



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	March 24, 2014
SUBJECT/REPORT NO:	Expenditures from Social Housing Reserve Fund (Account #112248) (CS13004(a)) (Wards 2,3,4,6,7,12 & 15)
WARD(S) AFFECTED:	Wards 2,3,4,6,7,12 & 15
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SUBMITTED BY:	Vicki Woodcox Acting General Manager Community and Emergency Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the General Manager, Community and Emergency Services Department or her designate, be authorized and directed to enter into a funding agreement, in a form satisfactory to the City Solicitor, with the Sons of Italy (Hamilton) Housing Corporation for a total of \$590,000, (\$500,000 in 2013 capital funding and \$90,000 from the Social Housing Reserve Fund (#112248)) for repairs and renovations to six properties at 31 & 44 Steven Street, 38 East Avenue North, 2 & 40 Madison Avenue, and 32 Ashley Street;
- (b) That the General Manager, Community and Emergency Services Department or her designate, be authorized and directed to enter into a funding agreement, in a form satisfactory to the City Solicitor, with the Hamilton East Kiwanis Non-Profit Homes Inc. for a total of \$73,950, for repairs and renovations to one property at 30 Kensington Avenue North from the Social Housing Reserve Fund (#112248); and,
- (c) That the General Manager, Community and Emergency Services Department or her designate, be authorized and directed to enter into a funding agreement, in a form satisfactory to the City Solicitor, with CityHousing Hamilton for a total of \$847,400 for repairs and renovations to 12 properties at 740 Britannia Avenue, 85 Bellingham Drive, 37 Bernard Street, 893 Fennell Avenue East, 19, 26 & 30 Sumach Street, 20 Eaton Place, 20 Armstrong Avenue, 19 Thorley Street, and 5 & 7 Seeley Avenue, from the Social Housing Reserve Fund (#112248).

EXECUTIVE SUMMARY

There is a growing unmet need for social housing units with 3 or more bedrooms. Within the existing social housing stock, social housing providers have scattered single and semi-detached houses with 3 or more bedrooms. However, some of these units are in need of significant repair and are vacant as a result of the poor condition of the units. Significant investment is required to rehabilitate the units, investment beyond the capacity of the social housing providers' existing capital reserves.

On March 25, 2013, Report CS13004 – Expenditures from Social Housing Reserve Fund (Account #112248) provided information to Emergency and Community Services (E&CS) Committee regarding the steps that the City, in its role of Service Manager for social housing is taking to increase the number of multi-bedroom units either through new construction or through the renovation of existing social housing stock. At that meeting, E&CS Committee determined that the need for the renovations and rehabilitation of social housing exceeded the available \$500,000 in 2013 Capital funding and approved an additional \$400,000 from the Social Housing Reserve Fund (Account #112248) for a total of \$900,000. Staff were directed to issue a communication to all social housing providers to submit business cases for the funding.

On August 16, 2013, the communication was sent to all social housing providers, inviting them to submit business cases by October 25, 2013 to fund the rehabilitation of vacant, uninhabitable single and semi-detached units with 3 or more bedrooms. The business case was to include estimated costs and quotes and was to meet the following established criteria:

- Cost effective capital expenditure demonstrated by a letter of support from qualified professional (architect, engineer, contractor) indicating the costs are reasonable and within industry standards.
- Project management and project timelines which ensure the project stays on-budget and on-schedule.
- The amount of available funding in the social housing provider's replacement reserve will not be a consideration in the award of the funding.

Staff reviewed and assessed the submissions received against the funding criteria. Four social housing providers submitted a total of 20 business cases, 19 of which met the criteria for funding.

Provider	Number	Total Cost
Sons of Italy (Hamilton) Housing Corporation	6 units	\$590,000
Hamilton East Kiwanis Non-Profit Homes	1 unit	\$73,950
CityHousing Hamilton	12 units	\$847,400
TOTAL	19 units	\$1,511,350

Ancaster Village Non-Profit Homes Inc. submitted a funding proposal for a study to examine the feasibility of adding an additional bedroom to existing townhouse units. The proposal did not meet the funding criteria.

The total amount needed to fund the renovation and rehabilitation of these much needed larger units is \$1,511,350 which is \$611,350 more than the pre-established \$900,000 in available funding. It is recommended that \$611,350 in additional funding be approved from the Social Housing Reserve Fund (Account #112248) so that all 19 houses may be renovated.

The renovation and rehabilitation of the houses has a number of benefits. First, it will meet the housing needs of 19 families on the social housing waitlist who require multi-bedroom houses. Social housing waitlist data supports the need for units with three or more bedrooms. Of Hamilton's 14,600 social housing units, 547 units have four or more bedrooms. Not only are there fewer large units within the social housing stock, they have a low turn-over rate. In January 2013, there were 5,477 households on the social housing wait list, including 431 households with 5 or more members who require larger units. The wait time for larger units is two plus years longer than the average wait time.

Secondly, the renovated houses will generate revenue for social housing providers through rent payment. Lastly, vacant properties in general have a negative impact on the neighbourhoods where they are located and reflect poorly on the social housing provider.

The recommendations in this report link to the outcomes and strategies of the City of Hamilton's 10-year Housing and Homelessness Action Plan. They also link to Strategic Priority 1.5 (xi.) of the Corporate Strategic Plan, which is to support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

Alternatives for Consideration – Refer to Page 8

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

The purpose of the Social Housing Funding Reserve Fund (#112248) is for emergency capital costs and for exceptional situations when there are insufficient replacement reserves for social housing providers to cover the costs. Business cases from three social housing providers for a total of 19 units meet the criteria for funding for a total cost of \$1,511,350. \$500,000 was approved for this purpose in 2013 capital funding.

On March 25, 2013 E&CS Committee approved an additional \$400,000 from the Social Housing Capital Reserve Fund (Acct. # 112248). It is recommended that an additional amount of \$611,350 be approved from the Social Housing Capital Reserve Fund (Acct. # 112248) in order to renovate all of the 19 houses.

**SUBJECT: Expenditures from Social Housing Reserve Fund (Account #112248)
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Source of funding	
2013 Capital Funding	\$500,000
Social Housing Reserve Fund (approved March 25, 2013)	\$400,000
Social Housing Reserve Fund (Additional Request)	\$611,350
Total Cost	\$1,511,350

The current balance of the Social Housing Reserve Fund is \$1,974,383 including interest. The approval of \$611,350 will leave a balance of \$1,363,033 for future social housing capital projects.

A detailed breakdown of the business cases by social housing provider, addresses and costs is shown in the following chart.

Social Housing Provider	Address	Cost
Sons of Italy (Hamilton) Housing Corporation	31 Steven Street	100,000
	44 Steven St	90,000
	38 East Ave. N	100,000
	2 Madison Ave	100,000
	40 Madison Ave	100,000
	32 Ashley St.	100,000
Sub-Total	6 units	590,000
Hamilton East Kiwanis Non-Profit Homes	30 Kensington Ave. N.	73,950
Sub-Total	1 unit	73,950
CityHousing Hamilton	740 Britannia Ave.	48,700
	85 Bellingham Dr	59,600
	37 Bernard St.	119,500
	893 Fennell Ave. E.	77,500
	30 Sumach St.	64,000
	26 Sumach St.	104,000
	19 Sumach St.	64,000
	20 Eaton Place	58,800
	20 Armstrong Ave.	47,800
	19 Thorley St.	57,000
	7 Seeley Ave.	100,000
	5 Seeley Ave	46,500
Sub-Total	12 units	847,400
Grand Total	19 units	\$1,511,350

Staffing:

There are no staffing implications to Report CS13004(a).

Legal:

If approved, the City will enter into funding agreements with the three social housing providers. The agreement will be reviewed by the City's Legal Services Division.

HISTORICAL BACKGROUND

With the devolution of social housing to municipalities in 2001, the Province provided a capital reserve of \$3,791,218 to the City of Hamilton. The reserve was to be used at the discretion of the municipality for social housing purposes. Expenditures from the Social Housing Reserve Fund (#112248) are distributed in accordance with both the Ministry of Municipal Affairs and Housing requirements and the City of Hamilton's corporate policies and procedures for reserve funds. All emergency and capital repairs drawn from this reserve must be social housing related.

The social housing providers are required to enter into an agreement with the City of Hamilton for the capital funds. In addition, the housing provider's Board of Directors must have an approved conflict of interest policy, which includes industry best practices regarding competitive bidding on tenders.

In 2009, the Social Housing Renovation and Retrofit Program (SHRRP) was introduced to municipalities as a component of the Canada-Ontario Affordable Housing Program. This was a capital grant program which provided the City with an allocation of \$32,711,061 for the repair and regeneration of eligible social housing projects. SHRRP funding was used for capital repairs, renovations and energy efficiency enhancements to social housing units. The funding ended on March 31, 2012 and was fully allocated. The SHRRP funding was a much needed infusion of capital repair and retrofit dollars for social housing providers, most of whom have limited options to assist with the cost of capital and emergency repairs.

City Council approved Housing Services Division's capital request for \$500,000 in one-time funding for the rehabilitation of vacant, uninhabitable single and semi-detached units with 3 or more bedrooms as part of the 2013 Capital Budget process.

On March 25, 2013, Report CS13004 – Expenditures from Social Housing Reserve Fund (Account #112248) provided information to E&CS Committee regarding the steps that the City, in its role of Service Manager for social housing is taking to increase the number of multi-bedroom units either through new construction or through the renovation of the existing social housing stock. A total of \$500,000 from the Social Housing Reserve Fund (Account #112248) was approved for Halam Park Co-operative Homes to construct eight accessible, single semi-detached units. Another \$300,000 from the Social Housing Reserve Fund (Account #112248) was approved for McGivney Community Homes to repair and renovate four social housing units.

At that meeting, E&CS Committee determined that the need for the renovations and rehabilitation of social housing exceeded the available \$500,000 in 2013 Capital funding

and approved an additional \$400,000 from the Social Housing Reserve Fund (Account #112248) for a total of \$900,000. Staff were directed to issue a communication to all social housing providers to submit business cases for the funding.

On August 16, 2013, the communication was sent to all social housing providers, inviting them to submit business cases by October 25, 2013 to fund the rehabilitation of vacant, uninhabitable single and semi-detached units with 3 or more bedrooms. The business case was to include estimated costs and quotes and was to meet the following established criteria:

- Cost effective capital expenditure demonstrated by a letter of support from qualified professional (architect, engineer, contractor) indicating the costs are reasonable and within industry standards.
- Project management and project timelines which ensure the project stays on-budget and on-schedule.
- The amount of available funding in the social housing provider's replacement reserve will not be a consideration in the award of the funding.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications to Report CS13004 (a).

RELEVANT CONSULTATION

Social housing providers were consulted prior to issuing the call for business case submissions for capital repair funding. Social housing providers expressed that the replacement reserves they had at the time that social housing was downloaded from the Province to the municipality were insufficient. Without the SHRRP funding, social housing providers have limited options to assist with the cost of capital and emergency repairs.

Staff also drew on the community consultation work of the Housing and Homelessness Action Plan and the Hamilton Immigration Partnership Council Housing Working Group, which identified the need for larger (3+ bedroom) rental units which resulted in Strategy 4.6: which is to increase the number of rental housing units that meet the needs of larger families.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

Social housing providers may access funding through the City's Social Housing Reserve Fund (#112248) for emergency, exceptional and capital costs when the housing provider has insufficient replacement reserves. The Social Housing Reserve

Fund may also be used for exceptional circumstances such as modifications for the creation of larger units.

Staff reviewed and assessed the business cases received against the established criteria for funding including:

- Cost effective capital expenditure demonstrated by a letter of support from qualified professional (architect, engineer, contractor) indicating the costs are reasonable and within industry standards;
- Project management and project timelines which ensure the project stays on-budget and on-schedule;
- Creation of larger units to address the need to accommodate larger families;
- Improvements (expenditures which increase the capacity, quality, efficiency or useful life of the existing capital assets); and,
- Projects that improve and preserve social housing stock, such as work that addresses:
 - Hazardous conditions which if not corrected could lead to critical injury (e.g. loose brick or concrete, damaged or loose railing anchorages and rotted wooden stairs, etc.);
 - Structural integrity (e.g. roofs, exterior walls, foundation walls, etc.);
 - Mechanical systems (e.g. electrical, heating, plumbing systems); and,
 - Building elements that must be repaired or replaced to comply with by-laws, Fire Code, building codes or safety standards.

Hamilton's demographics are changing and the type of social housing units must be modified to meet the needs of Hamilton's current population. The demand for larger units with four or more bedrooms often comes from newcomer households with bigger families. Most newcomers that apply for social housing need sizable units. Social housing waitlist data shows that more than two-thirds of newcomers applied for 3 or more bedrooms and nearly one-third applied for 5 or more bedrooms.

Of Hamilton's 14,600 social housing units, 547 units have four or more bedrooms. Not only are there fewer large units within the social housing stock, they have a low turn-over rate. In January 2013, there were 5,477 households on the social housing wait list, including 431 households with 5 or more members who require larger units. The wait time for larger units is two plus years longer than the average wait time.

Approval of funding from the Social Housing Reserve Fund (Account #112248) to rehabilitate larger social housing units supports the implementation of Strategy 4.6 of

the City's 10-year Housing and Homelessness Action Plan which is to increase the number of rental housing units that meet the needs of larger families.

ALTERNATIVES FOR CONSIDERATION

An alternative for consideration is to instead fund the cost of renovating the social housing scattered units only up to the pre-approved amount of \$900,000. A recommended breakdown of the \$900,000 by social housing provider is as follows:

- \$73,950 for Hamilton East Kiwanis Homes Inc.
- \$275,350 for Sons of Italy (Hamilton) Housing Corporation
- \$550,700 for CityHousing Hamilton

The recommended amount for Hamilton East Kiwanis Homes Inc. is based on the single business case for the renovation of a duplex located at 30 Kensington Avenue North. The recommended amounts for Sons of Italy and CityHousing Hamilton are pro-rated based on the average cost for renovation of the remaining 18 properties. Sons of Italy and CityHousing Hamilton would be required to submit a plan outlining which properties in their portfolios could be renovated with the allocated amount of funding.

The benefit of this approach is that \$611,350 less would be drawn from the Social Housing Reserve Fund (Account #112248) and would then be available for emergency repairs and other social housing capital needs.

The disadvantage of this approach is that not all of the 19 houses will be renovated and will most likely remain vacant. Fewer families will be housed from the social housing waitlist. Neighbourhoods will continue to be negatively impacted by vacant homes in their communities.

Implications:

Financial:

The balance of the Social Housing Reserve Fund will remain at \$1,974,383 including interest as the \$500,000 in capital funding was approved as part of the 2013 budget process and the additional \$900,000 was approved at the March 25, 2013 Emergency and Community Services Committee.

Staffing:

There are no staffing implications to Report CS13004(a) for both the recommended and alternative approaches.

Legal:

The City will enter into funding agreements with the three social housing providers for both the recommended and alternative approaches. The agreement will be reviewed by the City's Legal Services Division.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

APPENDICES AND SCHEDULES ATTACHED

None