposal review, the first being July 31st, with the next two dates being September 30th and November 2nd. A date for submissions for year 2 of the program has not yet been set.

Based on this information, CGS staff issued a Request For Proposals (RFP) in late June. The RFP sought proposals from both private and non-profit proponents who may be interested in creating new affordable rental units in the community. In response to the Ministry process, the CGS RFP offered 3 closing dates (July 28th, September 1st and October 15th). Potential proponents were instructed to select the submission date which best fit their proposals.

Projects recommended by Council will be forwarded to the Ministry of Municipal Affairs and Housing for funding consideration. The Ministry has confirmed that only projects with Council recommendation will be considered for funding.

At its August 2009 meeting, Council recommended three (3) of 7 projects to the Ministry for consideration. Formal announcements on the Ministry's project selection have yet to have been made.

This report summarizes the response for the September 1st RFP closing date and provides a new list of proposals for Council consideration.

DETAILS

Proponents were required to submit a business plan which demonstrated:

- the project's financial viability and reasonableness in terms of costs, revenues and request for funding
- the proponent's experience in project development, residential construction, project management, rental housing management
- the proponent's capacity to complete the proposed project
- the project's adherence to good planning principles
- viable project design
- the project's long term sustainability, and
- that their project could start construction within 3 months of being selected.

In order to be considered, projects had to have applied for a building permit and site plan approval. Proper site zoning had to already be in place. Projects which had obtained a building permit, site plan approval, incorporated both energy efficiency and universal accessibility, proposed a longer affordability period as well as requested minimal program funding were given preference in the evaluation.

RFP RESULTS

On September 1st, a total of 6 proponents responded to the RFP requesting a total of 222 units. Two proposals were from the non-profit sector, one was a private/non-profit partnership while three were from the private sector.

Earlier this year, Council had indicated that it would give supportive housing proposals which met the program criteria special consideration when making recommendations to the Ministry. One proposal is proposing a senior's supportive housing project. A second proponent identified an interest in providing supportive housing but had not yet finalized their discussion with the LHIN.

The evaluation process involved a rigorous 3 stage review. Only successful proposals from one phase would be included in the next review stage.

The proposals were evaluated against the RFP and Program criteria. The staff review revealed that three proposals met the Program criteria. Those proponents not meeting the requirements will be advised and given the opportunity to reapply for funding through the next RFP submission date.

NEXT STEPS

Upon receipt of confirmation of approval by the Minister, Housing Services will enter into the necessary program agreements with the proponents and oversee the development of the approved projects.

RFP RECOMMENDATION

It is recommended that the projects identified on the attached project list be forwarded to the Minister of Municipal Affairs and Housing for approval.

Project List RFP Contract CDD09-16 For Affordable Housing under the new Canada-Ontario Affordable Housing Program Extension (2009)						
Proponent	Proposed Location	Total Project Units	Total Funded Units	Amount of Funding Request	Status	Target Client Group
Sudbury Finnish Rest Home	Sudbury	79	79	\$9.48M	R	Seniors Supportive Housing
Perry & Perry Developments	Walden	64	64	\$7.68 M	R	Seniors (Potential Supportive Housing)
Sitiri Investments Ltd	Sudbury	30	30	\$3.60 M	R	Mixed