

MANAGEMENT REPORT

Date: May 27, 2025
To: City Council
From: Kendra Fry, Housing Specialist, investStratford,
Joani Gerber, CEO, investStratford
Report Number: COU25-063
Attachments: Appendix A: Proposed Development, Pol Quality Homes
Appendix B: Proponent Costs and Revenues

Title: Selection of Proponent, Request for Expressions of Interest, 161 East Gore and 38 Coriano Street

Objective: To recommend to Council the selected proponent to build affordable and mixed market housing at 161 East Gore Street and 38 Coriano Street and recommend that the City enter a 90-day negotiation period with said proponent, with the resulting agreement to be returned to Council for final approval.

Background: At the October 14th, 2024, Council meeting, Council directed staff to conduct a Request for Expressions of Interest (RFEOI) Process via Bids and Tenders to establish interest in the development of affordable and/or mixed market housing developments on the city owned lands at 161 East Gore Street and 38 Coriano Street.

The RFEOI was released on January 13th, 2025, with a submission deadline of February 21, 2025. The staff Selection Committee, comprised of the Manager of Planning, Project Engineer, Deputy Chief Building Official, Manager of Housing and Housing Specialist, supported by the Purchasing Clerk, received four proponent packages for 161 East Gore Street and two for 38 Coriano Street.

Analysis: The committee requested a package containing the following information:

- Part 1- Proponent information including all members of consortium, charitable and business numbers
- Part 2- Project Vision statement
- Part 3- Conceptual Site Plan and Design Brief - including:
 - number of buildings, heights and storeys of each building
 - Typologies of units (bachelor, one bedroom, two bedroom,)
 - Total density per hectare

- Parking ratio per building and site total
- Part 4- Proposed affordability standards per unit, price and tenure (rental, ownership)
- Part 5- Sustainability and Environmental Approach
- Part 6- Project Timeline
- Part 7- High Level Proforma that demonstrates viability - including required granting, exemptions, loans from each level of government
- Part 8- High Level Operational Plan for the site to maintain long term affordability
- Part 9- Experience of the Proponent(s)
- Part 10- Like Projects completed by the Proponent(s) or in process

With an evaluation matrix as per below:

Evaluation Criteria	
Number of affordable and attainable units created; level and duration of affordability	20
Project Team's skillset and history of similar projects	20
Environmental footprint and sustainability of units proposed	15
Timeline to completion	15
Urban Design Elements	10
Proposed Proforma and Financing Model	10
Completeness of Application	10

Interviews were conducted on March 12th and 18th with the top two selected proponents to further understand their applications.

Selected Proponent:

Following the scoring of Evaluation Criteria and Interviews, the Selection Committee unanimously selected Pol Quality Homes as the Preferred Proponent.

Pol is proposing the property be severed to allow for 6 semi-detached dwellings each containing 3 units at 161 East Gore Street. Of these, 8 would be affordable housing, maintained for 40 years and managed by Pol Quality Homes. Pol would also provide annual reports to Social Services regarding each tenant's income and the level of affordability maintained.

At 38 Coriano Street, Pol Quality Homes is proposing to build 9 units, in 3 triplexes on severed lots all at market rates.

Pol was selected due to their history of both building and managing affordable housing in mixed market developments, their willingness to increase density on the sites, and the lack of zoning changes and site plans needed to achieve their vision. This creates an expedited timeline with a trusted developer at the helm.

The proposed process is for the City to complete the necessary severances to create 3 lots on 161 East Gore Street and 3 lots on 38 Coriano Street. Then the lands are transferred to the Proponent, with a legally binding covenant, ensuring affordability will be maintained on the 8 units for 40 years. The level of affordability will be determined during the negotiation period, informed by current CMHC affordability thresholds and other relevant data sources, with the intent to ensure meaningful affordability over the 40-year period. A precise definition will be established and embedded within the final legal agreement.

With respect to simply disposing of the land, the value of these sites is estimated (not full market valuation, GeoWarehouse only evaluation) at approximately \$550,000 to \$600,000 on 161 East Gore Street and \$850,000 to \$1,050,000 on 38 Coriano Street, if these lands were simply sold. Taking into account this land valuation estimate, this effectively results in a per unit cost for 8 units of affordable housing of \$206,250 per unit, with no future costs of upkeep, maintenance or management. There may be an additional site servicing cost to the city, to be negotiated in the next phase of discussions.

By proposing this exchange in lieu of acting as the developers themselves, the City removes the burden of required staff time, borrowing costs to develop the sites, and the volatility of the materials market, while ensuring affordable units are developed on an expedited timeline.

Council should also consider the revenue provided via the addition to the tax base provided by these new units of housing. It is not possible to provide a precise tax number as MPAC manages those assessments and there are few new built triplexes in Stratford to provide a comparative. However, our best estimates suggest that these 9 triplexes will result in an annual additional tax base of between \$2,000 to \$4,000 per unit or \$18,000 to \$36,000 per annum.

At this time Council is asked to provide direction on the disposal of lands in accordance with the Sale and Other Disposition of Land Policy P.1.3 and enter a negotiation period with the chosen proponent.

During the negotiation period, the staff committee and the proponent will work to assess planning and infrastructure implications of the proposed new build as well as the final financial model. Areas to discuss include:

- Long term rights of first refusal on the affordable units after 40 years
- Infrastructure installation (servicing)
- Sidewalks
- Water management
- Possible CN Rail mitigation requirements
- Correct pathways to land severance and disposition
- Reporting requirements

The negotiated agreement is anticipated to come to Council for a decision at the August 11th Council meetings, dependent on legal review.

Please see Appendix A for Pol Quality Homes drawings.

Please see Appendix B for the proponent's submitted proforma on the affordable units, which outlines the estimated 40-year philanthropic contribution in reduced rents. This information is provided with the proponent's consent (a "proforma" is a high-level financial projection that outlines the estimated costs, revenues, and assumptions associated with a proposed development).

Date	Action
May 27	Recommended Proponent to Council, direction to provide Notice of Intent to declare lands as surplus
June 9	Council to consider whether to declare properties surplus to the needs of the Corporation
May 27- end of July	Proponent negotiations towards final project agreement
August 11	Negotiated agreement to be presented for consideration

Financial Implications:

Financial impact to current year operating budget:

The analysis (yet-to-be performed) of the financial implications including servicing the sites with water and sewage infrastructure will be forthcoming before an agreement is made to develop the sites. At the Council meeting presenting the negotiated agreement, engineering will provide these implications.

There will be legal and staff time in developing the contractual agreement and transfer of land.

The accounting transaction resulting from potential land disposition would result in a financial impact but not a cash-flow impact.

Financial impact on future year operating budget:

The above stated impact of possible infrastructure upgrades could cross over into the future year operating budget, dependent upon when they are completed.

Link to asset management plan and strategy:

The preferred proponent proposes to maintain and manage the affordable units themselves, providing annual reports on the units and their occupation to the City. As such, the management of the asset would fall on the developer/operator. If the land is disposed of, the City will no longer maintain the asset in the City's inventory.

Legal considerations:

The negotiation and compilation of the final agreement for development, once the proponent is selected, will require the review and services of the City Solicitor.

Insurance considerations:

None at this time.

Alignment with Strategic Priorities:**Enhance our Infrastructure**

This report aligns with this priority as water and sewage infrastructure will be further developed as a part of new housing builds on the site.

Build Housing Stability

This report aligns with this priority as we will be activating surplus sites to create additional affordable and market rate housing units.

Work Together For Greater Impact

This report aligns with this priority as Staff from the City's Building and Planning Services and Infrastructure Services departments, along with investStratford, collaborated to form the committee of assessment and will form the negotiations team on this project.

Intentionally Change to Support the Future

This report aligns with this priority as we will be increasing Stratford's density, enhancing our affordability and activating long vacant sites.

Alignment with One Planet Principles:**Health and Happiness**

Encouraging active, social, meaningful lives to promote good health and wellbeing.

Equity and Local Economy

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

Culture and Community

Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living.

Materials and Products

Using materials from sustainable sources and promoting products which help people reduce consumption

Zero Carbon Energy

Making buildings and manufacturing energy efficient and supplying all energy with renewables.

Staff Recommendation: THAT Council direct the investStratford Housing Specialist, in consultation with staff, to initiate a 90-day negotiation period with Pol Quality Homes as the Preferred Proponent for the development of affordable and mixed market housing at 161 East Gore Street and 38 Coriano Street;

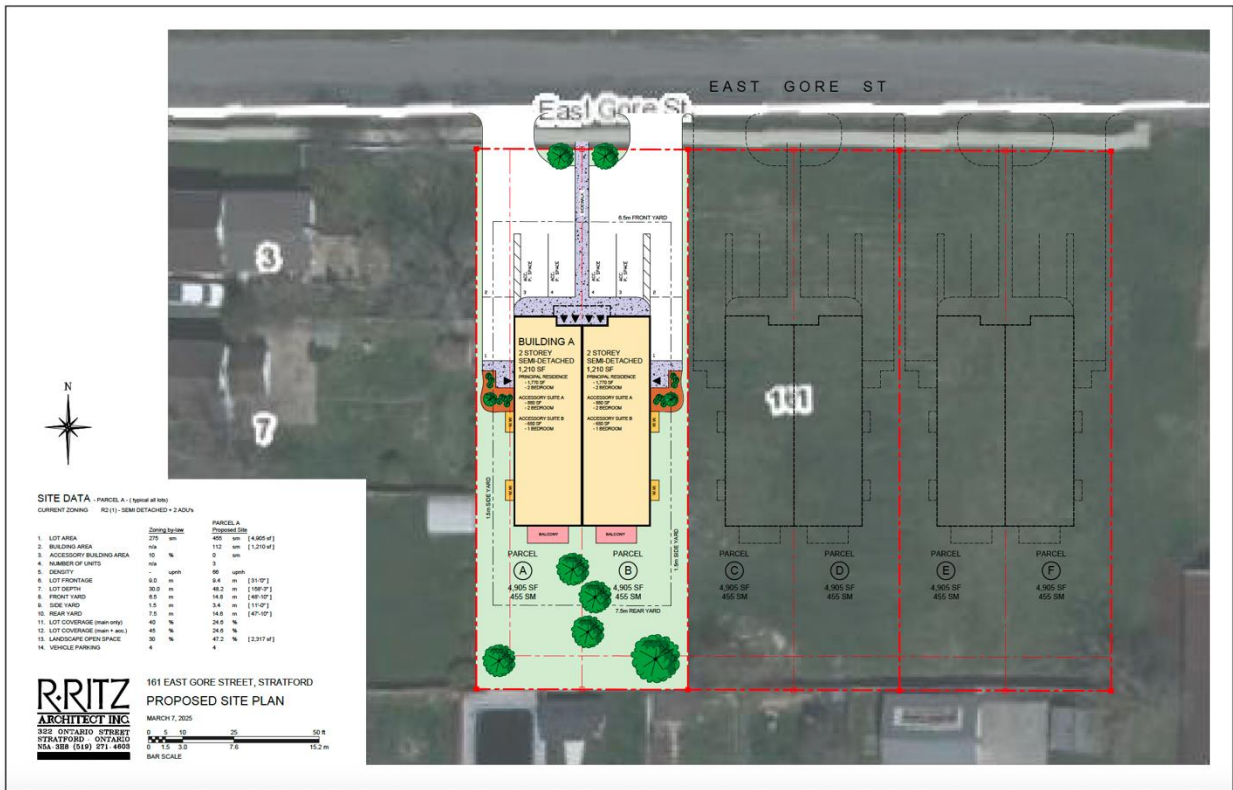
THAT Council direct the City Clerk to issue Notice of Intent to Declare the subject lands at 161 East Gore Street and 38 Coriano Street as surplus to the needs of The Corporation of the City of Stratford, in accordance with Policy P.1.3 – Sale and Other Disposition of Land;

THAT, subject to completion of the required notice and surplus declaration process, the method of disposal be by direct sale to Pol Quality Homes, with the final negotiated terms to be brought forward by the Executive Director of investStratford and the Chief Administrative Officer, or their designates, for Council's consideration and approval;

AND THAT, subject to completion of the required notice and surplus declaration process, Council direct the investStratford Housing Specialist, in consultation with staff, to initiate the necessary processes, including preparation of a Reference Plan, to facilitate the proposed development of the lands.

Prepared by:	Kendra Fry, investStratford Housing Specialist
Recommended by:	Joani Gerber, investStratford Executive Director
	Adam Betteridge, Interim Chief Administrative Officer

Appendix A: Proposed Development, Pol Quality Homes



Appendix B: Proponent Costs and Revenues

161 East Gore Proforma

Proponent Investment	
Land cost:	\$0.00
Lot development costs/site work:	\$300,000.00
Soft Costs:	\$90,000.00
Construction cost:	\$4,500,000.00
Total Project cost:	\$4,890,000.00
Proponent Downpayment:	\$1,222,500.00
Mortgage Amount:	\$3,667,500.00

***Based on exemption of development charges on affordable units**

Decrease in income to proponent from affordable units over 40 years for 8 units		
Affordable	Market	Income loss
\$4,497,408.00	\$7,296,000.00	\$2,798,592.00