SUBJECT: Request for Proposals C10-02-07: Canada-Ontario Affordable Housing Program (COAHP) and Hamilton Affordable Housing Partnership Initiative Fund (HAHPIF) (ECS07052) (Wards 2, 13, 15)

RECOMMENDATION:

(a) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends the following prioritized proponents be approved under the Rental/Supportive component of the Canada-Ontario Affordable Housing Program:

(i) Prime Properties Inc., 53-59 King Street East, Hamilton
(ii) Halton Heritage Realty Inc., 40-44 Flamboro Street, Hamilton
(iii) Helen Park Apartments Limited, 16 Helen Street, Hamilton

(b) That the maximum financial assistance, in the amount of $140,000 in the form of a forgivable loan, to be provided through the Hamilton Affordable Housing Partnership Initiative Fund for the Helen Park Apartments Limited, located at 16 Helen Street, Hamilton, Ontario, be approved.

(c) That upon funding approval by the Ministry of Municipal Affairs and Housing and in accordance with By-law No. 03-148, a site specific Municipal Housing Project Facilities by-law for affordable housing, be enacted with respect to the housing provider, Helen Park Apartments Limited and its twenty-six (26) unit project located at 16 Helen Street, Hamilton, Ontario.

(d) That upon funding approval by the Ministry of Municipal Affairs and Housing, the housing provider, Helen Park Apartments Limited, be required to enter into the standard form Forgivable Loan Agreement for the Hamilton Affordable Housing Partnership Initiative Fund.
(e) That the Mayor and City Clerk be hereby authorized and directed to execute the standard form Forgivable Loan Agreement, for Helen Park Apartments Limited (16 Helen Street, Hamilton).

Joe-Anne Priel  
General Manager,  
Community Services Department

**EXECUTIVE SUMMARY:**

The City of Hamilton, in partnership with the Federal and Provincial governments, is actively facilitating and promoting the supply of new affordable rental housing opportunities in the community. Since 2003, there have been seven (7) projects approved, which represents 369 new rental units for low and moderate income households.

Through a Request for Proposals (RFP) C10-02-07, the City provided the opportunity for private sector and non-profit housing developers to potentially secure funding through the COAHP and the City-funded HAHPIF. The response from the community to this RFP has been very strong.

Three (3) projects are being recommended to the Provincial Minister of Municipal Affairs and Housing (MMAH), the Honourable John Gerretsen, to approve COAHP funding. Although the City of Hamilton has fully utilized its COAHP funding allocation, there may be opportunities for the Province to shift unspent funding from other Ontario municipalities to the City of Hamilton. These three (3) projects will provide fifty-seven (57) 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 of Hamilton.

Approval of COAHP funding by the MMAH, for these three (3) projects, would represent a Federal-Provincial investment in Hamilton of $3.0 million and the construction value of these projects would be in excess of $5.0 million. In addition, assuming the Ministry’s approval of these three (3) projects, the City would be contributing financial assistance of approximately $2.2 million through development charge relief, capital assistance through HAHPIF, and property tax savings through the “New Multi-Residential” tax class.

The construction of these new rental units would result in community-wide housing, economic, and social benefits to the city of Hamilton, including brownfield redevelopment, residential intensification and neighbourhood revitalization.
BACKGROUND:

Recent Affordable Housing Development Activity:

Since 2003, the City of Hamilton has delivered the rental/supportive component of the COAHP and the HAHPIF. The current version of the COAHP provides capital grants of up to $70,000 per unit to lower the cost of constructing new rental housing. The HAHPIF is a City-funded initiative that financially assists private sector and community-led, non-profit housing providers to create new affordable rental housing.

The role of the City of Hamilton 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.”

As noted below, seven (7) rental housing projects have been previously approved in the City of Hamilton totalling 369 units. Four (4) of the projects have been completed and are now occupied, and the remaining three (3) are under construction and/or in the process of securing a building permit:

- 557 Queenston Road, Hamilton, 34 units, CityHousing Hamilton Corporation;
- 190 Gage Avenue South, Hamilton, 24 units, Taras Shevchenko Home for the Aged;
- 450 Cumberland Avenue, Hamilton, 75 units, T. Valeri Construction Limited;
- 307 John Street South, Hamilton, 26 units, St. Elizabeth Home Society;
- 260 King Street East, Hamilton, 123 units, Spallaci Contracting Limited;
- 37 Strathcona Avenue North, Hamilton, 39 units, Hellenic Community of Hamilton and District; and,
- 4 Bridgewater Court, Hamilton, 48 units, CityHousing Hamilton Corporation.

These seven (7) projects have resulted in approximately $18.5 million of Federal and Provincial monies flowing into the community with a total construction value of approximately $37 million.

On March 28, 2007, City Council recommended six (6) projects to the MMAH for consideration of COAHP funding. These projects were secured through RFP C10-30-06, which closed on October 6, 2006. If approved for COAHP funding, these six (6) projects will provide 386 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 of Hamilton. In addition, members of the Affordable Housing Flagship met with Minister John Gerretsen on May 30, 2007, to articulate their support for these projects, and the importance of the Minister’s commitment to provide a funding in order to allow these projects to proceed. To-date, there has been no response from the MMAH.
Background to RFP C10-02-07:

At the Audit and Administration Committee on January 17, 2007, staff was directed to issue another RFP, for Affordable Rental Housing Opportunities, to potentially maximize the number of affordable rental housing units created in Hamilton. On January 26, 2007, the City’s Purchasing Section issued RFP C10-02-07 seeking proposals under the Rental/Supportive component of the COAHP and the City’s HAHPIF. It was noted in the RFP document that there was no guarantee of funding, as the City of Hamilton has fully utilized its COAHP funding allocation, and final approval rests solely with the Ministry of Municipal Affairs and Housing. However, there may be the opportunity for the MMAH to shift funding from municipalities where there has been minimal use of the COAHP, to the City of Hamilton; recognizing the City’s strong record of successful developments and the quality of the newly recommended projects.

RFP C10-02-07 closed on February 16, 2007 and a total of nine (9) submissions were received. In alphabetical order, the submissions received were as follows:

1. Alternative Living Solutions Inc., 19-25 John Street South, Hamilton, conversion of an existing building and adding two floors, 45 units;

2. Amarest Investments Inc., 38 West Avenue South, Hamilton, renovations to an existing apartment building, 10 units;

3. Church on the Rock, 2149 Upper James Street, Hamilton, conversion of an existing building, 6 units;

4. Emm Holdings Inc., 9 Sherman Avenue South, Hamilton, demolition of an existing apartment building and constructing a new apartment building, 12 units;

5. Halton Heritage Realty Inc., 40-44 Flamboro Street, Waterdown, conversion of former church, 7 units;

6. Hamilton School of Careers, 553-557 Barton Street East, Hamilton, renovations to an existing apartment building, 7 units;

7. Helen Park Apartments Limited, 16 Helen Street, Dundas, adding one floor to an existing apartment structure, 26 units;

8. Prime Properties Inc., 53-59 King Street East, Hamilton, conversion of an existing building, 24 units; and,

9. Vrancor Developments Corporation, 55 Queen Street North/200 Market Street, Hamilton, new apartment construction, 175 units.
Proposals were evaluated by a City of Hamilton Staff Evaluation Committee with representatives from the Housing Division, the Development and Real Estate Division, the Downtown Renewal Division and the Budgets and Finance Division. Also in attendance were observers from the City’s Purchasing Section.

A “two-envelope” RFP was employed; where Envelope One was the “technical proposal” and Envelope Two was the “cost proposal”. The RFP document clearly indicated the various evaluation criteria and weighting.

For Envelope One, 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: 30
- Development Schedule: 20
- Location within City of Hamilton: 15
- Community Partnerships: 5

**Total Envelope One Scoring**: 100

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

Upon a pass under Envelope One, the Envelope Two submissions were opened by Purchasing staff and were evaluated by the Staff Evaluation Committee, based on the following criteria and associated weight factors:

- Business Plan: 80
- Affordability of Rents: 20

**Total Envelope Two Scoring**: 100

A minimum score of 60 was required to “pass” Envelope Two and a minimum score was required in each of the two individual criteria in order to pass. The scores from both Envelope One and Envelope Two were added together to arrive at a prioritized ranking of the submissions, as required by the Federal and Provincial Governments.
**DISCUSSION:**

**Results of RFP C10-02-07:**

With a total of nine submissions, including both private sector and not-for-profit housing providers, there is strong interest and desire within the community to utilize the available federal-provincial and municipal affordable housing programs.

Six (6) proposals did not achieve a “pass” through Envelope One. The remaining three (3) proposals achieved a pass through Envelope One, and through Envelope Two all three (3) secured the minimum pass.

Based on the scoring of the Evaluation Team and combining the scores of Envelope One and Envelope Two for each submission, staff is recommending that Council request the MMAH to provide COAHP funding on the following priority basis:

1. Prime Properties Inc., 53-59 King Street East, Hamilton, 24 units, $41,000 per unit;
2. Halton Heritage Realty Inc., 40-44 Flamboro Street, Hamilton, 7 units, $63,000 per unit;
3. Helen Park Apartments Limited, 16 Helen Street, Hamilton, $63,000 per unit.

(Location maps for each proposed development are provided in Appendices A to A2 of Report ECS07052).

In addition, staff are recommending that the following proposal receive capital funding in the form of a forgivable loan through the City’s HAHPF upon approval of COAHP funding by the MMAH:

- Helen Park Apartments Limited, 16 Helen Street, Hamilton, 26 units, $104,000 ($4,000 per unit)

All of the proponents have committed to provide market rents at least 20% below average market rent levels. In terms of “development readiness”, the proposal by Prime Properties and Halton Heritage Realty Inc. are advanced in the land use planning process and building permits could be secured by year-end 2007 at the latest. The proposal submitted by Prime Properties was also approved by City Council on March 1, 2006, through Report PED06056, under the City’s Downtown Residential Loan Program for a loan of $360,000. The proposal by Helen Park Apartments Limited will require a successful rezoning and Site Plan approval. Any recommendations by Council and approvals, if any, by the MMAH of COAHP funding will not restrict or impair the ability of City staff and Council to evaluate the land use planning merits of any of these projects when planning applications are brought forward at a future point in time.
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 of Hamilton is an important partner in making these projects financially viable. In addition to providing additional capital assistance through HAHPIF noted previously for one project, the City will be waiving development charges, in accordance with the Development Charges By-Law, and the proponents will be eligible for property tax savings through the City’s “New Multi-Residential” tax class for a 35-year period.

The table on page seven of Report ECS07052 summarizes the extent of potential City financial assistance if the projects are approved by the MMAH. There are no on-going operating subsidies to be provided by the City of Hamilton for the operation of these rental housing projects as they are not governed by the Social Housing Reform Act.

Approval of COAHP funding by the MMAH will result in a total of fifty-seven (57) units of new affordable rental housing being constructed in Hamilton. This would represent a Federal-Provincial investment in Hamilton of $3.0 million and the construction value of these three (3) projects would be in excess of $5.0 million.

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<th>Recommended Priority of Proponents</th>
<th>Total Potential City Financial Assistance</th>
<th>HAHPIF Contribution</th>
<th>Estimated Nominal Value of Property Tax Savings (35 years)</th>
<th>Development Charge Relief (Affordable Housing)</th>
<th>Potential Provincial COAHP Contribution</th>
<th>Potential Federal COAHP Contribution</th>
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<td>$1,121,961</td>
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**ANALYSIS/RATIONALE:**

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 of Hamilton’s financial commitment to make these proposed projects financially viable is clear evidence to the Minister of Municipal Affairs and Housing that funding should be provided to allow these three projects to proceed.
The City of Hamilton’s previous participation and delivery expertise in the Community Rental Housing Program and the Strong Start Program 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 of Hamilton, including brownfield redevelopment, residential intensification and neighbourhood revitalization.

The three (3) proposals being recommended have passed the rigorous two-envelope evaluation process through RFP C10-02-07 and are excellent candidates for funding. The projects are progressing within the planning approvals process, represent strategic development and redevelopment opportunities, and will offer market rents at least 20% below the average market level.

**ALTERNATIVES FOR CONSIDERATION:**

There are no alternatives for delivery of the COAFP. The delivery framework has been determined by the Federal and Provincial Governments and the only delivery option is through the Service Manager.

Non-acceptance of the recommendations would eliminate the three (3) projects from being considered for COAHP funding, as a Council recommendation is required for the Minister of Municipal Affairs and Housing to consider the proposals. In the absence of the Federal-Provincial funding, City financial assistance (HAHPIF) and the exemption of Development Charges, it is very unlikely these new development initiatives would proceed.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial:

Funding for the HAHPIF has been secured previously through Report PD02001(a); this report was approved by Council on March 6, 2003. The fund amounts to $1,500,000 and is based on a recommendation from the Mayor’s Community Trustee Panel. It is not a self-sustaining reserve fund. If the Federal and Provincial Governments introduce a new affordable housing supply programs, Council will be requested to provide additional monies, possibly in the 2008 Budget, to leverage these Federal-Provincial monies.

Commitments were previously approved by Council on October 29, 2003, through Report PD03251 for $130,000; and, on November 24, 2004 through Report HCS04075 for $550,000. On March 28, 2007, through Report ECS07016/PED07101, City Council recommended approval of $715,000 as forgivable loans to three (3) proponents upon approval of COAHP funding by the Provincial Minister of Municipal Affairs and Housing.
With a total $104,000 to be disbursed to one proponent, the balance of the HAHPIF would be $1,000.

Under the Rental/Supportive component of the CAOHP, the City is eligible to receive up to $229,700 in administration fees. The City previously received $189,725.40 for participating in the Strong Start Program. Any future amount received by the City will depend on the number of projects in Hamilton selected by the Province. These administrative fees go toward funding existing staffing costs.

**Staffing:**

There are no staffing implications associated with Report ECS07052. Delivery of the Rental/Supportive component of COAHP is being accommodated within the existing staff complement of the Housing Division.

**Legal:**

The City is authorized to provide financial assistance through the HAHPIF, as Council has previously established a “Municipal Housing Facility By-law” on June 11, 2003 (No. 03-148). On September 28, 2005, City Council approved the standard form Forgivable Loan Agreement to be used for affordable rental housing projects receiving Council-approved financial assistance under the HAHPIF. Housing Division staff will work closely with the City Solicitor where necessary on program delivery elements and various legal agreements to protect the City’s interests.

**POLICIES AFFECTING PROPOSAL:**

None.

**RELEVANT CONSULTATION:**

The Purchasing Division, Development and Real Estate Division, Downtown Renewal Division and the Budgets and Finance Division were involved in the formal evaluation of the submitted projects through RFP C10-02-07.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.
Community Well-Being is enhanced. ☑ Yes   □ No
Greater opportunities are provided for lower-income households to secure new rental housing and vacant/underutilized buildings in the existing Urban Area will be developed.

Environmental Well-Being is enhanced. ☑ Yes   □ No
New rental housing projects are typically more energy efficient than older rental housing developments.

Economic Well-Being is enhanced.    ☑ Yes   □ No
New residential construction and renovation activity contributes to community economic growth.

Does the option you are recommending create value across all three bottom lines? ☑ Yes   □ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? □ Yes   ☑ No
Appendix A to Report ECS07052
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Request for Proposals C10-02-07: Canada-Ontario Affordable Housing Program and Hamilton Affordable Housing Partnership Initiative Fund

Location Map

File Name/Number: 16 Helen Street
Date: May 24, 2007
Appendix "A"
Scale: N.T.S.
Planner/Technician: KE/KA

Subject Property

16 Helen Street, Dundas
Location Map

Planning and Economic Development Department

File Name/Number: 40 - 46 Flamboro Street
Date: May 24, 2007

Appendix "A"

Subject Property

40 - 46 Flamboro Street, Flamborough

Ward 15 Key Map

N.T.S.