

Municipality Of Chatham-Kent

Community Human Services

Housing Services

To: Mayor and Members of Council

From: Shelley Wilkins, (Hon) BPA, Director, Housing Services

Date: September 4, 2018

Subject: Results of Request for Proposal # R18-233 Developing Affordable Housing

Recommendations

It is recommended that:

Recommendation 1:

- a. The proposal of 1967177 Ontario Limited to construct a two story 14 unit new build of affordable housing at 18 Dolsen Ave. under the Canada-Ontario Affordable Housing Program Extension (2014), Year 5, be endorsed by Council for funding approval by the Ministry of Municipal Affairs and Housing, for a total funding request of \$1,029,000 (at \$73,500 per unit);
- b. Subject to Ministry of Municipal Affairs and Housing approval to fund 1967177 Ontario Limited for the proposed affordable housing project at 18 Dolsen Ave., Chatham, and subject to Council's approval of a requested Zoning By-law Amendment and associated Site Plan Control Agreement for said property, that Council approve contributing \$441,000 (at \$31,500 per unit) from the Affordable Housing Reserve towards the said project which shall be subject to the terms and conditions of a Municipal Contribution Agreement.
- c. The Mayor and Municipal Clerk be authorized to execute the Investment in Affordable Housing Program Extension (2014), Rental Housing Component, Municipal Contribution Agreement with 1967177 Ontario Limited for the proposal to construct a two-story walk-up, 14 unit affordable housing apartment building at 18 Dolsen Ave., Chatham, subject to the funding approval of both the Ministry of Municipal Affairs and Housing and municipal Council as stated above.
- d. That subject to the execution of the Municipal Contribution Agreement noted above, that the project specific Municipal Capital Facilities By-law for Affordable Housing by 1967177 Ontario Limited, 18 Dolsen Ave., Chatham as set out in Appendix 1 of this report be approved.

Recommendation 2:

- a. The proposal of 1967177 Ontario Limited to construct a two story 12 unit new build of affordable housing at 25 Michener Road, under the Canada-Ontario Affordable Housing Program Extension (2014), Year 5, and Social Infrastructure-Investment in Affordable Housing program, Year 3. be endorsed by Council for funding approval by the Ministry of Municipal Affairs and Housing, for a total funding request of \$846,000 (at \$70,500 per IAHE unit) and \$248,625 (at \$20,718.75 per SIF-IAH unit);
- b. Subject to Ministry of Municipal Affairs and Housing approval to fund 1967177 Ontario Limited for the proposed affordable housing project at 25 Michener Rd, Chatham, that Council approve contributing \$225,375 (at \$18,781.25 per unit) from the Affordable Housing Reserve towards the said project which shall be subject to the terms and conditions of a Municipal Contribution Agreement.
- c. The Mayor and Municipal Clerk be authorized to execute the Investment in Affordable Housing Program Extension (2014), Rental Housing Component, Municipal Contribution Agreement and the Social Infrastructure – Investment in Affordable Housing, Year 3, Rental Housing Component, Municipal Contribution Agreement with 1967177 Ontario Limited for the proposal to construct a two-story walk-up, 12 unit affordable housing apartment building at 25 Michener Rd, Chatham, subject to the funding approval of both the Ministry of Municipal Affairs and Housing and municipal Council as stated above.
- d. That subject to the execution of the Municipal Contribution Agreement/s noted above, that the project specific Municipal Capital Facilities By-law for Affordable Housing by 1967177 Ontario Limited, 25 Michener Rd, Chatham as set out in Appendix 2 of this report be approved.

Recommendation 3:

- a. The proposal of 1967177 Ontario Limited to construct an 8 bedroom congregate living new build semi-detached home, with 4 bedrooms, and 2 full bathrooms and a kitchen, eating and living spaces in each of the two units of affordable housing at 51 Kirk Street., Chatham, under the Canada-Ontario Social Infrastructure-Investment in Affordable Housing program, Year 3. be endorsed by Council for funding approval by the Ministry of Municipal Affairs and Housing, for a total funding request of \$300,000 (at \$37,500 per SIF-IAH congregate living unit);
- b. Subject to Ministry of Municipal Affairs and Housing approval to fund 1967177 Ontario Limited for the proposed affordable housing project at 51 Kirk Street, Chatham, that Council approve contributing \$100,000 (at \$12,500 per congregate living unit) from the Affordable Housing Reserve towards the said project which shall be subject to the terms and conditions of a Municipal Contribution Agreement.

- c. The Mayor and Municipal Clerk be authorized to execute the Social Infrastructure – Investment in Affordable Housing, Year 3, Rental Housing Component, Municipal Contribution Agreement with 1967177 Ontario Limited for the proposal to construct an 8 bedroom semi-detached affordable housing building at 51 Kirk Street, Chatham, subject to the funding approval of both the Ministry of Municipal Affairs and Housing and municipal Council as stated above.

Recommendation 4:

The proposal of Compass Non-Profit Co-operative Homes Inc., in partnership with Clairvue Co-operative Homes Inc., to build an 8 unit affordable housing building (7 – 1 bedroom's and 1 – 2 bedroom units) on existing vacant land owned by Clairvue Co-operative Homes Inc. at 534 St. Clair Street, Chatham and seeking a total of \$928,776.90 in capital funding, be deferred until after the 2019 budget process, and be referred to Council for final approval post the 2019 municipal budget deliberations, subject to said project meeting building site requirements.

Recommendation 5:

The proposal of Compass Non-Profit Co-operative Homes Inc., in partnership with Clairvue Co-operative Homes Inc., to build 13 units of affordable housing at 72 and 72.5 Taylor Ave., Chatham and seeking a total of \$1,597,402 in capital funding, be referred to the National Housing Strategy Co-Investment Fund for funding consideration, with municipal Council endorsement.

Background

On September 8, 2014, Council authorized the execution of the Service Manager Administration Agreement with the Ministry of Municipal Affairs and Housing (MMAH), under the Investment in Affordable Housing for Ontario – 2014 Extension (IAHE). April 13, 2015 Council received an Information Report from the Director of Housing Services with the updated/submitted Program Delivery and Fiscal Plan for the full 6 years of funding under this program. The Director advised that she was seeking MMAH approval to move our planned Rental Housing allocations for Years 3, 4 and 5 to a single year. Under letter dated May 20, 2015, the Assistant Deputy Minister of MMAH authorized this requested change, and the approved rental housing funding was consolidated under Year 5 of the program, at a total of \$1.875 million. This change was reflected in the Director's July 25, 2016 report to Council on the Social Infrastructure Fund (SIF) Administration Agreement and SIF-Investment in Affordable Housing (IAH) Years 1 and 2 funding and SIF-Social Housing Improvement Program (SHIP) Year 1 funding.

At the October 16, 2017 Council meeting, Council authorized execution of the SIF-IAH Agreement to Amend the Service Manager Administration Agreement (adding Year 3, 2018-19). The additional funding provided is \$577,500, split \$548,625 for program expenses and \$28,875 (or 5%) for program administration expenses.

\$766,375 (800,000-33,625) is being funded from the Affordable Housing Reserve

Altogether then, the Director issued a RFP (#R18-233) for a total of up to \$3,223,625 in affordable housing construction, acquisitions, and/or conversion funding to create new affordable housing in Chatham-Kent.

Comments

The Director of Housing Services, with the assistance of the Purchasing Officer, issued Request for Proposal (RFP) # R18-233 on July 11, 2018. A mandatory Respondent's Information meeting was convened on July 23^d and the RFP closed on August 15, 2018. There were a total of 13 Plan Takers; 8 representatives attended the mandatory information meeting, two of whom represented community supportive housing service providers.

A total of five proposals were received from two different proponents. Each proposal received was evaluated based upon (a) experience of the proponents and the proponent's team members; (b) financial viability of the project; (c) project development plan; (c) program targets; and (d) value added included in the project. Proponents had to obtain a minimum of 75% in order to have their affordable housing capital funding request evaluated. Funding requests were worth 30% of the final score. The maximum capital funding, including federal-provincial and municipal is 75% of the cost net of GST/HST rebates or \$125,000 per affordable self-contained unit (i.e., apartment units) or \$50,000 per congregate living bedroom unit.

A RFP Evaluation Committee was established, including representation from Housing Services and Employment and Social Services (Homelessness Prevention Program). Average scores were determined to come to the following final scores:

Proponent	Final Score	Proposal	Partner/s	Capital Funding Request
1967177 Ontario Ltd (T. Zavitz)	93.1	18 Dolsen Ave.; 14 one bedroom units	CMHA – 4 units; 7 units – modified; Work with CKHS and CKESS to fill units	\$105,000 per unit
1967177 Ontario Ltd (T. Zavitz)	92.6	25 Michener Rd; 12 one bedroom units	CMHA – 3 units; 6 units – modified; Work with CKHS and CKESS to fill units	\$110,000 per unit
1967177 Ontario Ltd (T. Zavitz)	87.5	51 Kirk Street 8 bedroom congregate living	Community Living CK for 8 congregate units (head lease agrmt); all units 100% accessible	\$ 50,000 per unit (at max funding per unit)

Proponent	Final Score	Proposal	Partner/s	Capital Funding Request
Compass Non Profit Co-op Homes Inc	79.7	534 St. Clair St.; adding 8 unit building to existing Clairvue Co-op site	Clairvue Co-operative Homes Inc.: owns property; will operate; 1 modified unit	\$116,097.11 per unit (at max funding 75% of net cost)
Compass Non Profit Co-op Homes Inc	77.5	72/72.5 Taylor Ave.; demolish two houses and replace with 13 one bedroom units	Clairvue Co-operative Homes Inc.: to own and operate; 1 modified unit	\$122,877.08 per unit

18 Dolsen Ave. Proposal: This property is currently vacant institutional – a former Anglican Church. A rezoning application is required for this project. A Zoning By-law Amendment application has been submitted to Planning Services and is under review. It is anticipated this application will be brought before Council for consideration at a Statutory Public Meeting by the end of 2018. Site Plan Control approval is also required.

25 Michener Road Proposal: The owner/proponent for this property previously obtained the necessary zoning change for this project to proceed. Site Plan Control is required.

51 Kirk Street Proposal: The proponent has obtained a letter from the Chief Building Official confirming that this property is properly zoned for both a semi-detached unit, as well as a group home.

534 St. Clair St. Proposal: The proponent has obtained a letter from the Chief Building Official confirming that this property is properly zoned for row housing. He notes however that without a site plan they are unable to confirm whether the proposed 8 units and additional parking will fit on the subject property. Site Plan Control is required.

72/72.5 Taylor Ave. Proposal: The proponent has obtained a letter from the Chief Building Official confirming that an apartment building is a permitted use and that the 13 proposed units would fit onto the site. Site Plan Control is required.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

☒ Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

- ☒ A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- ☐ People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- ☐ Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- ☒ Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- ☒ Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- ☐ Has the potential to support all areas of strategic focus & critical success factors
- ☐ Neutral issues (does not support negatively or positively)

Consultation

The Purchasing Officer assisted with the RFP process in accordance with corporate policies and procedures.

The Manager, Legal Services was consulted with respect to altering the RFP to allow a single proponent to make multiple RFP submissions. He will also assist with reviewing the final municipal contribution agreements for execution with the successful proponents and reviewing that all registrations on title are completed to his satisfaction.

The RFP Evaluation Committee included the following representatives from Housing Services: Manager, Housing Assets (North); Manager, Housing Assets (South); Tenant Relations Manager; and the Director. The Program Manager, Homelessness Prevention, Employment and Social Services was also on the Committee.

The Revenue Analyst, Financial Services advised that the proposed semi-detached house for congregate living would likely be assessed at the residential rate.

A Financial Analyst I, Financial Services has reviewed and confirmed the financial implications section for accuracy.

The Chief Building Official provided zoning letters to the proponents. These letters were submitted (as required) with their respective RFP submissions.

Financial Implications

The table below sets out the financial implications of recommendations 1, 2 and 3.

	IAHE	SIF-IAH	Affordable Housing Reserve	Total
Funding	(\$1,875,000)	(\$548,625)	(\$766,375)	\$3,190,00
1967177 Ont Ltd – 18 Dolsen Ave Recommendation 1	\$1,029,000		\$441,000	\$1,470,000
1967177 Ont Ltd - 25 Michener Rd Recommendation 2	\$846,000	\$248,625	\$225,375	\$1,320,000
1967177 Ont Ltd - 51 Kirk Street Recommendation 3		\$300,000	\$100,000	\$400,000
Net Amount	\$0	\$0	\$0	(\$0)

With respect to Recommendation 4, the Director intends to return to the new Council (post 2018 election) and seek approval to fund the Compass Non-Profit Co-operative Homes Inc. proposal to add 8 units to the existing Clairvue Co-operative Homes Inc. site from the following sources of revenue:

Affordable Housing Reserve carry forward funds \$ 33,625

2019 municipal affordable housing budget reserve contributions \$800,000

2018 sale of former public housing project at 11 Cecil St for the balance of funding required. (A separate report on the proceeds of the sale of 11 Cecil St., Ridgeway will be brought forward in the future.) The total funding requested by Compass NP Co-op for this project is \$928,776.90.

MMAH has not yet released funding requirements and/or allocations for Service Managers pursuant to its agreement with the federal government under the National

Housing Strategy. However, it has released the amount of funding, application guideline, and application form with respect to the Co-Investment Fund. We are recommending that the fifth proposal be referred to this funding application process, with Council's endorsement. To the best of the Director's knowledge and understanding this endorsement, if given, is at no cost to the Municipality.

Pursuant to MMAH Guidelines and the Service Manager Administration Agreements that Chatham-Kent has executed with MMAH, the Municipality is required to reduce the property taxes on approved multi-residential projects to the single family residential rate. This is achieved and tracked by passing the attached by-laws (Appendices 1 and 2) and issuing grants-in-lieu of the difference between the multi-residential rate and the residential rate. However, with the recent provincial cap on multi-residential tax rates, this differential has already been significantly reduced. Hence, the municipal cost for such differentials is at a reduced rate. The reduction remains in place for the approved affordability period – 25 years, plus 5 years of phase out. This assures the Municipality of 25 years of affordable rents (at 80% of Average Market Rent), plus 5 years to gradually phase out the affordable rents until they are completely up to market rent levels.

Prepared by:

Shelley Wilkins, (Hon) BPA, CMM III
Director, Housing Services

Reviewed by:

Dr. April Rietdyk, RN, BScN, MHS, PHD PUBH
General Manager
Community Human Services

Consulted and confirmed the content of the consultation section of the report by:

Alain Sasseville, CET,
Manager, Housing Assets

Brandon Bechard, B.Arch.Sc, CET
Manager, Housing Assets

Chantal Perry, Program Manager

Dave Taylor, Manager, Legal Services

Hayley Wilbur, Financial Analyst 1

Jennifer Scherle, Purchasing Officer

Kristen Williams, Manager, Tenant Relations

Mark Visser, Revenue Analyst

Paul Lacina CBO

Ryan Jacques, Planner

Attachments:

Appendix 1 – By-law No. – Municipal Capital Facilities By-law for 18 Dolsen Ave.

Appendix 2 – By-law No. – Municipal Capital Facilities By-law for 25 Michener Rd

C: Alain Sasseville, Manager, Housing Assets, Housing Services
 Brandon Bechard, Manager, Housing Assets, Housing Services
 Chantal Perry, Program Manager, Employment & Social Services
 Dave Taylor, Manager, Legal Services, Corporate Services
 Hayley Wilbur, Financial Analyst I, Financial Services
 Jennifer Scherle, Purchasing Officer, Financial Services
 Kristen Williams, Tenant Relations Manager, Housing Services
 Mark Visser, Revenue Analyst, Financial Services
 Paul Lacina, Chief Building Official, Director, Building and Development Services
 Ryan Jacques, Planner, Planning Services

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BY-LAW NUMBER [REDACTED]-2018
OF
THE MUNICIPALITY OF CHATHAM-KENT

A By-law to authorize the entering into agreement for the provision of Municipal Capital Facilities for Affordable Housing by 1967177 Ontario Limited in the Municipality of Chatham-Kent

WHEREAS subsection 110(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that the council of a municipality may enter into agreements for the provision of municipal capital facilities with any person;

AND WHEREAS section 2 of Ontario Regulation 603/06, as amended, prescribes municipal housing projects as eligible municipal capital facilities;

AND WHEREAS section 2 of By-law No. 44-2007 of the Municipality of Chatham-Kent permits the Municipality to enter into municipal housing project facilities agreements with housing service providers;

AND WHEREAS by Resolution dated September 8, 2014 the Council of the Municipality approved submitting a Program Delivery and Fiscal Plan under the **Investment in Affordable Housing for Ontario – 2014 Extension program** to the Ministry of Municipal Affairs and Housing for funding approval, which includes funding the development of affordable housing projects for up to \$1,875,000 in funding for new affordable units;

AND WHEREAS by Resolution dated October 1, 2018 the Council of the Municipality recommended a municipal affordable housing project at 18 Dolsen Avenue, Chatham (subject to zoning by-law amendment approval), proposed by 1967177 Ontario Limited for approval by the Ministry of Municipal Affairs and Housing under the IAH (Extension 2014) program, Rental Housing component;

AND WHEREAS on [REDACTED], 2018, the Ministry of Municipal Affairs and Housing conditionally approved the 1967177 Ontario Limited project for \$1,029,000 in funding for the creation of 14 affordable housing units under the IAHE program and approved providing an additional \$441,000 in municipal affordable housing funding subject to the project receiving provincial funding approval;

AND WHEREAS Council is desirous of entering into agreements for the provision of municipal capital facilities with 1967177 Ontario Limited for its property located at 18 Dolsen Avenue, Chatham in Chatham-Kent, Ontario to be utilized as a municipal affordable housing project;

NOW THEREFORE, the Municipality of Chatham-Kent hereby ENACTS as follows:

1. The Mayor and Municipal Clerk are authorized to administer and enter into agreement(s) under section 110(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25 with 1967177 Ontario Limited concerning its property located at 18 Dolsen Aveune, Chatham for the provision of a municipal capital facility, namely a municipal affordable housing project consisting of 14 affordable rental units (all one bedroom units). Such agreements may provide for an annual grant to offset the

difference between the multi-residential property tax rate and the single family residential property tax rate for the duration of the affordable housing contribution agreement.

2. This By-law will come into force immediately upon passing.

By-law read a first, second and third time and finally passed in the Council Chamber at the Municipality of Chatham-Kent this [REDACTED] day of [REDACTED], 2018.

MAYOR - Randy R. Hope

CLERK - Judy Smith

BY-LAW NUMBER -2018
OF
THE MUNICIPALITY OF CHATHAM-KENT

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AND WHEREAS section 2 of Ontario Regulation 603/06, as amended, prescribes municipal housing projects as eligible municipal capital facilities;

AND WHEREAS section 2 of By-law No. 44-2007 of the Municipality of Chatham-Kent permits the Municipality to enter into municipal housing project facilities agreements with housing service providers;

AND WHEREAS by Resolution dated September 8, 2014 the Council of the Municipality approved submitting a Program Delivery and Fiscal Plan under the **Investment in Affordable Housing for Ontario – 2014 Extension program** to the Ministry of Municipal Affairs and Housing for funding approval, which includes funding the development of affordable housing projects for up to \$1,875,000 in funding for new affordable units;

AND WHEREAS by Resolution dated October 16, 2017 the Council of the Municipality approved submitting a Program Delivery and Fiscal Plan under the **2016 Social Infrastructure Fund-Investment in Affordable Housing (SIF-IAH) Year 3 program** to the Ministry of Housing for funding approval, which includes funding the development of an affordable housing project for up to \$577,500 in funding for new affordable units;

AND WHEREAS by Resolution dated October 1, 2018 the Council of the Municipality recommended a municipal affordable housing project at 25 Michener Road, Chatham, proposed by 1967177 Ontario Limited for approval by the Ministry of Municipal Affairs and Housing under the **Investment in Affordable Housing for Ontario – 2014 Extension program Year 5** (\$846,000) and the **2016 SIF-IAH Year 3** program (\$248,625), Rental Housing component and approved providing an additional \$225,375 in municipal affordable housing funding subject to the project receiving provincial funding approval;

AND WHEREAS on , 2018, the Ministry of Housing conditionally approved the 1967177 Ontario Limited project for \$846,000 in IAHE funding and \$248,625 in SIF-IAH funding for the creation of 12 affordable housing units;

AND WHEREAS Council is desirous of entering into agreements for the provision of municipal capital facilities with 1967177 Ontario Limited for its property located at 25 Michener Road, Chatham in Chatham-Kent, Ontario to be utilized as a municipal affordable housing project;

NOW THEREFORE, the Municipality of Chatham-Kent hereby ENACTS as follows:

1. The Mayor and Municipal Clerk are authorized to administer and enter into agreement(s) under section 110(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25 with 1967177 Ontario Limited concerning its property located at 25 Michener Road, Chatham for the provision of a municipal capital facility, namely a municipal affordable housing project consisting of 12 affordable rental units (one bedroom units). Such agreements may provide for an annual grant to offset the difference between the multi-residential property tax rate and the single family residential property tax rate for the duration of the affordable housing contribution agreement.
2. This By-law will come into force immediately upon passing.

By-law read a first, second and third time and finally passed in the Council Chamber at the Municipality of Chatham-Kent this __ day of _____, 2018.

MAYOR - Randy R. Hope

CLERK - Judy Smith