



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	October 24, 2016
SUBJECT/REPORT NO:	Sacajawea Non-Profit Housing Inc. - Request for Service Manager and Ministerial Consent to Sell Units (CES16052) (Wards 2, 3 and 4)
WARD(S) AFFECTED:	Wards 2, 3 and 4
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SUBMITTED BY:	Julie Western Set Director, Housing Services Division Community & Emergency Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That Council, in its capacity as Service Manager under the *Housing Services Act, 2011*, approve the request of Sacajawea Non-Profit Housing Inc. to sell and replace five single family detached units of social housing, as set out in the “Business Case – Leveraging Existing Older Detached Homes to Build New Multi-Residential”, attached as Appendix A to Report CES16052, subject to the following conditions:
- (i) that the sale proceeds be reinvested towards the development of an additional 23 units of housing at 18 West Avenue South, including five rent-geared-to-income units that will replace the five units being sold;
 - (ii) that Sacajawea Non-Profit Housing Inc. work with Housing Services’ Division staff to ensure that the new units are developed as part of a plan that best meets the needs of the community in terms of unit size, amenities, accessibility and location;
- (b) That the General Manager of Community and Emergency Services forward a copy of Council’s resolution approving Recommendation (a) of Report CES16052 together with a request, on behalf of Sacajawea Non-Profit Housing Inc., to the Honourable Chris Ballard, Minister of Housing, for his consent to the request to sell and replace five single family detached units, as required under the *Housing Services Act, 2011*;
- (c) That the General Manager of Community and Emergency Service or her designate be authorized and directed to transfer the existing subsidies for the five units

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proposed for sale, at an amount not to exceed the current level of subsidy, to support five rent-g geared-to-income units within Sacajawea's new 23 unit development at 18 West Avenue South; and,

- (d) That the General Manager of Community and Emergency Services or her designate be authorized and directed to execute a new operating agreement with Sacajawea Non-Profit Housing Inc., satisfactory to the City Solicitor, that reflects the change to its housing portfolio and subsidy allocation, as set out in Recommendations (a) and (c) of Report CES16052.

EXECUTIVE SUMMARY

Sacajawea Non-Profit Housing Inc. ("Sacajawea") is one of two providers serving the Aboriginal Community in the City of Hamilton. It currently owns 29 units in total, which vary in age, size and building condition. These units are located within Wards 2, 3 and 4.

Sacajawea is requesting Service Manager and Ministerial Consent to sell five single detached homes, two of which are currently vacant (84 Tisdale Avenue North and 279 Julian Avenue) and the other three homes would be determined as ready to sell upon becoming vacant in the future. This ensures that no family is displaced as a result of the sale of any of the homes. This request will support the redevelopment of 18 West Avenue South as recommended for funding through the Investment in Affordable Housing program (Report CES16037).

In accordance with the requirements of the *Housing Services Act, 2011* (the "Act"), consent from the Minister of Housing is required prior to the sale or disposition of any social housing project. In addition, the City of Hamilton, in its capacity as Service Manager under the Act, must also approve the proposed initiative prior to submitting the request for ministerial consent on behalf of Sacajawea.

Higher density housing, such as low-mid-rise buildings with one and/or two bedroom apartments, is more cost effective to run and can be developed in a manner that better meets the needs of the community *and* creates buildings that reflect the City's commitment to energy efficiency, environmental stewardship and improved value for taxpayers' dollars. Sacajawea is requesting consent to sell poor performing housing stock in their portfolio and reinvest the revenue into new development to rejuvenate its aging portfolio. Therefore, it is recommended that the City, as Service Manager, approve this request and encourage the redevelopment of high quality, efficient housing units. The revenues generated from the sale would be required to be reinvested into the development of the new units at 18 West Avenue South to replace the sold units on a 1:1 basis, and allow Sacajawea to manage these new units more cost effectively. This

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means reducing existing long term capital pressures, administrative costs and energy costs.

The City of Hamilton, in its capacity as Service Manager under the *Housing Services Act, 2011*, administers the current operating agreement with Sacajawea that was originally entered into with the Canada Mortgage and Housing Corporation. Sacajawea is requesting that the City re-allocate the existing subsidies attributed to the five units to be sold to five new rent-g geared-to-income units at 18 West Avenue South. Report CES16052 recommends that a new operating agreement be developed directly between the City and Sacajawea to reflect the proposed change in the housing portfolio and the subsidy allocation.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial impacts associated with Report CES16052.

Staffing: There are no staffing implications associated with Report CES16052.

Legal: The *Housing Services Act, 2011* requires the consents of the Service Manager and the Minister of Housing before Sacajawea may sell any units of social housing.

HISTORICAL BACKGROUND

With the devolution of housing responsibilities to the local level under the *Social Housing Reform Act, 2000* (subsequently repealed and replaced by the *Housing Services Act, 2011*), municipalities have taken on a leadership role in the provision of affordable housing. This has created considerable pressure on municipalities to maintain housing infrastructure and to build new affordable housing.

Sacajawea Non-Profit Housing Inc. (Sacajawea) was incorporated on December 30, 1987. At that time, the organization worked with the Native Women's Centre to provide affordable housing to women with children, but soon after expanded its mandate to include individuals and all family types. Within three years of incorporation, Sacajawea had established its portfolio of 28 single detached three and four bedroom homes scattered throughout Hamilton:

In January 2015, Sacajawea was approved for a CMHC grant to locate an appropriate site and undertake necessary pre-construction activities for new affordable rental housing. The property at 18 West Avenue South was purchased with the plan to build 23 new rental apartments (16 one-bedroom units and 7 two bedroom units) at an overall

cost of approximately \$3.6M. The funding to complete the purchase was provided by the sale proceeds of the three other phase 1 properties (\$440K) and a loan from the Hamilton Community Foundation (\$375K).

The balance of the construction funding will come from selling the five older rental homes (\$750K) proposed in the business case (Appendix A to Report CES16052) and project development funding from the Canada Mortgage and Housing Corporation (\$100K). Sacajawea was successful in its proposal to the Investment in Affordable Housing Request for Proposals (Report CES16037) which recommended that Sacajawea's proposal for 18 West Avenue South be submitted to the Province for the requested funding (\$1.92M) for the new development.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Housing Services Act, 2011

Subsection 161(3) of the *Housing Services Act, 2011* requires housing providers to obtain the written consent of the Minister prior to any transfers of social housing units.

RELEVANT CONSULTATION

Sacajawea Non-Profit Housing Inc. has hired and consulted with Tim Welch Consulting Inc. in regards to the redevelopment of 18 West Avenue South.

Sacajawea Non-Profit Housing Inc. has consulted with the Hamilton Executive Directors Aboriginal Coalition (HEDAC), who are supportive of this request.

Housing Services' staff consulted extensively with Sacajawea and its consultant, Tim Welch Consulting Inc. to review its business case.

Housing Services' staff consulted with staff from the Ministry of Housing. The Ministry of Housing will not review for consent until the Service Manager has provides its approval.

Staff from the Corporate Services Department (Finance and Administration Division) was consulted and their comments and advice were incorporated into Report CES16052.

The Legal Services' Division has also reviewed the request and their comments and advice were incorporated into Report CES16052.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Objectives for Selling Units

Sacajawea's main objectives of its proposed sale are to:

- Sell older units and replace them with new social housing units that better meet the needs of the Aboriginal community;
- Ensure that no individual is displaced or made homeless as a result of the sale;
- Create increased sustainability within its social housing stock by focusing on energy efficiency, sustainable building practices and operational economies of scale; and,
- Supporting the long term financial health of Sacajawea's operation of its social housing portfolio to ensure that the needs of the Aboriginal community can continue to be met for many more years.

Identifying the Housing Units and Process for Sale

The overarching principle is that no household can become homeless by this process. Within this context, the following outlines the process used for identifying the units to be sold as part of the Business Case:

1. Units which are currently vacant (two units from Phase II are currently vacant – 84 Tisdale Avenue North and 279 Julian Avenue); and,
2. Units from either Phase II or III which become vacant through voluntary tenant relocation.

It is expected that the overall sale of the 5 units will take 12 to 18 months complete. Before each sale of a unit, Sacajawea will provide the Service Manager with a copy of the Board of Director's Resolution to sell the unit, together with a summary of how any impacted tenants are to be relocated and accommodated, if applicable. In addition, Sacajawea will provide the Service Manager with copies of all Agreements of Purchase and Sale and copies of the full final reporting of the sale.

Resolution and Consents

In order to sell social housing properties, the following is required as part of the submission to the Minister of Housing by the Service Manager:

- A resolution of Council for the City of Hamilton and a resolution of the Board of Directors for Sacajawea;
- For redevelopment, a tenant disruption and maintenance of service delivery plan (as applicable); and,

- Identification of any known environmental issues or any outstanding legal disputes.

Communications Strategy

Sacajawea will implement an effective and appropriate communications strategy and approach in advance of selling the units set out in this business case.

Sacajawea has communicated and presented the proposed business case for the new development to:

1. Its Board of Directors;
2. The general membership of the organization at its *Annual General Membership* meeting held in August 2016; and,
3. The Hamilton Executive Directors Aboriginal Coalition (HEDAC).

Sacajawea staff has communicated on a one-on-one basis with existing tenants about the opportunity to purchase their own homes through assistance *from the Ontario Aboriginal Housing Services (OAHS)*.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Healthy and Safe Communities

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

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

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APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES16052: Business Case – Leveraging Existing Older Detached Homes to Build New Multi-Residential