



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	September 22, 2014
SUBJECT/REPORT NO:	Investment in Affordable Housing for Ontario (IAH) Program Extension (CES14059) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	David Brodati 905-546-2424 ext. 6159 Gillian Hendry 905-546-2424 ext. 4818
SUBMITTED BY:	Joe-Anne Priel General Manager Community & Emergency Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That the Investment in Affordable Housing for Ontario funds be deposited into Account # 000100-23194 "Prov Funding IAH";
- (b) That the General Manager of the Community and Emergency Services Department or her designate be authorized and directed to deliver and administer the Investment in Affordable Housing for Ontario program;
- (c) That the Mayor and City Clerk be authorized and directed to execute the "Service Manager Administration Agreement - Investment in Affordable Housing for Ontario (2014 Extension)" with content acceptable to the General Manager of the Community and Emergency Services Department or her designate and in a form satisfactory to the City Solicitor;
- (d) That the General Manager of Community and Emergency Services or her designate be authorized and directed to execute all agreements as may be required to deliver the Investment in Affordable Housing in Ontario Program, in a form satisfactory to the City Solicitor; and,
- (e) That the General Manager of Community and Emergency Services Department or her designate be authorized to increase Housing Services Division's budgeted complement by one full time permanent position, that being a Program Manager for the Investment in Affordable Housing Program at an annual cost of \$133,450, using the Investment in Affordable Housing Program administration funds.

EXECUTIVE SUMMARY

On August 11, 2014, the Province announced an extension to the Investment in Affordable Housing for Ontario Program (“IAH”) for another six years to March 31, 2020 with \$800 million in Federal and Provincial funding available province-wide. The City of Hamilton’s first year allocation will be \$3,214,100. The allocation for the remaining five years of the program has not yet been disclosed, however, it is anticipated that it will be in the same range as the City’s previous allocation under the IAH on a prorated basis. As such, it is estimated that the allocation to the City will be approximately \$30 million over the six-year period.

The IAH rules and requirements are largely the same as the previous IAH program. The IAH allows flexibility for municipalities to determine how their overall notional allocation should be split between any of the following IAH program components:

- Capital funding of up to \$150,000 per unit for the creation of affordable rental housing;
- Encouraging homeownership through down payment assistance;
- Addressing affordability of existing rental units through housing allowances; and,
- Up to \$25,000 per unit to renovate existing housing through Ontario Renovates. This component includes financial assistance to create secondary suites in existing single family homes.

IAH extension funding is conditional upon the City and the Province of Ontario executing a Service Manager Administration Agreement (“Administration Agreement”). Under the IAH, municipalities are responsible for planning and delivering the program funding, including completing and updating an annual Program Delivery and Fiscal Plan (PDFP).

This new funding is an extension of the IAH program which provided the City with \$16,874,982 in Federal and Provincial funding for four years to March 31, 2015. All of the existing IAH program component funding is fully committed with the exception of Ontario Renovates funding which will be fully committed by the end of 2014.

The City must submit a Program Delivery and Fiscal Plan (PDFP) to the Ministry of Municipal Affairs and Housing (“Ministry”) by November 30, 2014 for the first year of funding. Given timing around the upcoming municipal election, the Province has decided that the PDFP for the first year does not require Council approval—approval by a Chief Administration Officer or delegated authority is sufficient. The City has until January 30, 2015 to commit this funding or risk having it returned to the Province and potentially re-allocated to another municipality. Given the time restrictions, the City is challenged with only five months to commit to the full year’s funding.

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In order to ensure all the first year's funding is committed by January 30, 2015, staff will move forward with Council's September, 2013 direction to fund the Good Shepherd Non-Profit Home's new rental housing project at 120 Cannon St. E., Proposal B (Report CS13042). Council directed that the Good Shepherd project be funded in an amount of up to \$5,250,000 should additional funding be made available under the IAH. While the City's year one allocation is only \$3,214,100, staff estimate that the remaining amount necessary for the Good Shepherd project can be funded from the City's year two IAH allocation. Good Shepherd has confirmed that it can construct the project in accordance with the costs and timelines submitted under RFP C5-15-13.

The City must submit a Council endorsed updated PDFP to the Ministry by February 27, 2015 for the remaining five years (2015/16 – 2019/20). The PDFP will outline how much of the IAH funding will be allocated to which components of the IAH over each fiscal year of the program. Staff will submit the PDFP to the Emergency and Community Services Committee for approval in January 2015. The updated PDFP will be similar to the PDFP that Council approved in 2012, as the priorities and needs for affordable housing in Hamilton have not significantly shifted since that time. Staff will draw on the City's 10-Year Housing & Homelessness Plan to inform the PDFP.

Up to 5% of a municipality's funding allocation may be used for program administration costs. While the exact amount of the full allocation to Hamilton under the IAH extension has yet to be confirmed, staff are confident that the requested additional position of a Program Manager can be accommodated within the administration funding envelope. The position is critical to the successful delivery of the IAH program initiatives and the City's 10-year Housing & Homelessness Action Plan. The position of Program Manager, Investment in Affordable Housing has been funded on a temporary basis since July 2013 from the previous IAH administration funding.

In December 2013, City Council approved the City's Housing and Homelessness Action Plan which is a 10-year strategic and implementation plan to address affordable housing and homelessness in Hamilton. The development of the Action Plan was informed by extensive community engagement and a comprehensive needs analysis that provides a framework to inform the best way to implement the IAH extension in Hamilton. The City will continue to work with the Housing and Homelessness Planning Group to monitor progress and identify any shifting priorities for affordable housing in our community.

The Federal/Provincial funding allocation to Hamilton through the IAH extension is appreciated and is an important component to addressing community need and helping to implement the strategies identified in Hamilton's Housing and Homelessness Action Plan. However, that funding amount represents a very small portion of the resources required to address the full need in the City and to meet the outcomes and targets established in the Action Plan.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

All program and administration funding under IAH is 100% Federal and Provincial funding. There are no additional City levy dollars requirements to deliver IAH.

Hamilton's full allocation from the Province under the IAH program has not been announced yet other than the first year allocation of the IAH extension of \$3,214,100. Staff anticipates that the full allocation will be similar to the previous IAH allocation to Hamilton on a pro-rated basis for an estimated total of \$30 million over a six year period to March 31, 2020.

Staffing:

Up to 5% of a municipality's funding allocation may be used for program administration costs for delivery of the IAH Program. It is recommended that one permanent full time FTE, a Program Manager of Investment in Affordable Housing be funded utilizing IAH program administration funding. The Program Manager is responsible for the management, co-ordination and delivery of the IAH program components, as well as monitoring, evaluating and reporting on program outcomes. The position also manages the implementation of the City's Housing and Homelessness Action Plan. This position has been funded on a temporary basis since July 2013 from previous IAH administration funding. Approval of recommendation (e) of Report CES14059 would convert the temporary position to permanent. The cost of this position at 2015 salary and benefit levels is estimated at \$133,450.

Legal:

Legal Services will be consulted on the review of the Administration Agreement. To ensure that the City complies with the terms of the Administration Agreement, Legal Services staff will be involved in the review and drafting of any agreements, as may be required to deliver the IAH Program. Legal Services staff will assist in ensuring that security requirements, as required from the project proponents, are fulfilled to protect the interests of the City, in accordance with the Administration Agreement.

HISTORICAL BACKGROUND

In August 2011, the Province announced the first iteration of the IAH program and associated municipal notional funding allocations. IAH was a rebranding of the former Canada-Ontario Affordable Housing Program and the Federal Residential Rehabilitation Assistance Program. Hamilton received \$16.8 million over 4 years to March 31, 2015.

In November 2011, Council approved the execution of the IAH Administration Agreement between the Province and the City of Hamilton (Report CS11079(a)).

In February 2012, Council approved the existing Program Delivery & Fiscal Plan (PDFP) (Report CS11079(b)) for the City's IAH funding allocation, which allocated IAH funding as follows:

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5 year housing allowances assisting 450 households	\$5,400,000
Ontario Renovates (formerly RRAP) assisting 265 households	\$4,500,000
New rental construction assisting 36 households	\$5,400,000
Homeownership down payment assisting 40 households	\$731,233
Program administration at 5% of allocation	\$843,749
Total	\$16,874,982

In September 2013, Council approved a recommendation (Report CS13042 - Request for Proposals C5-15-13, new Rental Housing Component of the Investment in Affordable Housing (IAH) Program) that Homestead Christian Care be approved for funding for \$5,400,000 under the Investment in Affordable Housing Ontario – New Rental Housing Component for the development of affordable rental housing at 1430 Main Street East. Council also approved a recommendation that Good Shepherd Non-Profit Homes Inc. be approved for funding of up to \$5,250,000 for the development of affordable rental housing at 120 Cannon Street East should additional funds become available from the Investment In Affordable Housing Ontario Program. This project is the redevelopment of the existing Good Shepherd warehouse building into 35 one-bedroom units targeted for a range of people including working households with low to moderate income, women at risk of homelessness and persons with physical and mental disabilities.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications for Report CES14059.

RELEVANT CONSULTATION

Staff consulted with Corporate Services (Finance, Procurement and Legal Services) for this report.

City Procurement staff confirmed that the approval of IAH funding for the proposal submitted by Good Shepherd Non-Profit Homes under RFP C5-15-13 is in accordance with the City's Procurement Policies and Procedures.

The final decision regarding the approval of funding for Good Shepherd Non-Profit Homes is pending a review of the organization's Audited Financial Statements to ensure the organization's financial sustainability.

Housing Services Division staff consulted with senior staff at Good Shepherd Non-Profit Homes regarding their ability to deliver on the proposal submitted under RFPC5-15-13. Good Shepherd staff confirmed that Good Shepherd is willing and able to develop a 35 unit affordable housing development as articulated in our submission of July 5, 2013 and in particular:

- a. Good Shepherd is able to complete the project given the maximum contribution from the IAH program of \$5.25 million: and,
- b. Good Shepherd will be able to maintain the same timeline (adjusted to reflect a new start date) as outlined in that submission.

Legal Services will be consulted to review the Administration Agreement. To ensure that the City complies with the terms of the Administration Agreement, Legal Services staff will be involved in the review and drafting of any agreements required to deliver the IAH Program. Legal Services staff will assist in ensuring that the security requirements, as required from the project proponents, are fulfilled to protect the interests of the City in accordance with the Administration Agreement.

The City undertook extensive community consultation in the development of the first IAH PDFP and the Housing & Homelessness Action Plan. That input and needs analysis is still relevant for the IAH extension and PDFP that is to be developed based on the new IAH extension allocation. The Housing & Homelessness Action Plan provides a framework that guides the City's work in addressing affordable housing and homelessness. Staff will continue to work with the Housing and Homelessness Planning Group to monitor progress and identify any shifting priorities for affordable housing in our community.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The IAH program extension represents an opportunity for the City of Hamilton to address some of the affordable housing needs of residents as identified in the City's Housing & Homelessness Action Plan endorsed by Council in December 2013 (Report CS11017(c)). The IAH extension program components of Housing Allowances, Ontario Renovates and New Affordable Rental Housing Construction in particular, can support a number of Action Plan Critical Investment Strategies.

While Federal and Provincial investment in affordable housing is timely and welcome, the amount of IAH extension funding allocated to Hamilton falls short of the true need. In the five years previous to the first IAH program in 2011, Hamilton received approximately \$66 million in Federal-Provincial funding for equivalent programs. In comparison, under the first IAH program plus this new IAH extension allocation, from 2011 to 2020, Hamilton will have received approximately \$46 million, or 70% of previous program funding. This is significant given that the City's Housing and Homelessness Action Plan identifies an investment requirement of \$427 million over 10 years to meet identified need and achieve the Action Plan's outcomes and targets. Clearly the magnitude of investment needed cannot be borne by the municipal property tax base, and senior levels of government have both the capacity and responsibility to contribute a much greater share of this investment requirement.

ALTERNATIVES FOR CONSIDERATION

There are no alternatives for consideration in Report CES14059.

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

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner

APPENDICES AND SCHEDULES ATTACHED

None