



City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE ADDENDUM

Meeting #: 18-011
Date: August 15, 2018
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

	Pages
4. DELEGATION REQUESTS	
*4.2 Joe Deschenes Smith, Trillium Housing, respecting Development Charge Exemption Request (Added Item 8.5 on today's agenda) (For today's meeting) (No copy)	3
*4.3 Amir Atri, Garda Canada Security Corp (GardaWorld), respecting the Commercial Relationship Between the City of Hamilton and Primary Response Inc (Item 12.2 on today's agenda) (For today's meeting) (No copy)	5
6. PUBLIC HEARINGS / DELEGATIONS	
6.2 Dominic Sorbara, respecting a residential water billing dispute (Approved July 11, 2018) (No copy)	
*6.2.a At the request of the Delegate, this item will be MOVED to the September 10, 2018 Audit, Finance & Administration Committee Meeting	
6.3 Matthew Kelly, respecting a Risk Management Claim for pothole damage (Approved July 11, 2018)	
*6.3.a Matthew Kelly - presentation	7
6.4 Anthony Godlewski, respecting a \$5,000 water bill at 92 East 15th Street (Approved July 11, 2018)	
*6.4.b Anthony Godlewski - presentation	9

- *6.5 Joe Deschenes Smith, Trillium Housing, respecting Development Charge Exemption Request (Added Item 8.5 on today's agenda) (No copy)
- *6.6 Amir Atri, GardaCanada Security Corp (GardaWorld), respecting the Commercial Relationship Between the City of Hamilton and Primary Response Inc (Item 12.2 on today's agenda) (No copy)

8. DISCUSSION ITEMS

- *8.5 Development Charge Exemption Request from Trillium Housing (HSC18040) (City Wide)

Form: Request to Speak to Committee of Council

Submitted on Friday, August 10, 2018 - 12:15 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Joe Deschênes Smith

Name of Organization: Trillium Housing

Contact Number: 416 363 3144

Email Address: jds@trilliumhousing.ca

Mailing Address:

7 Labatt Ave Suite 209 H

Toronto, ON, M5A 1Z1

Reason(s) for delegation request:

I wish to speak to item 11.1 a Trillium Housing Development Charges scheduled at the next meeting on Wed. August 15. I have selected NO to request for funds below as my request is for the City to implement the existing bylaw and provide our eligible affordable housing project with the DC relief provided for in the existing bylaw.

Many thanks, Joe Deschênes Smith

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? No

4.3**Form: Request to Speak to Committee of Council**

Submitted on Monday, August 13, 2018 - 11:19 am

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Amir Atri**Name of Organization:** Garda Canada Security Corp
(GardaWorld)**Contact Number:****Email Address:** Amir.Atri@garda.com**Mailing Address:** 54 Centennial Parkway N, Hamilton, ON
Canada, L8E 1H6**Reason(s) for delegation request:**

In response to letter sent dated August 1 2018 Re: Commercial Relationship between Primary Response Inc. and City of Hamilton. Garda Canada Security Corp purchased Primary Response in mid Jan 2018 and the letter sent by Tina Iacoe states that the commercial relationship between the City and Primary Response has been impaired. It further recommends a non-acceptance of future commercial relationship / bids with any "related" corporate entity of Primary Response. I had sent a request to Tina to clarify if Garda Canada Security Corp who purchased Primary Response Inc would be considered a "related corporate entity" and I did not receive a response. I would like to appear on behalf of Garda Canada Security Corp to clarify and to ensure our commercial relationship with the City is not impacted.

Will you be requesting funds from the City? No**Will you be submitting a formal presentation?** No





Comprehensive Service Center
10000 Highway 100, Suite 100, Houston, TX 77036
Tel: 281-415-1000

WARRANTY WORK ORDER

Customer Name: _____
Vehicle Make/Model: _____
VIN: _____
Mileage: _____
Date: _____

Item	Description	Qty	Unit Price	Total Price
1	Oil Change	1	15.00	15.00
2	Filter	1	5.00	5.00
3	Wash/Wax	1	10.00	10.00
4	Brake Pads	2	25.00	50.00
5	Brake Rotors	2	30.00	60.00
6	Alignment	1	20.00	20.00
7	Tire Rotation	1	10.00	10.00
8	Fluid Top-off	1	5.00	5.00
9	Wash/Wax	1	10.00	10.00
10	Oil Change	1	15.00	15.00
11	Filter	1	5.00	5.00
12	Wash/Wax	1	10.00	10.00
13	Brake Pads	2	25.00	50.00
14	Brake Rotors	2	30.00	60.00
15	Alignment	1	20.00	20.00
16	Tire Rotation	1	10.00	10.00
17	Fluid Top-off	1	5.00	5.00
18	Wash/Wax	1	10.00	10.00
19	Oil Change	1	15.00	15.00
20	Filter	1	5.00	5.00
21	Wash/Wax	1	10.00	10.00
22	Brake Pads	2	25.00	50.00
23	Brake Rotors	2	30.00	60.00
24	Alignment	1	20.00	20.00
25	Tire Rotation	1	10.00	10.00
26	Fluid Top-off	1	5.00	5.00
27	Wash/Wax	1	10.00	10.00
28	Oil Change	1	15.00	15.00
29	Filter	1	5.00	5.00
30	Wash/Wax	1	10.00	10.00

Notes: _____

Technician: _____

Customer Signature: _____

Date: _____

Amount Paid: _____

Balance Due: _____

From: anthony godlewski
To: [McRae, Angela](#)
Subject: Re: Request to Speak - Audit, Finance and Administration Committee
Date: August 13, 2018 7:40:25 PM

Hi Angela ,

Thanks again for letting me appear before the committee on August 15th , I am forwarding a brief outline of my presentation as you requested .

Again for everyone involved , I cannot stress enough my feeling that this is more an issue with installation of the meter , its reading pad , OR the software incorporated into reading the device .

On about July 2017 the Neptune water meter was replaced at My house at 92 East 15th St , immediately in around late August there was a spike in water billing . I contacted Alectra/ Horizon was told the reading was an actual reading and left it at that .

I found the bill high the following month and called again and was told by a girl at Alectra / Horizon it was an Actual reading , when in fact it was not ,,, the bills now show .

I received a notice I believe in late October, it was regarding the issue of Alectra / Horizon not being able to get a reading from the electronic pad and to arrange repair at which point I do recall asking repair ? Repair what ? Why am I repairing a new meter to which I believe she stated call the City to arrange repair . I called the city and the girl stated these are computer generated , you have a new meter I wouldn't worry too much , I'll forward this on .

On November 28th I received another notice from Alectra /Horizon asking me to contact the City because they could not get a reading from my outside electronic touch pad . I called the City and was told not to worry , "the computer spits out these notices automatically , and she would look into it " ... again

Shortly , perhaps a few days or a week later I received a call notifying me that a Neptune Technician would be at my property on December 14th to repair the faulty electronic reading pad . I arranged for my tenant to allow access and thought nothing of it . (I WISH TO GOD I KNEW WHAT I KNOW NOW BECAUSE I WOULD HAVE BEEN THERE WATCHING AND MONITURING EVERY MOMENT)

About the first week of January I received my water bill in the amount of \$4611.39

I called Alectra , the City and anyone I could , asking what was going on and was transferred to Cassandra Katilyn at City , who was very helpful and understanding and assured me this has to be a mistake of some sort and she would look into the matter and get back to me There must be some error or malfunction somewhere with the equipment or billing I was told .

In about the same time or just after this bill I receive ANOTHER Notice of not being able to read my meter or equipment dated December 28th !

This is where I start to think more than just meter readings are involved here perhaps computers , billing , softwear .

Throughout January I was interrogating my tenants and pleading with them to let me know if something at all was running on or overflowed , a lady and two daughters on the upper level and a man his wife and small child on the lower level All insisting nothing was out of the ordinary at all and that one of the daughters was away for the holidays on the upper level , the lower level stated they had been mostly at in laws throughout December . So if anything it should be lower than normal they insisted I checked the property up and down every faucet , drain , appliance several times throughout January and found nothing . I was especially interested in finding something around or under the property like an Air Canada Centre ice rinkI found absolutely nothing .

Cassandra Contacted me on February 6th to let me know Tom Stremble from City water would be at the property February 26th to inspect the meter . He checks everything over , looks quickly at basement taps and toilet and says everything looks good but " I would like to take in that whole elbow attachment along with the meter if my superiors let me " I said great and that I would like to know about meter readings on the bill specifically the Ratio / Multiplier , as mine is different from my neighbours , to which he states the different ratio`s are due to two different meters I also asked about why it took so long to get the reading pad repaired , which he couldn`t answer but said I should call Horizon , and ask about that AND more about the ratio`s . When asked where all this water might have disappeared , he stated "run on toilet " , Leaky faucet , or with tenants "Laundry and showers " and said " you have tenants no " ? I said swimming pools full of water to laundry and showers ? I left it there took his card and asked for him to call when they could take the meter and elbow for testing .

I would like to point out here that the gas bill from UNION GAS for the Shower and Laundry explanation/ scenerio for July \$72.01/ August \$64.63 / September \$58.73/ October was \$107 / November \$107 / December \$107 / January \$107 / Feb\$107 /March \$107 /April\$107 etc.etc. I don`t see how this much "Showers and Laundry " could not affect gas at all .

After trying to pin down Dale Badour Of City water , who went on and on and on about what a run on toilet or leaky faucet could do , and I should really talk to Tiffany Wilson of Horizon / Alectra Customer Service as to a payment

plan "because she was very easy to deal " ,(I'd like to insert here that I found it odd How they were on a first name basis and favorites email contact relationship which started to make me wonder how many times this has gone on ?) I was told we would have a conference call March 7th at 1:00 pm .

I was contacted as promised March 7th at 1:00 and noticed a very different mood in that Dale was adamant my tenants used my water and everything else was just not possible , When I stated Tom suggested taking out the meter WITH THE ELBOW attached if his superiors would allow , I was cut off at elbow with a " NO I DIDN'T ! " from the back ground and again "I DID NOT " Cassandra seemed to disappear as she was by far the most helpful to this point .

From that point on things just digressed between me Dale and Tiffany and kept going back to when do you want to test the meter or , what type of payment plan would you like . Meantime my water bills were still hitting the \$450 range monthly !

I about that time in late March or early April I contacted Monique Taylors office my MPP for East 15th and I explained to Jaci McGreal that I felt I was being rail roaded and bullied and that I felt like Hamilton water was in a conspiracy with Horizon especially Dale and Tiffany and I wasn't so sure if the guys reading the meters weren't involved ..

She began to make inquiries and a few weeks later I received an email from Tiffany Wilson Horizon that "Good news , your water bill seems to be back to normal , it came in at only 36 cubic litres ! " or something to that effect . Which I find strangely coincidental that a government representative is involved and things start to turn for the better .

Jaci got me in touch with Donna Skelly , Donna was amazing and helped me to have the meters tested by the city at the city cost which again I thank the city for very much , Tom Stremble removed the meter on May 16th (he installed the replacement backwards the first time and had to reinstall , which makes me wish I had been there December 14th when the Neptune tech was there even more)... I accompanied him to the testing facility , it passed , and Tom was then even good enough to suggest a second test , of more length and duration , which I indicated would probably pass also but I thank him for that !

Donna Skelly was amazing and suggested the committee of adjustment and that that would certainly help , she has of course moved up to Queens Park and has been very busy with the transition which is to be expected . She did however mention to me " If you were living in the house the City would have by now probably forgiven a good chunk of this bill as a one time show of good faith , but you are a landlord and it doesn't matter how much tax you paybut maybe they can help you because the bill is so outrageous "

This is where we are at today , I strongly feel this is an issue with meter installation for that time , an electrical error or softwear error in reading or getting info from the pad or something even worse at billing .

Please keep in mind your new billing system punishes me dramatically with highly inflated rates on the WATER STORM and WATER TREATMENT portions of my bill on water I dispute even entering the premises .

I have someone who buys water daily in large volume , he can ad some input into his cost of buying fresh water and also might be able to put into perspective what the city is suggesting was used in my 1500 Sq. Ft. bungalow through an out dated supply system which water pressure is very low on .

I would offer to pay one thousand dollars today over and above the high bills I paid all through the fall and winter , just to have closure to the issue .

Thank you again very much for letting me submit my problem here to you .

I have attached the notices I received re not being able to read the meter .

ANTHONY GODLEWSKI



GODLEWSKI. ANTHONY

2017-11-28

Dear Sir/Madam:

Re: Meter read(s) for Account
number(s)

92 EAST 15TH ST
HAMILTON, ON

Alectra Utilities wants to ensure that our customers receive accurate bills and as such, it is imperative that we obtain actual meter readings from your exterior water meter remote touchpad. We have been unable to obtain a meter reading and as arrangements to access your metering equipment to obtain an actual water reading have not been done future water estimates for the above property may now be invoiced at two cubic metres per day.

The City of Hamilton's Waterworks By-law requires all property owners with an existing water meter to allow access to water meter equipment for inspection or servicing. **Please arrange to have your water metering equipment attended to as soon as possible, by contacting the City at (905) 546-4426 by the next read date tentatively scheduled for 2017-12-08.**

You may also submit a meter reading 24/7 to our office by one of the following methods:

1. Email a digital picture of your water meter to info@horizonutilities.com
2. Call our office at 905-522-9200. Select Option #5-Self Serve Options, then Option #3-Report my meter read.
3. Online: <https://www.horizonutilities.com/myhome/self-serve/pages/update-meter-reads.aspx>

Please be advised that failure to arrange the meter repair or replacement within the next 30 calendar days may result in the City directing that the future water bills for the property may be invoiced at three cubic metres per day for the property, until such time as an arrangement has been made with the City to repair or replace the water meter. Note that if an overestimation of consumption results from changing the basis of estimating water usage, that it is solely at the City's discretion whether a billing adjustment will be authorized.

Your cooperation and immediate attention to this matter is appreciated.

Customer Service
Alectra Utilities Corporation

Alectra Utilities Corporation
PO Box 2249, STN LCD 1, Hamilton, ON L8N 3E4
Hamilton 905 522 9200 / St. Catharines 905 984 8961 / tf 1 866 458 1236

NATALIE

alectrautilities.com



GODLEWSKI. ANTHONY

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Hamilton 905 522 9200 / St. Catharines 905 984 8961 / tf 1 866 458 1236

NATALIE

alectrautilities.com

I would like to submit this video for all concerned prior to my appearance before City Council on August 15th as it more or less describes my situation to a T .

My gas bills for a year and a half indicate no surge in hot water use as they have never gone above \$107.00 monthly but have dropped during evaluation periods , so " showering or laundry " as suggested by City staff doesn` t explain the disappearance of 5 or 6 Olympic sized pools , where a software problem as many legal and water experts have suggested to me , and was subsequently found to be the case in the courts in Atlanta is FAR more likely .

Please I ask you to take this into consideration

<https://www.youtube.com/watch?v=16gI4pCeQxw&feature=youtu.be>



Questions? See reverse for contact information.

Your Bill

Electricity Charges For Dec 11, 2017 To Jan 15, 2018

Electricity			
Off Peak Usage	1047.15kWh @ 0.0650000		\$68.06
Mid Peak Usage	236.68kWh @ 0.0950000		\$22.48
On Peak Usage	226.72kWh @ 0.1320000		\$29.93
<i>Electricity provided by Alectra Utilities as Standard Supply Service</i>			
Delivery			\$57.93
Regulatory Charges			\$6.36
Debt Retirement Charge			\$0.00

Total Electricity Charges \$184.76

H.S.T. #728604299 \$24.02
 8% Provincial Rebate \$14.78CR

Sub Total \$194.00

Water & Wastewater/Storm Charges For Dec 11, 2017 To Jan 15, 2018

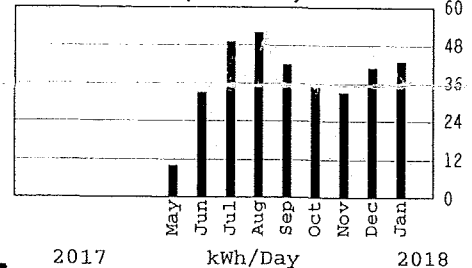
Water Fixed Charge	14 days @ \$ 0.34		\$4.76
Water Fixed Charge	21 days @ \$ 0.33		\$6.93
Consumption Block 1 (0 - 10m3)	5.00 m3 @ \$ 0.75		\$3.75
Consumption Block 2 (> 10m3)	605.00 m3 @ \$ 1.49		\$901.45
Consumption Block 1 (0 - 10m3)	7.00 m3 @ \$ 0.72		\$5.04
Consumption Block 2 (> 10m3)	907.00 m3 @ \$ 1.43		\$1,297.01
Wastewater/Storm Fixed	14 days @ \$ 0.36		\$5.04
Wastewater/Storm Fixed	21 days @ \$ 0.34		\$7.14
Treatment Block 1 (0 - 10m3)	5.00 m3 @ \$ 0.81		\$4.05
Treatment Block 2 (> 10m3)	605.00 m3 @ \$ 1.61		\$974.05
Treatment Block 1 (0 - 10m3)	7.00 m3 @ \$ 0.77		\$5.39
Treatment Block 2 (> 10m3)	907.00 m3 @ \$ 1.54		\$1,396.78

Total Water & Wastewater/Storm Charges \$4,611.39
Prior Balance \$0.00

Total Amount You Owe - Due Feb 20, 2018 \$4,805.39

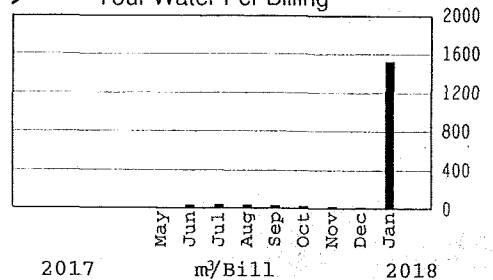
GODLEWSKI, ANTHONY
 Account Number: [REDACTED]
 Service Address:
 92 EAST 15TH ST
 HAMILTON ON
 Date Your Bill Was Prepared:
 Jan 30, 2018
 Thank You For Your Payment:
 \$228.35

Your Daily Electricity Billed



Historical Usage	This Year	Last Year
Electric-kWh/day	43.17	N/A
Water-m ³ /day	43.54	N/A

**MORE FOR WATER LEAVING
 THAN ACTUAL WATER**
 Your Water Per Billing



Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017, and builds on previous initiatives to deliver broad-based relief on all electricity bills.

alectrautilities.com
 Effective January 1st, rates have changed. Visit our website for updates.
PAYING YOUR BILL ELECTRONICALLY?
 Continue to pay Horizon Utilities.

Next Scheduled Reading Date is tentatively set for Feb 12, 2018

Conservation Tip
 Reduce your energy consumption this holiday season by plugging your outdoor lights into a timer. Visit, <http://bit.ly/SOEtimer> to save \$4.

Please see reverse side for further information.
 Amount owing after the due date is subject to interest @ 19.56% per year.
 The debt retirement charge pays down the debt of the former Ontario Hydro.

Your Usage For This Period							Rate Class: Residential			
	Meter Number	Meter Type	Reading Is An	Number Of Days	Reading At Start Of Period	Reading At End Of Period	Multiplier	Measured Usage	Adjustment Factor	Adjusted Usage
Electric	327098	R1S	Actual	35	49991.57	51502.12	1.0	1510.55	1.0379	1567.80
Water	535318707	0016	Actual	35	215	1739	1.0	1524.00		

DEC 14
 GODLEWSKI, ANTHONY
 [REDACTED]

Due Date: Feb 20, 2018
 Amount Paid \$ 194.00



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	August 15, 2018
SUBJECT/REPORT NO:	Development Charge Exemption Request from Trillium Housing (HSC18040) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirstin Maxwell (905) 546-2424 Ext. 3846
SUBMITTED BY:	Paul Johnson General Manager Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the request for Development Charge exemptions for the affordable units in the Highbury and Winona Developments by Trillium Housing, be denied;
- (b) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized and directed to deliver and administer a municipal Down Payment Assistance Program, with an upset limit of \$1,800,175, for eligible purchasers of the two Trillium Housing Non-Profit housing developments (Winona and Highbury), in accordance with the program guidelines, attached as Appendix "A" to Report HSC18040;
- (c) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized to approve and execute any agreements and ancillary documentation, in a form satisfactory to the City Solicitor, that are required to deliver and administer a municipal Down Payment Assistance Program for eligible purchasers of the two Trillium Housing Non-Profit housing developments (Winona and Highbury);
- (d) That the annual interest cost of \$61,000 (when the program is at capacity) of providing the Trillium Down Payment Assistance Program in accordance with the program guidelines, be absorbed within the Housing Services Division existing operating budget;

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 2 of 8**

- (e) That the initial, one-time cost of administration of the Trillium Housing Down Payment Assistance Program for the two Trillium Housing Non-Profit housing developments (Winona and Highbury), in the amount of \$100,000 be funded through the Municipal Down Payment Assistance Program Reserve (#112009); and,
- (e) That the matter respecting “Trillium Housing Non-Profit” be identified as complete and removed from the Audit, Finance and Administration Committee Outstanding Business List.

EXECUTIVE SUMMARY

Trillium Housing Non-Profit (Trillium) has requested the City’s support for its two affordable home ownership projects in Hamilton, primarily by providing development charge (DC) exemptions. Trillium has purchased two sites under a provincial program that repurposes surplus government land for community benefit. Trillium provides the Trillium Mortgage, which is a no payment, share-appreciation second mortgage, to income eligible purchasers to bridge the gap between the amounts purchasers can afford and the price of the houses.

The two Hamilton Trillium projects do not meet the DC By-law requirements for the affordable housing DC exemption, therefore, staff recommend denying the request for a DC exemption.

Trillium put forward an alternative proposal that the City invest in the Trillium Mortgages provided to qualifying purchasers through a shared appreciation loan. Staff is not recommending that the City provide Trillium with a shared appreciation loan, primarily because there is no adequate legal mechanism to secure the loan and recoup the funds in the event of a default.

Staff is recommending that the City administer a specific down payment assistance program (DPAP) for qualifying Trillium purchasers with an upset program limit of \$1.8 M and adhering to the program guidelines detailed in Appendix “A” to Report HSC18040. Trillium’s affordable home ownership model meets many of the City’s Housing Policy objectives and a DPAP is not likely to be a significant cost the City over the long run.

An average market appreciation of 3.5% to 5% would result in the City realizing between a minimal net loss of \$26,000 and a net gain of \$700,000 over a 15-year period after considering the cost to the City associated with loaning the funds.

Alternatives for Consideration – None

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**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 3 of 8**

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The total loan amount could be set at any amount but staff recommend an investment of \$1.8 M which is equal to the City DC amount for each affordable unit, which Trillium has estimated as sufficient to provide approximately 26 additional affordable units (approximately \$70,000 per unit).

The financial impact over the life of the recommended program is dependent on the performance of the real estate market. Consistent with the City's external loan guidelines, staff has estimated interest costs based on the City's cost of borrowing. Since the term is dependent on when the initial purchaser re-sells the unit and could be one year or 20+ years, staff has used the 15-year rate as an approximation. The August 2018 15-year cost of borrowing is 3.31%. The City's external loan guidelines require a 0.25% administrative fee which brings the interest rate to 3.56%. For comparison, the current RBC prime rate is 3.70%.

An average market appreciation of 3.5% to 5% would result in the City realizing between a minimal net loss of \$26,000 and a net gain of \$700,000 over a 15-year period after considering the cost to the City associated with loaning the funds. Capital depreciation, which would result in a larger net loss, would be possible over the short term, but based on historical performance of the real estate market it is not likely over the long term. For a number of reasons, the 7% Canada-wide capital appreciation of the last 10 years should not be expected to continue. Thus, the 3.5% and 5% scenarios are the most appropriate scenarios to consider in the model. This is a moderately conservative approach.

The Housing Services Division would need to cover the costs associated with loaning the funds through the tax operating budget, estimated at an annual cost of \$61,000 when the program is at capacity.

In addition, there will be initial administrative costs for the City and Trillium of \$100,000 that will be funded through the Home Start Program Reserve (#112009), which would leave a balance in the reserve of \$266,292.

Staffing: There are no staffing implications associated with Report HSC18040. A DPAP for Trillium's qualifying purchasers could be administered with the existing staff complement of the Housing Services Division and Legal Services.

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**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 4 of 8**

Legal: Legal Services staff would need to be involved in the execution of any the loan agreements with the purchasers as well as administration of the DPAP.

HISTORICAL BACKGROUND

Trillium and the Housing Services Division have been in discussions regarding the Trillium affordable home ownership model and Trillium's request for DC exemptions for some time. On February 2, 2018, after consulting with Legal Services staff, Housing Services Division staff informed Trillium that their two townhouse development projects do not qualify for DC exemptions under the City's DC By-law 14-153.

On May 17, 2018, Trillium addressed the Audit, Finance and Administration Committee, through item 6.2, requesting the City's support for housing affordability at Trillium's two affordable home ownership projects in Hamilton, primarily by providing DC exemptions.

On May 23, 2018, Council directed staff to "to report back to the Audit, Finance & Administration Committee by June 25 as to whether the City has the capacity to assist Trillium with Development Charges reductions."

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

By-law No. 14-153, Municipal Development Charges

The staff recommendation is consistent with the existing DC By-law 14-153.

The following are the sections of the DC By-law 14-153 pertaining to affordable housing:

1. (c) "affordable housing project" means a development or redevelopment that provides housing and incidental facilities primarily for persons of low and moderate income.

21. Notwithstanding any other provision of this By-law, the following types of development are exempted from development charges under this By-law, in the manner and to the extent set out below. Unless otherwise specified herein, the said exemption is equivalent to one hundred percent (100%) of the development charges otherwise payable under this By-law;

(f) an affordable housing project that: (A) either has been approved to receive funding from the Government of Canada or the Province of Ontario (including their Crown corporations) under an affordable housing program or has been approved by the City of Hamilton or the CityHousing Hamilton Corporation through an affordable housing program; and (B) such affordable housing project is not eligible for funding for development charge liabilities from the Government of Canada or the Province of Ontario (including their Crown corporations).

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**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 5 of 8**

Provincial Policy Statement, Urban Hamilton Official Plan & Housing and Homelessness Action Plan

The definition of low and moderate income in the context of affordable housing is consistent among the Provincial Policy Statement, Urban Hamilton Official Plan and Housing and Homelessness Action Plan, meaning gross household income at or below the 60th income percentile for the City of Hamilton. The current 60th income percentile is \$81,300.

Urban Hamilton Official Plan

The Urban Hamilton Official Plan sets an annual target of 1291 “new ownership housing affordable to low & moderate income households” to 2031. The two Trillium projects will contribute approximately 65 affordable units, the units supported by second mortgages, towards meeting this target.

Housing and Homelessness Action Plan

The Housing and Homelessness Action Plan (Report CES11017(c)), approved by Council in December 2013, is a decision making framework for the full continuum of housing and homelessness services for the Hamilton community. The housing continuum includes affordable home ownership. The Action Plan supports incentives for new affordable housing and promotes the supply of affordable ownership housing:

Strategy 1.2

Explore the potential for new incentives and funding programs and expand and promote more broadly existing City incentive programs to increase the supply of affordable housing (e.g., capital grants and loans, tax deferrals, waived development and other charges, etc.).

Strategy 2.1a)

Encourage mixed housing and mixed income development in all urban neighbourhoods by: increasing opportunities for rental, social and affordable housing in areas that currently offer limited opportunities.

Strategy 2.3

Increase homeownership opportunities for renters, including social housing tenants (e.g., down payment assistance programs, rent-to-own initiatives, and education on purchase process, etc.).

RELEVANT CONSULTATION

Legal Services Division was consulted on the interpretation of By-law 14-153 the City's 2014 Development Charges By-law and the legal implications of the different options for

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**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 6 of 8**

supporting Trillium. Legal's comments informed the recommendations and were integrated into this report. Staff from the Financial, Planning, Administration and Policy Division reviewed and contributed to this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Trillium Housing Affordable Ownership Housing Model

With the rapid increase in housing prices over recent years, some low and moderate income earners may require some type of subsidy or financial support to purchase and manage the ongoing costs of a home.

There is a lack of availability of ground-related affordable ownership homes in Hamilton, either newly built or resale (CMHC Industry Roundtable 2018). In June 2018, the CMHC average price for a newly completed single detached home in Hamilton was \$531,907 and the average resale price of all types of homes was \$509,639. A home of \$509,639 would require a household income of approximately \$110,000 to afford, making it out of reach for a significant proportion of the population.

In the Trillium affordable home ownership model, to enable those with low to moderate incomes to afford the homes, Trillium and their social impact investors provide no payment, share-appreciation second mortgages to the purchasers whose incomes qualify for the Trillium Mortgage. The Trillium Mortgage reduces the amount of first mortgage that the household must obtain from a financial institution, thus reducing the monthly mortgage payment amounts to a level the household can afford. The amounts of the Trillium Mortgages are based on a complete assessment of each family's housing need and financial situation. When the homes are re-sold, Trillium and their investors receive the principal plus a relative portion of any capital appreciation.

Development Charges By-law No. 14-153

Trillium's request to the City is for DC relief for roughly one half of the units in their two projects, approximately 65, which equates to \$1,800,175. Under DC By-law 14-153 a project must meet both the definition of "affordable housing project" and other criteria to qualify for a development charge exemption. A project must be "primarily for persons of low and moderate income." In the legal context "primarily" means only a very small percentage of the overall development should be occupied by persons who are not of low and moderate income. Approximately half of each Trillium project is expected to be sold to households of low and moderate income if Trillium receives support from the City equal to the DCs on the same number of units. As this does not meet the "primarily" threshold, the Trillium projects do not meet the first DC By-law criteria. The DC By-law refers only to projects and does not allow for individual units to be treated independently.

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(HSC18040) (City Wide) - Page 7 of 8**

Since the Trillium projects do not meet the definition of "affordable housing project" it is not necessary to consider the other DC By-law criteria related to the affordable housing exemption. Further, there is no wording in the DC By-law that would enable DC reductions rather than full exemptions.

Through Trillium's May 17, 2018 presentation to the Audit, Finance and Administration Committee, Trillium requested that Council consider viewing each project as two separate projects and provide support only to the units that will be sold according to the affordable model. The DC By-law does not provide for this interpretation. Trillium is a non-profit organization and under the *Municipal Act, Section 106*, the bonusing provisions do not apply. City staff does not support a one-off exemption due to the levy impact and inability to ensure that funds are reinvested into Hamilton after the eventual re-sale of the homes.

Provision of a Repayable City Loan to Trillium

At the May 28, 2018 meeting, Trillium put forward an alternative proposal that the City invest in the Trillium Mortgages provided to qualifying purchasers, similar to the amount of the DC exemption, in the amount of \$1.8 M. As the Trillium Mortgages are repayable at the time a home is re-sold, the City would, at an undetermined future date, receive the principal amount of the investment and potentially earn a return through a share in any capital appreciation of the home.

Staff does not recommend that the City provide Trillium with a shared appreciation loan, primarily because there is no adequate legal mechanism to secure the loan and recoup the funds in the event of a default. The option of a trust agreement with Trillium was explored by Legal Services staff, but was determined not to provide sufficient security. Any other type of loan provided directly to Trillium, such as a simple term loan, has the same limitations. Only loans to individual purchasers that can be registered on title of the homes over the length of the loan are secure and are of little risk to the City.

Down Payment Assistance Program for Trillium

Instead of the shared appreciation loan that Trillium suggested, staff is recommending that the City develop and administer a down payment assistance program (DPAP) specifically for qualifying Trillium purchasers. This approach is consistent with City practice in administering the DPAP.

A municipal DPAP for qualifying Trillium purchasers could provide financial assistance to Trillium purchasers while minimizing the financial risk to the City. The program will tie up City funds and will result in annual interest impacts to be funded by the City's Housing Services Division. The early years of the program will have anticipated costs while in the later years of the program, once the units start being re-sold, the City's Housing Services Division will realize annual net interest revenue.

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**SUBJECT: Development Charge Exemption Request from Trillium Housing
(HSC18040) (City Wide) - Page 8 of 8**

A DPAP provides a down payment loan to purchasers who meet income thresholds to purchase homes with a maximum purchase price. In this instance, to be consistent with the Trillium Mortgage, the down payment assistance is in the form of a 25-year no payment but fully repayable loan. After 25 years the loan is repayable, along with a relative share of the capital appreciation of the home. If the program participant no longer meets the program requirements prior to 25 years (for example, selling the home, defaulting of the mortgage, no longer using the home as their principal residence, or renting the home to another occupant), the loan is repaid at that time to the City along with a percentage of the capital gains.

DPAP loans are secured by being registered on title to each property. In the event of a default there is equity in the home to repay any other mortgages and the City's mortgage. The Trillium DPAP would be administered in accordance with the program guidelines.

The advantages of this approach are that Trillium will be able to provide larger second mortgages to those with lower incomes, and provide Trillium Mortgages to a greater number of its purchasers (approximately 26 for an investment of \$1.8 M), reducing the amount of first mortgage purchasers need thereby creating affordability, and that it secures the City's funds.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Healthy and Safe Communities**

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report HSC18040 – Program Guidelines for Trillium Down Payment Assistance Program

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Hamilton Trillium Down Payment Assistance Program Guidelines (2018)

Contents

Background.....	1
Program Description	1
Eligibility Criteria	2
Purchase Price	2
Maximum Household Income:	2
Loan Conditions.....	3
Conditions for Repayment	3
Revolving Loan Fund (RLF).....	Error! Bookmark not defined.
Documentation Required for Records.....	5

Background

The Housing and Homelessness Action Plan includes strategies that ensure affordability and a range of housing options for low to moderate income households in Hamilton. Action Plan Strategy 2.3 recommends down payment assistance programs to increase homeownership opportunities for renters, enhancing affordability for households with financial barriers to homeownership.

Recent federal legislation aimed at cooling the housing market has made it more difficult to qualify for a mortgage by establishing a higher interest rate threshold for mortgage approval. Borrowers must now pass a stress test when prequalifying for a mortgage by qualifying for a 2% higher interest rate than the current interest rate. The stress test is to ensure that purchasers will still be able to afford their mortgage payments if interest rates increase at renewal time. This test also means borrowers will qualify for less financing and there will be fewer low-moderate income earners qualifying for a mortgage.

These challenges, as well as current market indicators, were considered in the development of the 2018 Trillium Down Payment Assistance Program (TDPAP), including eligibility criteria. The new criteria reflect the current housing market.

Program Description

The Trillium Down Payment Assistance Program provides down payment assistance to households currently meeting their rent and shelter costs but struggling to accumulate the down payment necessary to purchase a home.

Program Benefits

There are benefits that result from homeownership not only for the individual household, but for the broader community, including:

1. Rental housing units are made available for other households in need of rental housing as a result of households moving into homeownership;
2. Enables households to build assets and personal wealth; and,
3. Increases the demand for lower cost ownership housing options by increasing the pool of potential first-time homebuyers with moderate incomes.

Program Administration

Trillium Housing will administer the TDPAP on behalf of the City of Hamilton in accordance with the Program Guidelines.

Eligibility Criteria

The Applicant(s):

1. must be over the age of 18
2. must not currently own a home or property
3. must be a legal resident of Canada and intend to have this home as their one and only residence
4. must be pre-approved for a mortgage from a Canada Mortgage and Housing Corporation (CMHC) approved lender
5. must not be in a spousal relationship (including a same-sex spousal relationship) with a person that has any form of interest in ownership of a property

Home Type on Property:

- The Property being purchased may only contain a single detached dwelling, semi-detached dwelling, apartment condominium dwelling unit, townhouse dwelling or row house dwelling. Mobile homes and co-op units are not eligible dwellings for this program.

Purchase Price

The purchase price of the Property must not exceed \$400,000 or such other amount as determined by the General Manager, Healthy and Safe Communities Department. This home price threshold is to be reviewed every three (3) years by the Investment in Affordable Housing Program Manager, Housing Services Division or earlier, and the guidelines updated accordingly and approved by the General Manager, Healthy and Safe Communities Department.

Maximum Household Income:

The maximum household income will be \$81,300, or the current Investment in Affordable Housing Program income threshold. This income threshold is to be reviewed every three (3) years or earlier by the Investment in Affordable Housing Program Manager, Housing Services Division, if the housing market changes significantly, with the guidelines updated accordingly and approved by the General Manager, Healthy and Safe Communities Department.

Loan Conditions

All applicants will submit a completed TDPAP application form, identification information, income and financial documents in a format acceptable to the City in its absolute discretion, and any other documentation or evidence the City may require, to evaluate the loan application.

All applicants receiving approval for a Trillium down payment assistance forgivable loan under the TDPAP shall be required to enter into a Loan Agreement with the City with provisions including but not limited to the terms and conditions set out herein.

The down payment is in the form of a 25-year forgivable loan with the maximum loan amount being determined on a per purchaser basis by Trillium Housing's review of each purchaser's financial situation.

The City's loan must be secured by a mortgage registered on the title of the Property being purchased which can only be lesser in priority to a mortgage securing the primary financing of the purchase of the Property and a Trillium Mortgage.

On the date of closing, the City of Hamilton will provide a cheque for the borrower, to the borrower's lawyer. Additionally, the City of Hamilton, Legal Services Division will require an Undertaking (prepared by the City and sent to the borrower's lawyer for signature) confirming that certain documents will be provided to the City within thirty (30) days of closing. These documents will include, but may not be limited to, the following:

1. an opinion letter regarding title (please note that title insurance is not accepted in lieu of an opinion letter),
2. confirmation of a valid and enforceable third Charge/Mortgage,
3. a copy of the Status Certificate issued by a Condominium Corporation disclosing that there are no arrears or orders as may affect the Unit (if applicable),
4. an Acknowledgment re: Receipt of Standard Charge Terms,
5. a Declaration that the property will be owner occupied and used as a single-family dwelling,
6. photocopies of two (2) pieces of identification for each Borrower, and
7. a copy of the registered Transfer/Deed of Land, first Charge/Mortgage, and second Charge/Mortgage being the Trillium Mortgage.

If the program participants no longer meet all program requirements, excepting the maximum home price and income level, or when 25 years have elapsed, the loan is repaid to the City of Hamilton, Housing Services Division along with the same proportion of any capital gains as the down payment assistance was of the original purchase price. This repayment requirement is outlined in the agreement between the City of Hamilton and the homeowner.

Conditions for Repayment

The original down payment assistance loan amount plus the same proportion of any capital gains as the down payment assistance was of the original purchase price must be repaid to the City of Hamilton, Housing Services Division if the following situations occur while the loan is outstanding:

1. There is a disposition of the Property including but not limited to a sale, assignment, transfer, conveyance, lease, license, any indebtedness of the loan recipient secured by a mortgage registered on title to the Property other than the mortgage whose purposes was to secure the purchase of the Property, registration of a Charge or other transaction or disposition of any nature or kind whatsoever in respect of the Property or of any right, title or interest in or to the Property;
2. The Property or a portion thereof is rented to another person;
3. The loan recipient is in breach or default of any agreement or security in respect of any other financing secured on the Property;
4. The unit is no longer the sole and principal residence of the loan recipient;
5. The loan recipient becomes bankrupt or insolvent;
6. The loan recipient misrepresented their eligibility for the program;
7. The loan recipient used the proceeds of the loan for a purpose other than the acquisition of the unit;
8. In the case of the death of both debtors named on the Agreement, only the principal amount of the loan must be repaid by the estate;
9. Change in spousal relationship:
 - a) If the loan recipient(s) divorces or their spousal relationship is terminated. However, the General Manager, Healthy and Safe Communities Department, at his or her sole, absolute and unfettered discretion, may determine whether repayment is required, based on considerations including, but not limited to, whether the loan is at risk, or any potential for undue hardship for loan recipient(s).
 - b) A new marriage or spousal relationship of the loan recipient. If the new partner does not want to be added to the title of the home, it is not necessary to sign an appending agreement. If the new spouse or partner wishes to be added to the title of the home, the newly formed household must meet the eligibility criteria prior to signing an amending loan agreement. If the newly formed household does not meet the eligibility criteria, the loan may be recalled at the discretion of the General Manager, Healthy and Safe Communities Department. (This may arise if the second spouse/partner is required to be on title of the home for the purposes of renewing a mortgage or refinancing);
10. Home Insurance Cancellation / Expiry: The borrower must have home insurance in good standing;
11. Municipal taxes must be in good standing;
12. Postponements: As a condition of advancing funds, institutional lenders will require that the City of Hamilton agree to postpone the current mortgage and remain in third position. In the event that equity is being removed from the property, the City may postpone its mortgage to third place, provided the Investment in Affordable Housing Program Manager performs the due diligence to ensure there is sufficient equity in the home to cover the aggregate of the first mortgage, the Trillium Mortgage, and the down payment assistance loan; and,
13. Property standards orders to comply: If there is, as determined by the City in its sole, absolute, and unfettered discretion, a violation of any law in respect of the Property, including but not limited to the Ontario Fire Code, Building Code, any City zoning by-law, and any City property standards by-law, the down payment assistance loan will be recalled. However, the General Manager, Healthy and Safe Communities Department may in his sole, absolute and unfettered discretion waive this repayment requirement.

Documentation Required for Records

The Housing Services Division is responsible for retaining the following documents over the life of the program:

Eligibility information:

- The signed application form, including a declaration that all information is accurate
- The notice of assessment for all members of the household
- Copies of photo identification
- Unit eligibility information and home inspection

Loan information:

- Agreements of Purchase and Sale
- Loan agreement and independent legal counsel documentation
- Mortgage registration documentation
- Title search

Payment documents and default actions:

- Records of all payments and defaults
- Confirmation of compliance with the terms of the Loan Agreement (e.g., letter confirming that the unit remains the sole and principal residence of the eligible purchaser)
- Record of any defaults

Additional Program Terms

Approval of the loan application is at the absolute discretion of the City and subject to the availability of funds.

The City's loan must be registered as the third mortgage after registration of any mortgage securing the primary financing (first mortgage), and the Trillium Mortgage. A household may not have a guarantor on title, nor may a household have a co-signer on title that will not be living in the home. If a household requires additional financing, that mortgage will be registered as the fourth mortgage, after the City's loan.

The Trillium Down Payment Assistance Program cannot be stacked with any other government down payment assistance programs but households may utilize other affordable housing programs such as renovation programs.