

Request for Decision

RFP for Investment in Affordable Housing for Ontario 2014 Extension

Presented To:	City Council
Presented:	Tuesday, Apr 11, 2017
Report Date	Wednesday, Mar 22, 2017
Type:	Managers' Reports

Resolution

WHEREAS the City of Greater Sudbury has agreed to participate in the Investment in Affordable Housing for Ontario 2014 Extension (IAH-E), and;

WHEREAS Housing Services issued a Request for Proposal under the Rental Housing Component of the Investment in Affordable Housing for Ontario 2014 Extension (IAH-E), and;

WHEREAS one proposal meets all Investment in Affordable Housing for Ontario 2014 Extension (IAH-E) requirements and will enhance access to affordable housing in Greater Sudbury;

THEREFORE BE IT RESOLVED THAT the proposal from 1381 Paris Street Inc. be forwarded to the Minister of Housing for approval under the Investment in Affordable Housing for Ontario 2014 Extension (IAH-E) Program.

Finance Implications

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

Background

The City of Greater Sudbury has benefited from the receipt of approximately \$29,670,000 in provincial funding for the construction of affordable rental housing. The first project Raiffeisen, Phase 2, located at 117 Montcalm Street in Sudbury, consisted on 68 affordable out of the 80 units built. This project received approximately \$3,685,000 towards the build. The project was occupied on December 22, 2009 and the mandate of the build was for mixed housing (singles, seniors, and families).

Capreol Non-Profit Housing located at 36 Coulson Street in Capreol, received funding in the amount of approximately \$1,025,000 towards the second affordable housing build. This project was built on the same site as the Capreol Seniors Housing project. The new build contained 20 seniors units and was occupied on January 14, 2010.

Signed By

Report Prepared By

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Division Review

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Recommended by the Department

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Recommended by the C.A.O.

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The third affordable housing project was built by Dalron and located at 192 Copper Street in Sudbury. 64 of the 66 units were designated affordable. The occupancy date was July 1, 2011 and the mandate was seniors housing. Approximately \$7,800,000 was allocated from the Province for this affordable housing build.

The Sudbury Finnish Resthome located on Fourth Avenue in Sudbury, received approximately \$9,480,000 towards senior supportive housing. 61 of 82 units built were designated as affordable and the units were occupied on November 1, 2012.

The last affordable housing build was awarded to Perry & Perry Developments located at 20 Hill Street in Lively, ON. 32 of 33 units were designated as affordable and the units were occupied November 4, 2013. Units were partially designated as seniors/seniors supportive. Approximately \$7,680,000 was awarded.

Resolution CC2012-42 was passed by City Council on February 28, 2012 regarding the Capreol Supportive Housing Project following a presentation made by the Capreol Long Term and Supportive Housing Board of Directors.

The resolution read as follows:

WHEREAS the City of Greater Sudbury continues to experience pressures related to Alternate Levels of Care;

AND WHEREAS the North East Local Health Integration Network (NE LHIN) Community Engagement Report, dated November 2011, identifies lack of community supports for seniors as one of twelve themes emerging from public consultations;

AND WHEREAS the Capreol Long Term and Supportive Housing Board of Directors indicates that they are now ready to move forward with a 44 unit Senior and Assisted Living complex in Capreol;

AND WHEREAS this complex has the support of the NE LHIN;

NOW THEREFORE BE IT RESOLVED THAT, subject to staff review, the Capreol Supportive Housing Project be considered a top priority of the Council of the City of Greater Sudbury with respect to any new affordable supportive housing capital allocations for the City of Greater Sudbury;

AND THAT this motion be forwarded to the Honorable Rick Bartolucci, Minister of Northern Development and Mines in support of request for any available funding that would enable this project to move forward immediately. Carried.

IAH-E 2014 (New Capital Funding to be awarded in 2017)

With the additional \$9,808,800 to be dispersed in 2017 from the Ministry of Housing for affordable housing rental units (Investment in Affordable Housing for Ontario 2014 Extension being \$6,315,000; Social Infrastructure Fund Investment in Affordable Housing \$3,493,800). This will bring the total investment in affordable rental housing units by the Province to approximately \$39,478,800 in the community.

The program offers up to \$150,000/unit in capital funding. The monies are made available in the form of a twenty (20) year forgivable loan. Forgiveness is earned only if the proponent continues to meet the program criteria.

The funds will be made available during the construction process thus further decreasing project cost. There are no ongoing 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 twenty (20) years. Affordable rents will be set at 80% of the local Average Market Rent as determined annually by Canada Mortgage and Housing Corporation (CMHC).

Details

Housing Services issued a Request for Proposals (RFP) January 27, 2017. The RFP sought proposals from both private and non-profit proponents who may be interested in creating new affordable housing in the community.

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

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, and rental housing management
- the proponent's capacity to complete the proposed project within Ministry mandated timelines
- the project's adherence to good planning principles
- viable project design
- the project's long term sustainability
- the project would start construction within 4 months after provincial contribution agreement is signed

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 funding were given preference in the evaluation.

RFP Results

On March 1, 2017, three (3) proponents responded to the RFP offering \$6,315,000 to build affordable rental housing units. One proposal was from the non-profit sector, one from the private sector, and one from the Local Housing Corporation.

Proposals were received from the following:

39 Coulson Street/Capreol Long-Term & Supportive Housing

In 2009 Capreol Non-Profit Housing Corporation received provincial funding to build a twenty (20) unit Seniors Affordable Housing Project. Capreol Long-Term & Supportive Housing is proposing to create 30 units of affordable housing in Capreol. The 30 affordable units would be a part of the 44 unit 3 storey complex intended for seniors. The addition of these units would complement the existing twenty (20) unit building that opened in 2010. The new project would consist of 22 – 1 bedroom units, 8 – 2 bedroom units, and 14 market rent two bedroom units. 3 of the 30 affordable units will be constructed as accessible units. All of the units in the proposed building will feature universal design and will incorporate a number of energy efficient building elements. Units will be priced at rents that average 80% of the CMHC Average Market Rent for the City of Greater Sudbury, including utilities. The units will remain affordable for 20 years. Some of the units will be made available to senior households who are eligible to be on the CGS' Registry centralized wait list if Commercial Rent Supplement funding is available. There were 3 commercial units included in sections of the RFP but there was no mention of what the planned uptake would be. The project occupancy date was March 31, 2018. In 2012 City Council acknowledged that the Capreol Supportive Housing Project be a top priority for affordable housing funding. Unfortunately, the financial statements were incomplete and the project can not be determined viable and sustainable.

1381 Paris Street/1381 Paris Street Inc.

In 2010 Dalron received funding to build a 66 unit seniors building on Copper Street in Sudbury. 1381 Paris

Street Inc. is a company primarily owned by Dalron Commonholds Ltd., and Salam Holdings Inc. Dalron has been providing quality build homes in the Sudbury area since 1969. In recent years, the group has further diversified by focusing on opportunities within the retirement industry. The target population for 1381 Paris Street Inc. is low income seniors. There is a high need for additional affordable housing options for seniors in the South end. The location proposed is in close proximity to a Northern Ontario primary health care facility, offers close proximity to public transit, access to the shopping district in the south end and downtown core, as well as access to Bell Park, Lily Creek, Laurentian Conservation area, James Jerome Sports Field, and Science North. The proposal is for a 65 unit 6 storey apartment building containing a mix of affordable housing and market rent units. There will be 40 affordable housing units (6 – 1 bedroom, 34 – 2 bedroom), with 6 units being constructed as accessible units. The remaining 25 market rent units will be a mix of 2 and 3 bedroom units. Accessible units have been priced below the IAH Rent, while the rent for the affordable 2 bedroom units are priced at the 80% Average Market Rent based on CMHC's average rents. Energy efficiency will be incorporated into the building design and energy star rated products will be included in the project. The units will remain affordable for 20 years. The building is scheduled for March 31, 2018 occupancy.

720 Bruce Avenue/Greater Sudbury Housing Corporation(GSHC)

The GSHC is proposing a new development consisting of a 6 storey high rise apartment building containing 60 - 1 bedroom units dedicated to seniors. 5 of the units will be barrier free and the building design will incorporate features and standards that enable individuals using wheelchairs, walkers, scooters or have some other form of mobility impairment to move freely throughout the building and visit other units. The rents proposed for both the affordable and accessible one bedroom units has been set at \$617, which is below the 80% Average Market Rent based on CMHC's average rents. The units will remain affordable for 30 years. GSHC has offered to access the Registry waitlist via the Commercial Rent Supplement Program. Take up of this rent supplement program would be at Council's discretion, pending available funding. The GSHC has placed conditions on the financial components of the proposal which would require approval by the Shareholder in order to advance the project to a shovel ready state. As part of the RFP criteria, Service Manager/Ministerial consent (Housing Services Act, 2011, Sec. 162) was not requested. The occupancy date is estimated at March 2019, a full year after the required Project Occupancy date as outlined in the RFP criteria.

Review

The three (3) proposals were evaluated against the RFP and program criteria. The program criteria were proponent qualifications and partnerships; project target/needs; project design and location; financial viability, affordability and value; and lead time for delivery. Preference categories garnered points for areas that exceeded the baseline qualifications of the RFP. Proponents could receive a maximum of 200 points based on the above criteria.

Some of the proposals were not sufficiently advanced in their development stage to guarantee a successful construction completion date of March 31, 2018 nor did they provide sufficient evidence to demonstrate their long term viability.

The evaluation team consisted of the following CGS staff: Director of Building Services/Chief Building Officer, Manager, Development Approvals, Manager, Community & Strategic Planning, Coordinator of Housing Programs and Manager of Housing Services. The NE LHIN was represented by the Director, Home and Community.

RFP Recommendation

It is recommended that the proposal submitted by 1381 Paris Street Inc. be forwarded to the Minister of

Housing for approval. This proposal received the highest points from all evaluators as per the review conducted, and met all of the Ministry prescribed deadlines. This affordable housing project would add 40 affordable housing units, and 25 market rental units into Greater Sudbury's affordable housing stock.

Next Steps

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

The second RFP for the 2016 Social Infrastructure Fund - Investment in Affordable Housing will be issued in the Spring of 2017 and awarded before the second quarter of 2017. This Federal/Provincial funding envelope is approximately \$3,493,800.

References

City Council, August 8, 2007, Contract CDS07-10 RFP for Affordable Housing under the Canada-Ontario Affordable Housing Program

City Council, August 12, 2009, Contract CDD09-16 RFP for Affordable Housing under the Canada-Ontario Affordable Housing

Program <http://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&lang=en&id=213&itemid=21>

City Council, September 23, 2009, Contract CDD09-16 RFP for Affordable Housing under the Canada-Ontario Affordable Housing

Program <http://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&lang=en&id=215&itemid=21>

City Council, January 27, 2010, Contract CDD09-36, RFP for Affordable Housing under the Canada-Ontario Affordable Housing Program 2009

Extension <http://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&lang=en&id=246&itemid=2>

Community Services Committee, February 2, 2015, Investment in Affordable Housing for Ontario 2014 Extension

(IAH-E) (<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=5&id->

Ministry of Housing,

(https://www.ontario.ca/page/ministry-housing?_ga=1.252157067.369679760.1489671483)