



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 12-243

TO: Mayor and Members of Council
FROM: Lanie Hurdle, Commissioner
RESOURCE STAFF: Sheldon Laidman, Director, Housing Department
DATE OF MEETING: July 17, 2012
SUBJECT: Investment in Affordable Housing (IAH) in Ontario

EXECUTIVE SUMMARY:

The Investment in Affordable Housing (IAH) in Ontario program provides provincial and federal funding for the creation and repair of affordable housing. The City of Kingston, as Consolidated Municipal Service Manager for the City of Kingston and County of Frontenac, received a total notional allocation of \$4,756,006 divided over three years (2012-13 to 2014-15).

The IAH program has six components. Service Managers could select which components to deliver in their service area. On October 13, 2011, Council approved the staff recommendation to deliver three components; Ontario Renovates, Rental Housing, and Rent Supplement.

This report focuses on the Rental Housing component which provides capital funding to develop new affordable rental units. The City of Kingston allocated \$1,651,662 for this component.

On April 11, 2012, staff released a Request for Proposal (RFP) seeking only non-profit proponents able to develop new affordable rental units with funding provided under the Rental Housing component. Five proposals were received and evaluated. Frontenac Community Mental Health and Addiction Services (FCMHAS) received the highest points in the evaluation process and are able to meet the extremely tight timelines required in order to receive final approval and funding from the Ministry of Municipal Affairs and Housing (the Ministry). Council approval of this project is required by the Ministry prior to their approval and subsequent funding.

Kingston Co-operative Homes Inc. ranked second and is well advanced in the planning process. Staff recommend that Kingston Co-op be supported by providing necessary financial assistance to complete the planning process so as to be fully prepared if other funding is available.

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It is important to note that the City will not receive the Rental Housing component of the IAH funding should the selected project not be able to meet the timelines set by the Province.

RECOMMENDATION:

THAT Council approve IAH funding of one million, six hundred and fifty thousand dollars (\$1,650,000) to Frontenac Community Mental Health and Addictions Services (FCMHAS) for the development of eleven (11) affordable rental units; and

THAT Council authorize the Commissioner, Community Services or her delegate to review and approve, for execution by the Mayor and Clerk, all documents and agreements related to the IAH funding provided to FCMHAS as required and as approved by the Legal Services Department; and

THAT Council authorize the Mayor and Clerk to execute all documents and agreements related to the IAH funding provided to FCMHAS as approved by the Commissioner, Community Services or her delegate; and

THAT Council approve funding in an amount up to forty-five thousand dollars (\$45,000) from the Affordable Housing Construction Reserve to Kingston Co-operative Homes Inc. to complete the planning process for their development as set out in their RFP submission; and

THAT Council authorize the Commissioner, Community Services or her delegate to review and approve, for execution by the Mayor and Clerk, all documents and agreements related to the funding provided to Kingston Co-operative Homes Inc. as required and as approved by the Legal Services Department; and

THAT Council authorize the Mayor and Clerk to execute all documents and agreements related to the funding provided to Kingston Co-operative Homes Inc. as approved by the Commissioner, Community Services or her delegate.

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AUTHORIZING SIGNATURES:

<p><u>ORIGINAL SIGNED BY COMMISSIONER</u> Lanie Hurdle, Commissioner, Community Services</p>
<p><u>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</u> Gerard Hunt, Chief Administrative Officer</p>

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability & Growth</i>	N/R
Denis Leger, <i>Transportation, Properties & Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:

Background

The recently announced Investment in Affordable Housing (IAH) for Ontario program provides provincial and federal funding to municipalities for the delivery of local affordable housing programs. This new initiative is to be delivered over 4 years and has 6 program components aimed at addressing affordable housing needs across the housing continuum.

The Ministry of Municipal Affairs and Housing (Ministry) advised the City of Kingston, as Consolidated Municipal Service Manager (Service Manager) for the City of Kingston and County of Frontenac, that the total notional funding allocation is up to \$4,756,006 and is divided by fiscal year, as shown below.

Year 1 2011-12	Year 2 2012-13	Year 3 2013-14	Year 4 2014-15	TOTAL
Transitional year No funding	\$1,951,708	\$1,955,202	\$849,096	\$4,756,006

Funding must be “committed” by December 31st of each fiscal year or it may be re-allocated to another Service Manager. Funding cannot be moved between fiscal years. “Committed” means the Service Manager has signed a funding agreement with a proponent, client, or landlord.

Service Managers were required to develop and submit a Council approved Program Delivery and Fiscal Plan (PDFP) that outlined how their annual funding allocations will be used in each fiscal year. The PDFP, as set out below, received approval from Council on October 13, 2011 and from the Ministry of Municipal Affairs and Housing (the Ministry) on April 25, 2012.

Program Component	Planned Financial Commitments				Total
	Year 1 (2011-12)	Year 2 (2012-13)	Year 3 (2013-14)	Year 4 (2014-15)	
Rental Housing		\$1,651,662			\$1,651,662
Homeownership					
Northern Repair					
Rent Supplement		\$60,000	\$1,617,325	\$588,578	\$2,265,903
Housing Allowance					
Ontario Renovates		\$200,000	\$200,000	\$200,642	\$600,642
SM Administration Fees	\$97,585		\$97,760	\$42,454	\$237,799
TOTAL	\$97,585	\$1,911,662	\$1,915,085	\$831,674	\$4,756,006

Rental Housing Component

This report focuses on the Rental Housing component which provides capital funding to increase the supply of rental housing for low income households who may be on or eligible to be

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on, the social housing waiting list. As noted in the chart above, the City of Kingston has committed \$1,651,662 to this component in Year 2 (April 1, 2012 to March 31, 2013).

As set out in the IAH Program Guidelines issued by the Ministry, the Service Manager must select proponents through a fair and open process in accordance with the Municipal Act, 2001. Proponents must have all planning approvals or at minimum be well advanced through the planning process in order to sign a Contribution Agreement by December 31, 2012 and begin construction by April 30, 2013. Council approved projects must be submitted to the Ministry by September 30, 2012 for their final approval.

The Ministry guidelines also set the following criteria for project eligibility:

Eligibility Criteria

- New construction, including additions and extensions may be on social housing lands with the appropriate consents
- Acquisition and rehabilitation of projects in danger of being lost to the rental housing stock
- Conversion of non-residential buildings or units to purpose-built rental buildings/units
- Units must be self contained and modest in size and amenities
- Congregate units for supportive housing may be eligible

Projects Not Eligible:

- Social housing that receives ongoing federal subsidies
- Shelters and crisis care facilities
- Secondary suites in owner-occupied housing
- Nursing and retirement homes

Affordability and Rental Criteria:

- Households should be on or eligible to be on the social housing waitlist (not a requirement)
- Service Managers must establish maximum income levels applicable at initial occupancy
- Average rent in the project must be at or below 80% of CMHC Average Market Rent
- Rent for any unit cannot be above the CMHC AMR
- Rents must remain affordable for a minimum period of 20 years

Request for Proposal

On April 11, 2012, City staff released a Request for Proposal (RFP) seeking Not-For-Profit organizations willing to develop affordable housing projects in the City of Kingston and/or the County of Frontenac. The RFP included the Ministry guidelines, as well as, Service Manager's preferences for project development. The evaluation and point rating system reflected the minimum provincial requirements, such as planning approvals, as well as additional points for preferences such as longer affordability period or lower rent levels.

Five proposals were received. Staff reviewed each proposal to ensure it was complete and met the eligibility criteria. The following evaluation rating system was used to rank each proposal.

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Part 2 – Project (Development) Information – Total 45 Points

- 2.3 Size of Development – 3 points
- 2.5 Social Housing Development – 10 points
- 2.8 CEEA – 5 points
- 2.9 Development Schedule – 20 points
- 2.10 – Funding Allocation – 7 points

Part 3 – Development Design Features – Total 15 Points

- 3.1 Units Size and Bedroom Count – 3 points
- 3.2 Amenities – 5 points
- 3.3 Energy Efficiencies – 5 points
- 3.4 Visitability Design Features – 2 points

Part 4 – Rental Requirements – Total 15 points

- 4.1 Rent Levels – 5 points
- 4.2 Affordability Period – 3 points
- 4.3 Tenant Selection – 5 points
- 4.4 Utilities – 2 points

Part 5 – Financial Plan – Total 25 points

The following five proposals were submitted and ranked in the following order:

Frontenac Community Mental Health and Addictions Services	11 units @ \$150,000
Kingston Co-operative Homes Inc.	8 units @ \$127,035
Kingston Municipal Non-Profit Housing Corporation	10 units @ \$ 94,846
Lois Miller Co-operative Homes Inc.	12 units @ \$ 77,644
Society of Abbeyfield Houses	3 units @ \$150,000

Frontenac Community Mental Health Addiction Services

FCMHAS will be developing the second of three phases on their property at Lyons Street. They have received all planning approvals which included public consultations. They received Site Plan Control Approval in January 2011. This building will include 11 one bedroom apartment units funded by IAH, additional affordable units with supports, and market rent units. The IAH units will have rents set at 60% of the CMHC average market rent inclusive of all utilities for a minimum of 30 years. All IAH units will have wider doorways and 8 of the 11 will have accessible bathrooms. The building will also include bike racks and scooter parking with charging stations as well as laundry facilities, common room and free parking. The building is located near public transportation, as well as, other amenities.

It should be noted that the IAH funding is only being requested to support the development of a portion of the overall residential project. It is anticipated that the FCMHAS development will generate a total of 49 units, which include the 11 units funded by IAH. FCMHAS' intent is to have some of the units funded by other ministries and include market rent units to ensure an

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appropriate mixture of units. The IAH funding is a significant contribution which will help facilitate the development of a much larger residential project providing support to low income individuals.

Most importantly, this proponent can sign a Contribution Agreement by December 31, 2012 and begin construction by April 30, 2013. City staff are recommending that Council approve this project for IAH funding under the Rental Housing component.

Kingston Co-operative Homes Inc.

Kingston Co-op's proposal is for the development of a third phase on their property at Princess Street. This phase will be 8 one bedroom townhouse units with rents set at 80% of CMHC average market rent, inclusive of utilities, for a minimum of 25 years. All units will have wider doorways and one unit will have an accessible bathroom. The building will include a common room and laundry facilities with free parking on site. It is near public transportation as well as many other amenities.

As this development is on federal social housing land, Kingston Co-op required approval from Canada Mortgage and Housing Corporation. Although they did not have this approval prior to the closing of the RFP, they have since received written approval from CMHC.

This project does still require Site Plan Control Approval which takes a minimum of 10 weeks to process. However, with the current volume of Site Plan Control applications and the possibility of a delay for unforeseen reasons, it may well take longer than 10 weeks. This uncertainty makes it difficult to ensure that the project could meet the Ministry's tight timelines.

City staff believe this project is a good and viable project that should move forward, at least to a point that the proponent is ready to begin construction should other funding is made available. The approximate cost for the Site Plan Control Application Approval is \$45,000. Unfortunately, Kingston Co-op is not in a position to finance these costs until they are sure they will receive funding to complete the project.

In the past, the City has advanced funding for initial costs related to future affordable housing development. The Affordable Housing Construction Reserve has been established and used for costs related to municipal development fees. There are sufficient funds in this account to provide an advance to Kingston Co-op.

City staff are recommending that staff work with Kingston Co-op to obtain Site Plan Control Approval and a Building Permit and that the City advance to Kingston Co-op \$45,000 to pay the costs related to obtaining this approval and permit.

Remaining Proposals

Both Kingston Municipal Non-Profit Housing Corporation (Town Homes Kingston) and Lois Miller Co-operative Homes Inc. have viable projects, however, they have not started the planning process and, therefore, are not in a position to meet the tight timelines. Society of Abbeyfield Houses is currently working with the Planning Department to obtain Re-zoning

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Approval and Site Plan Control Approval. However, the property does not meet the requirements of the Clean Environmental Assessment Act (CEAA) which is necessary whenever there is any federal funding provided. Abbeyfield would need to have a Screening Assessment completed prior to receiving approval for funding under the IAH program. Again tight timelines will be an issue for this proponent.

EXISTING POLICY/BY LAW:

Municipal Capital Facilities By-Law 2003-061

NOTICE PROVISIONS:

N/A

ACCESSIBILITY CONSIDERATIONS:

N/A

FINANCIAL CONSIDERATIONS:

Funding for FCMHAS will be provided to the City of Kingston from the Ministry of Municipal Affairs and Housing under the IAH program. There are no financial implications for the City of Kingston.

Funding for Kingston Co-op will be provided from the Affordable Housing Construction Reserve which currently has a balance of \$534,831.72.

CONTACTS:

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OTHER CITY OF KINGSTON STAFF CONSULTED:

Mary McIntyre, Housing Programs Administrator, Housing Department
John Henderson, Housing Programs Administrator, Housing Department
Melanie Bale, Financial Analyst, Housing Department

EXHIBITS ATTACHED:

N/A