TO: Chair and Members  
   Emergency & Community Services Committee  
WARD(S) AFFECTED: WARDS 1, 3, 4 and 6

COMMITTEE DATE: February 17, 2010

SUBJECT/REPORT NO:  
Request For Proposals C5-37-09, Canada-Ontario Affordable Housing Program 2009 Extension - New Rental Housing Component (CS10016) (Wards 1, 3, 4 and 6)

SUBMITTED BY:  
Joe-Anne Priel  
General Manager,  
Community Services

PREPARED BY:  
David Brodati (905) 546-2424 Ext. 6159

SIGNATURE:

RECOMMENDATION:

(a) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends the following prioritized proponents be approved for funding under the Canada-Ontario Affordable Housing Program 2009 Extension – New Rental Housing Component:

(i) Hellenic Community of Hamilton and District, 37 Strathcona Avenue North, Hamilton, Ontario, 4 units for seniors;
(ii) Homestead Christian Care, 1429 Main Street East, Hamilton, Ontario, 46 units for persons with disabilities;
(iii) J. Beume Real Estate Limited, 106 and 127 Burton Street, Hamilton, Ontario, 27 units for families;
(iv) 815488 Ontario Inc., 1489-1495 Upper Gage Avenue, Hamilton, Ontario, 59 units for seniors.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
EXECUTIVE SUMMARY

The City of Hamilton (City), in partnership with the Federal and Provincial governments, is actively facilitating and promoting the supply of new affordable rental housing in the community. Since 2003, there have been 11 projects approved for funding under the Canada-Ontario Affordable Housing Program (COAHP), which represents 622 new rental units for low and moderate income households.

On June 9, 2009, the Federal government and the Province of Ontario signed an agreement to invest $1.2 billion in affordable rental and ownership housing and to repair existing social housing. Of the $1.2 billion, $540 million will be invested to extend the COAHP, known as the COAHP 2009 Extension, which includes funding for rental units for seniors and persons with disabilities. The COAHP 2009 Extension rental housing funding was to be allocated over two fiscal years (i.e. Year 1 funding from April 1, 2009 to March 31, 2010, and Year 2 funding from April 1, 2010 to March 31, 2011).

Under the COAHP 2009 Extension, Municipal Service Managers are not provided a unit/dollar allocation. Accordingly, the Municipal Service Managers must forward Council approved projects to the Minister of Municipal Affairs and Housing (the Minister) for funding consideration.

Request for Proposal (RFP) C5-17-09, which closed June 25, 2009, provided the opportunity for private sector and non-profit housing developers to potentially secure Year 1 (2009/10) funding through the COAHP 2009 Extension. Six prioritized projects were recommended to the Ministry of Municipal Affairs and Housing (MMAH). Unfortunately, none of the six projects was selected for funding by the Minister.

In order to take advantage of Year 2 COAHP 2009 Extension funding, the City released RFP C5-37-09, which closed January 5, 2010. Four prioritized projects are being recommended. If approved by the Minister, the four projects will provide 136 new affordable rental housing units, for low and moderate income households, with rent levels 20% below the overall average market rent level in the City.

Approval of COAHP funding for these four projects would represent a Federal-Provincial investment in Hamilton of approximately $12 million; and, the construction value of these projects would be in excess of $15 million. In addition, assuming the Minister’s approval of these four projects, the City would be contributing financial assistance of approximately $5.4 million through Development Charge relief and property tax savings through the “New Multi-Residential” tax class; and, relief from Parkland Dedication charges.
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The construction of these new rental units would result in community-wide housing, economic and social benefits to the City, including brownfield redevelopment and residential intensification, and would be a catalyst for neighbourhood revitalization.

Alternatives for Consideration – See Page 9.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial:
Finance staff actively participated in the review of the RFP submissions. Finance staff has confirmed the amount of City financial assistance, as summarized by the table below, if the projects are approved by the MMAH. There are no ongoing operating subsidies to be provided by the City for the operation of these rental housing projects.

Staffing:
There are no staffing implications. Delivery of the COAHP is being accommodated within the existing staff complement of the Social Housing and Homelessness Division.

Legal:
There are no legal implications.

<table>
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<td>85,434</td>
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<td>6,259</td>
<td>208,000 (52,000 per unit)</td>
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<td>2. Homestead Christian Care, 1429 Man Street East, 46 units</td>
<td>1,082,986</td>
<td>11,350</td>
<td>894,409</td>
<td>177,227</td>
<td>5,290,000 (115,000 per unit)</td>
</tr>
<tr>
<td>3. J. Beume Real Estate Limited, 106 &amp; 127 Burton Street 27 units</td>
<td>2,549,446</td>
<td>56,000</td>
<td>2,074,136</td>
<td>419,310</td>
<td>2,970,000 (110,000 per unit)</td>
</tr>
<tr>
<td>4. 815488 Ontario Inc., 1489-1495 Upper Gage Avenue 59 units</td>
<td>1,718,915</td>
<td>45,000</td>
<td>1,147,176</td>
<td>526,739</td>
<td>4,366,000 (74,000 per unit)</td>
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HISTORICAL BACKGROUND (Chronology of events)

Recent Affordable Housing Development Activity:
Since 2003, the City has delivered the rental/supportive component of the COAHP. The current version of the COAHP 2009 Extension provides capital grants of up to $150,000 per unit to lower the cost of constructing new rental housing.

The role of the City is to identify and recommend, to the MMAH, a prioritized list of appropriate housing projects. According to the federal and provincial requirements, “municipalities are expected to recommend and select projects through a process in accordance with approved municipal procurement practices.”

The following eleven rental housing projects have been previously approved by the MMAH in the City; totalling 622 units. Seven of the projects have been completed and are now occupied, and the remaining four are under construction and/or in the process of securing a building permit:

- 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, seven units, Halton Heritage Realty Inc.; and,
- 480 Stone Church Road East, 63 units, T. Valeri Construction Limited.

These 11 projects have resulted in approximately $37 million of Federal and Provincial monies flowing into Hamilton with a total construction value of approximately $75 million.

Background to RFP C5-37-09:
In mid-May 2009, the City’s Purchasing Section issued RFP C5-17-09 seeking proposals for “Affordable Rental Housing Opportunities – The Canada-Ontario Affordable Housing Program Construction-Ready Rental.” It was noted in the RFP document that there was no guarantee of funding and final approval rests solely within the MMAH. RFP C5-17-09 closed on June 25, 2009, and a total of 12 submissions were deemed compliant by Purchasing Section staff for consideration by a staff
evaluation team. The evaluation team reviewed, scored and ranked the proposals according to criteria established in the RFP, and presented to Council for endorsement the six ranked projects that achieved the minimum passing score. Unfortunately, the Minister did not select any of the projects for Year 1 funding under the COAHP 2009 Extension.

In order to take advantage of Year 2 COAHP 2009 Extension funding, the City released RFP C5-37-09, which closed January 5, 2010. A total of 13 submissions were received and all were deemed compliant by Purchasing Division staff.

In alphabetical order, the compliant submissions were as follows:

1) 150 Main West Holdings Inc., 150 Main Street West, conversion of a non-residential structure (the former Federal Building) to residential, 150 units;
2) 508 Mohawk Rd. E. Inc., 508 Mohawk Road East, renovation of an existing apartment building, 46 units;
3) 815488 Ontario Inc., 1489-1495 Upper Gage Avenue, new apartment construction, 59 units;
4) 983177 Ontario Inc., 334 East 14th Street, renovation of an existing apartment building, 110 units;
5) Dundas Living Centre Inc., 1 Lynndale Drive, new apartment construction, 36 units;
6) Good Shepherd Non-Profit Homes Inc., conversion of a non-residential structure (warehouse/food bank) to residential, 43 units;
7) Hamilton Queen and Market Inc., 200 Market Street, new apartment construction, 178 units;
8) Hellenic Community of Hamilton and District, 37 Strathcona Avenue North, conversion of non-residential (former fire hall) to residential, four units;
9) Homestead Christian Care, 1429 Main Street East, conversion and new apartment construction, 46 units;
10) J. Beume Real Estate Limited, 106 and 127 Burton Street, new townhouse construction, 27 units;
11) Polish National Catholic Church of Canada, 2782 Barton Street East, new apartment construction, 83 units;
12) T. Valeri Construction Ltd., on behalf of Grand Connaught Development Group Inc., 112 King Street East, conversion of a non-residential structure (former hotel), 206 units (100 COAHP and 106 non-COAHP); and,
13) The Adler Group, 34 Ottawa Street North, conversion and new apartment construction, 15 units.

The RFP employed a two-stage approach where Part A was the “technical proposal” and Part B was the “cost proposal.” The RFP document clearly indicated the various
evaluation criteria and weighting. For Part A, the submissions were evaluated based on the following criteria and associated weight factors:

- Strength and Background of the Bidder: 30
- Site Characteristics and Development Concept: 20
- Site Readiness: 15
- Construction Readiness: 15
- Location within the City of Hamilton: 20

**Total Part A Scoring: 100**

With a total of 100 points, an overall minimum score of 70 points was required for a “pass” under Part A. In addition, a minimum score was required for each of the individual criteria in order to pass Part A.

Upon a pass under Part A, the Part B components of submissions were evaluated by the staff Evaluation Team, based on the following criteria and associated weight factor:

- Business Plan & Cost Effectiveness of Proposed COAHP Funds: 100

**Total Part B Scoring: 100**

A minimum score of 60 was required to “pass” Part B. The scores from both Part A and B were added together to arrive at a prioritized ranking of the submissions.

**POLICY IMPLICATIONS**

None.

**RELEVANT CONSULTATION**

The compliant proposals were evaluated by a City staff evaluation team according to criteria established in the RFP. The team was made up of representatives from the following Departments:

- Corporate Services Department, Budgets & Finance Division and Legal Services Division;
- Planning & Economic Development Department, Development Planning Division and Downtown & Community Renewal Division; and,
- Community Services Department, CityHousing Hamilton Division.
Purchasing Section staff provided guidance and consulting services to the staff evaluation team.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(Include Performance Measurement/Benchmarking Data, if applicable)

**Results of RFP C5-37-09:**

With a total of 13 submissions, including both private sector and not-for-profit housing providers, there is a strong interest and desire within the community to utilize the funding available from the COAHP.

Nine proposals did not achieve a “pass” through Part A. The remaining four proposals achieved a pass through Part A and through Part B.

Based on the scoring of the evaluation team and combining the scores of the Part A and Part B components for each submission, staff is recommending that Council request the MMAH to provide COAHP 2009 Extension funding, on a prioritized basis, to the following four proposals:

1) Hellenic Community of Hamilton and District, 37 Strathcona Avenue North (Ward 1)
   - 4 units for seniors;
   - Adaptive re-use/conversion of an old fire hall on land owned by the proponent connected to the proponent’s existing COAHP seniors’ project. The project would maintain historic elements of the fire hall; and,
   - $208,000 COAHP funding at $52,000 per unit.

2) Homestead Christian Care, 1429 Main Street East (Ward 4)
   - 46 units for singles and persons with mental health disabilities;
   - Conversion and expansion of a deteriorating mixed commercial/rooming house property. The proposal will maintain a commercial presence at grade and renovate and expand with two residential storeys above the first floor; and,
   - $5,290,000 COAHP funding at $115,000 per unit

3) J. Beume Real Estate Limited, 106 and 127 Burton Street (Ward 3)
   - 27 units for families;
   - Development of 24 3-bedroom maisonette style units and 3 3-bedroom townhouses in the Keith Neighbourhood on a brownfield site; and,
• $2,970,000 COAHP funding at $110,000 per unit.

4) 815488 Ontario Inc., 1489-1495 Upper Gage Avenue (Ward 6)

• 59 units for seniors;
• 4 storey apartment building on vacant land at Upper Gage Ave. and Royal Vista (north of Rymal Rd. E.) Close proximity to transportation and many services and amenities; and,
• $4,366,000 COAHP funding at $74,000 per unit.

All of the proponents are advanced within the land use planning process and have an ability to commence construction activity within ninety days, if the MMAH approves COAHP funding.

All of the recommended proponents have committed to provide market rents at least 20% below average market rent levels. Location maps for each proposed development are provided in Appendix A of Report CS10016.

As previously noted, the final approval for funding under the COAHP rests with the MMAH. It is important that the Minister be aware that the City is an important partner in making these projects financially viable. The City will be waiving development charges, in accordance with the Development Charges By-Law, Parkland Dedication charges and the proponents will be eligible for property tax savings through the City’s “New Multi-Residential” tax class for a 35-year period.

Table 1 below summarizes the extent of potential City financial assistance, if the projects are approved by the MMAH. There are no ongoing operating subsidies to be provided by the City for the operation of these rental housing projects, as they are not governed by the Social Housing Reform Act.

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Approval of COAHP funding will result in a total of 136 units of new affordable rental housing being constructed in Hamilton. This construction would represent a Federal-Provincial investment in Hamilton of approximately $13 million and the construction value of these six projects would be in excess of $15 million.

The response to the latest RFP is indicative of the strong interest from community-led and private sector builders, within Hamilton, to participate in the COAHP. The quality of the proposals received and the City’s financial commitment to make these proposed projects financially viable is clear evidence to the MMAH that funding should be provided to allow these four projects to proceed.

The City’s previous participation and delivery expertise in the COAHP has helped to build significant capacity within the private sector and not-for-profit housing development community. Hamilton is well positioned to participate and deliver an enhanced funding commitment by the MMAH. The construction of these new rental units will result in community-wide housing, economic, and social benefits to the City, including brownfield redevelopment, residential intensification and neighbourhood revitalization.

The four proposals being recommended have passed a rigorous evaluation process, through RFP C5-37-09, and are excellent candidates for funding. The projects are well-advanced within the planning approvals process and are construction-ready, represent strategic development and redevelopment opportunities, will offer market rents at least 20% below the average market level and will be a highly targeted and effective local job creation initiative.

**Alternatives for Consideration:**

There are no alternatives for consideration.
CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)


Financial Sustainability
- Effective and sustainable Growth Management
- Generate assessment growth/non-tax revenues

Intergovernmental Relationships
- Acquire greater share of Provincial and Federal grants (including those that meet specific needs)

Social Development
- Everyone has a home they can afford that is well maintained and safe

Healthy Community
- Plan and manage the built environment
- Adequate access to food, water, shelter and income, safety, work, recreation and support for all (Human Services)

APPENDICES / SCHEDULES

Appendix “A” to Report CS10016.
File Name/Number: 1489 - 1493 Upper Gage Avenue
Date: February 19, 2007

Location Map

Appendix "A"

Subject Property

1489 - 1493 Upper Gage Avenue