



EMERGENCY & COMMUNITY SERVICES COMMITTEE

REPORT 16-010

1:30 pm

Monday, October 24, 2016

Council Chambers

Hamilton City Hall

71 Main Street West, Hamilton

Present: Councillors M. Green (Chair), A. Johnson (Vice Chair), J. Farr, S. Merulla, T. Jackson, D. Skelly, J. Partridge

Absent with Regrets: Councillor T. Whitehead – City Business

Also in Attendance: Councillor C. Collins

THE EMERGENCY & COMMUNITY SERVICES COMMITTEE PRESENTS REPORT 16-010 AND RESPECTFULLY RECOMMENDS:

1. City Comments regarding the National Strategy Consultation (CES16051) (City Wide) (Item 5.3)

- (a) That the City of Hamilton's submission regarding the consultation on a national housing strategy, attached as Appendix "A" to E&CS Report 16-010, be endorsed; and,
- (b) That the Mayor correspond with the Canadian Mortgage and Housing Corporation, requesting that they take full consideration of the City of Hamilton's position on the national housing strategy.

2. Early Years Community Plan 2016-2020 (CES16054) (City Wide) (Item 7.1)

That Report CES16054 respecting Early Years Community Plan 2016-2020, be received.

3. Xperience Annex Update (CES15046(b)) (City Wide) (Item 8.1)

That Report CES16046(b) respecting Xperience Annex Update, be received.

Council – October 26, 2016

4. Standardization of Laundry Detergents, Chemicals and Related Supplies (Lodges) (CES16039) (Wards 6 and 13) (Item 8.2)

- (a) That Council approve the standardization of laundry detergents, chemicals and related supplies for use in Macassa and Wentworth Lodges and manufactured Ecolab, pursuant to Procurement Policy Q#14 – Standardization, until December 10, 2018; and,
- (b) That the General Manager, Community & Emergency Services Department be authorized to negotiate, enter into and execute any required Contract and any ancillary documents required to give effect thereto with Complete Purchasing Services (CPS), a division of Aramark, the distribution or Ecolab laundry detergents, chemicals and related supplies, in a form satisfactory to the City Solicitor.

5. Hamilton Roundtable for Poverty Reduction Funding Increase (CES16046) (City Wide) (Item 8.3)

- (a) That an increase in the annual funding for the Hamilton Roundtable for Poverty Reduction in the amount of \$30,000, be referred to the 2017 budget process; and,
- (b) *That the Hamilton Community Foundation be approached, along with any other funding partner opportunities, to cost-share in the requested \$30,000 increase and any other funding amounts.*

Councillor Skelly was recorded as OPPOSED to the Motion.

Councillor Partridge was recorded as OPPOSED to sub-section (a) of the Motion.

6. Standardization of Resident Lifting and Hygiene Equipment Including Related Accessories, Supplies and Maintenance (CES16047) (Wards 6 and 13) (Item 8.4)

- (a) That Council approve the standardization of ARJO® resident lifting and hygiene equipment and ARJO® accessories and supplies required for the use of the resident lifting and hygiene equipment manufactured by ArjoHuntleigh Canada Incorporated, pursuant to Procurement Policy #14 – Standardization, at Macassa and Wentworth Lodges for a period of five years;
- (b) That Council approve the standardization of ArjoHuntleigh Canada Incorporated to perform the annual maintenance agreement work on ARJO® equipment at Macassa and Wentworth Lodges; and,

- (c) That the General Manager, Community and Emergency Services Department be authorized to negotiate, enter into and execute any required Contract and any ancillary documents required to give effect thereto with ArjoHuntleigh Canada Incorporated, in a form satisfactory to the City Solicitor.
- 7. Sacajawea Non-Profit Housing Inc. – Request for Service Manager and Ministerial Consent to Sell Units (CES16052) (Wards 2, 3 and 4) (Item 8.5)**
- (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 “B” to E&CS Report 16-010, 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-g 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 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.

8. CityHousing Hamilton – Request for Service Manager and Ministerial Consent to Sell Units (CES16053) (City Wide) (Item 8.6)

- (a) That Council, in its capacity as Service Manager under the *Housing Services Act, 2011*, approve the request of CityHousing Hamilton to sell and replace 100 single and semi-detached units of social housing, as set out in the “Business Case for Service Manager/Ministerial Consent”, attached as Appendix “C” to E&CS Report 16-010, subject to the following condition:
 - (i) that the sale proceeds to be invested into CityHousing Hamilton’s Sold Units Investment Fund to be used for the development of a sufficient number of new units of social housing to replace, at a minimum, the 100 units being sold; and,
 - (ii) that CityHousing Hamilton 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 CES16053 together with a request, on behalf of CityHousing Hamilton, to the Honourable Chris Ballard, Minister of Housing, for his consent to the request to sell and replace 100 single and semi-detached units, as required under the *Housing Services Act, 2011*.

9. Update on Capital Projects – Projected Savings – Lodges (CES16055) (Wards 6 and 13) (Item 8.7)

That Report CES16055 respecting an Update on Capital Projects – Projected Savings - Lodges, be received.

10. Hamilton Fire Department Standardization of Various Fire Emergency Equipment (CES16044) (City Wide) (Added Item 8.8)

- (a) That the equipment, parts/supplies and services contained in Appendix “D” to E&CS Report 16-010 be approved as the manufacturer’s standard through to December 31, 2021 for the Hamilton Fire Department;
- (b) That the vendors of the equipment, parts/supplies and services contained in Appendix “D” to E&CS Report 16-010 be approved as the single source of supply for the listed equipment parts/supplies and services for the Hamilton Fire Department; and,

- (c) That the Fire Chief of the Hamilton Fire Department, or his designate, be authorized and directed to enter into and sign, on behalf of the City of Hamilton, all negotiated agreements and all necessary associated documents with the vendors listed in Appendix "D" to E&CS Report 16-010 with content acceptable to the General Manager of Community and Emergency Services, and in a form satisfactory to the City Solicitor.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the Agenda:

8.8 Hamilton Fire Department Standardization of Various Fire Emergency Equipment (CES16044) (City Wide)

The Agenda for the October 24, 2016 meeting of the Emergency & Community Services Committee WAS approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

None declared.

(c) APPROVAL OF MINUTES (Item 3)

(i) September 26, 2016 (Item 3.1)

The Minutes of the September 26, 2016 Emergency & Community Services Committee meeting were approved, as presented.

(d) CONSENT ITEMS (Item 5)

(i) Hamilton Veterans Committee Minutes – August 9, 2016 (Item 5.1)

The Hamilton Veterans Committee Minutes – August 9, 2016, were received.

(ii) Seniors Advisory Committee Minutes – September 2, 2016 (Item 5.2)

The Seniors Advisory Committee Minutes – September 2, 2016, were received.

(e) PRESENTATIONS (Item 7)

(i) Early Years Community Plan 2016-2020 (CES16054) (City Wide) (Item 7.1)

Wanda St. Francois, Executive Director of Affiliated Services for Children and Youth (ASCY), and Jessica Chase, Manager, Early Years System, addressed Committee respecting the Early Years Community Plan 2016-2020 with the aid of a PowerPoint Presentation. A copy of the PowerPoint Presentation has been retained for the official record.

The presentation included, but was not limited to, the following:

- Background
- Stakeholder Consultation
 - Six planning sessions held with the Best Start Network
 - Interviews and focus groups with over 100 individuals
 - Parents and families
 - Best Start Network sub-committees
 - School Boards
 - Early years service providers
 - Focus on representation from diverse populations
 - Indigenous families
 - Newcomers
 - Francophone families
 - Parents of LGBTQ children
 - LGBTQ parents
 - Young parents
- Key Accomplishments
 - Child care stabilization
 - Access to information
 - Inclusion
 - System integration
- Recommendations
 - Description and definition of the early years system
 - Strategy map that aligns the vision, focus and foundational principles
 - An equity and engagement lens
 - A new organizing structure
 - Seven strategic priorities with specific goals and actions
- Strategic Priorities
 - Quality, Evaluation and Learning
 - Child Care System Planning & Stabilization
 - Access & Pathways
 - Family Support Programs

- Systems Advocacy & Education
- Special Needs Resourcing & Strategy
- Before & After School Programs Community-wide Planning
- Next Steps
 - The EYCP 2016-2020 will guide the work of the CHMS Division, Hamilton Best Start Network and broader early years community
 - Community meeting set for November 8, 2016 with all early years providers
 - Development of a communications strategy
 - Engage the Hamilton Best Start Network in the development of an implementation plan, to be released in early 2017

The presentation from Wanda St. Francois and Jessica Chase respecting the Early Years Community Plan 2016-2020, was received.

For disposition of this matter, please see Item 2.

(f) DISCUSSION ITEMS (Item 8)

(i) Hamilton Roundtable for Poverty Reduction Funding Increase (CES16046) (City Wide) (Item 8.3)

Report CES16046, respecting Hamilton Roundtable for Poverty Reduction Funding Increase, was amended by adding a new sub-section (b) to read as follows:

- (b) That the Hamilton Community Foundation be approached, along with any other funding partner opportunities, to cost-share in the requested \$30,000 increase and any other funding amounts.

For disposition of this matter, please refer to Item 5.

(g) ADJOURNMENT (Item 13)

There being no further business, the Emergency & Community Services Committee was adjourned at 3:14 p.m.

Respectfully submitted,

Councillor M. Green
Chair, Emergency & Community
Services Committee

Lisa Chamberlain
Legislative Coordinator
Office of the City Clerk

National Housing Strategy Consultation Comments

City of Hamilton

September 2016 (Comments due October 21)

The following are City of Hamilton staff comments on the national housing strategy consultation. Council endorsement will follow pending the October 26, 2016 meeting of Council.

It is important that this strategy lead to specific actions. Probably the most important aspect is that it be adequately funded. In Ontario, municipalities have borne most of the costs of delivering housing services over the last 16 years. Hamilton is grateful for the additional funds for housing allocated through the 2016 budget and the Social Infrastructure Funding Program, and hope this funding is indicative of federal intentions to further enhance financial support.

A vision for Canada's National Housing Strategy could be:

All Canadians have access to housing that meets their needs and they can afford. Housing is the cornerstone of building sustainable, inclusive communities and a strong Canadian economy where we can prosper and thrive.

Is this vision a step in the right direction? Does it achieve our goals? Does it make sense for you and your family?

Response:

For the most part, the City of Hamilton supports this vision. It aligns with the vision in our Housing and Homelessness Action Plan, "Everyone Has a Home: Home is the Foundation." Both visions recognize the foundational role that affordable suitable housing has in building communities and supporting Canada's economy. However, to recognize the foundational role housing has in people's lives and make this vision more people-centred, it is suggested that the words ", developing healthy people" or something similar be added after the words "cornerstone of."

Key principles

The national housing strategy will be developed according to ten core principles:

Results-based

- **Environmentally sustainable:** we want housing to contribute to a cleaner environment and support a greener tomorrow

- **Performance tied to results:** we measure our performance; evaluate our outcomes; and base our decisions on the best evidence of what works
- **Self-reliance:** we seek to support greater self-reliance for individuals, families and housing providers, where possible
- **Fiscally responsible:** we seek fiscally responsible housing responses and leverage support from others
- **Flexibility:** we recognize that there is no one-size-fits-all solution to addressing housing needs
- **Community-centred:** we believe housing should be community-based and consider access to public transit, proximity to work, amenities and services
- **Economic stability:** we want a stronger housing system that supports stability in the Canadian economy and helps withstand fluctuations in the economic cycle

Process-based

- **Innovation:** we encourage innovative new approaches
- **People-centred:** we remember that people are at the heart of all housing solutions
- **Collaboration:** we value collaboration and build respectful relationships

Response:

The City of Hamilton supports these values. Distinguishing the values as "results based" or "process based" helps clarify their purpose. However, values that are missing are "equity" and "inclusivity." The vision says housing for all Canadians, and "inclusivity" is a proposed theme, but "inclusivity" as well as "equity" should also be values. "People-centred" is not dissimilar, but is not the same as equity or inclusion.

"People-centred" requires that people are able to inform the solutions to their own housing issues.

To make the "Performance tied to results" value a reality will mean collection of data additional to what is collected currently. Data needs are detailed elsewhere in this submission. The strategy should also be sensitive to the fact that some outcomes are hard to quantify, but are no less valuable and helpful to individuals and families. These can include such outcomes as reduced time spent, the need for crisis intervention, reduced life stress, and improved quality of life. Measuring sustainability is difficult because there is no universal definition and it encompasses many aspects of our society, economy, and governing institutions, as well as our interactions with the natural environment.

Under "Self-reliance," the words "we seek to support greater self-reliance" could be revised to "we build capacity to increase self-reliance." The words "where possible" in the "Self-reliance" value is important as it recognizes that there are some

Canadians who, for any number of reasons, cannot be self-reliant and need supports. Often it is most successful for these supports to be associated with housing to enable those who need supports to maintain stable housing. These supports may be financial, social, medical, or pertain to personal care or other daily needs.

While it is important to facilitate self-reliance to the extent possible, there are many people in Hamilton who do not have the supports they need and therefore struggle to remain housed and live healthy and productive lives. The national housing strategy needs to ensure appropriate resources for housing supports.

Additional comment regarding these values is found in the `Themes` discussion below.

Themes for discussion

Sustainability

Environmentally sustainable and resilient homes that contribute to Canada's climate change goals

Housing has a big impact on our **environment**. Sustainable solutions are needed. New approaches can build more **resilient homes and communities**. Reducing energy consumption in housing will also help Canada reach its **climate change goals**. How can we build a greener future through housing?

Response:

It is important to protect the environment, reduce energy consumption to meet climate change goals, and build more resilient homes and communities. It is also important to reduce energy costs for low income citizens. Often low income households live in housing that is not energy efficient because it is affordable, and if they are property owners, they may lack the resources to upgrade energy efficiency. This means that they frequently pay high utility costs. Actions under this theme can include:

- *Expanding investments in research for new cost effective housing technologies that can reduce long-term impacts on the environment, building costs, and ongoing energy costs*
- *Removal of the GST from utility costs*

- *Incentive programs to enable energy efficiency retrofits of private, social, and non-profit housing*
- *Incentive programs for environmental cleanup of building sites to encourage intensification and its multiple environmental benefits*
- *Incentive programs for meeting recognized environmental standards for new private, social, and non-profit housing development*

Environment and design matter to people. They make a difference to both functionality and quality of life. This must be kept in mind when developing new affordable housing.

Building a stronger affordable housing sector

Canada needs a **strong affordable and social housing sector**. Canada's affordable housing sector should be financially viable and contribute to new housing supply. A strong affordable housing sector is less reliant on government funding. It also **attracts private investors** and supports a sustainable future. How can we build a strong and financially healthy affordable housing sector?

Response:

End of Operating Agreements (EOA)

One of the most pressing issues facing the sustainability and financial strength of social housing providers is the on-going expiration of long-term operating agreements. With the onset of mortgage maturity and expiring agreements, Service Managers in Ontario must make complex decisions about maintaining legislated service level standards while facing aging housing stock and declining federal funding. Social housing providers are challenged to maintain operational viability when subsidies decrease or terminate at operating agreement / mortgage expiry. The end of operating agreements threatens to chip away at the supply and preservation of housing that meets deep affordability needs as some social housing providers re-assess their mandates and commitments to social housing.

Rent geared-to-income housing has been an integral part of the affordable housing system in Hamilton. The City, as Service Manager, is working with housing providers to develop end of operative agreement transition plans to ensure the housing needs of current tenants will be met, and to develop strategies to ensure a continuum of affordable housing for our community. There are many financial implications to the end of operating agreements, and a multitude of potential

strategies available to each housing provider. Therefore a detailed financial analysis cannot be provided at this time.

Recognize the Role of Non-Profit Housing Providers

The consultation documents focus on social housing and the private sector, but other non-profit providers of affordable and, often, supportive housing are an important third sector to carefully consider in housing system planning and support. By not drawing a profit, they provide high value for government housing funding.

Additionally, as their motive is to provide the best service possible for vulnerable clients, when non-profit providers seek government funding such as through the Investment in Affordable Housing Program (IAH), they are often able and willing to commit to long periods of affordability, and other public goals such as accessibility, to a greater extent than the private sector. They also tend to serve a more vulnerable and lower income demographic.

Hamilton has a robust non-profit sector that, partly as a result of their success with IAH requests for proposals, has produced the majority of the new affordable rental housing in Hamilton in recent years. These projects also serve the lowest income tenants, many of whom are in receipt of Ontario Disability Support, and provide supports of varying types and degrees to their tenants.

Social and other non-profit housing providers currently face financial barriers that do not allow them to maximize their contribution to the housing system. The inability to borrow against their assets is one such barrier, though it is provincially regulated. The structure and rules governing CMHC mortgage insurance do not adequately meet the needs of the non-profit and social affordable housing sectors. A separate mortgage insurance product for non-profit and social housing providers of affordable housing would be helpful. Additionally, incentive programs should consider the unique role of non-profit housing providers in the housing system.

Housing is the foundation for a better quality of life

Housing is more than shelter. It helps Canadians gain access to important socio-economic opportunities, including jobs, education and services. Moving from **social to market housing** is possible for some. What approaches can help?

Response:

As noted later in this submission, housing affordability is an income as well as housing supply issue. People working full-time should be able to afford to live in market housing, thus a living minimum wage is key to moving people from social to market housing. A national day care program can enable people to work who cannot find affordable child care privately, thus increasing their opportunities to move from social to market housing.

A portable housing benefit can help people bridge the gap between what they can afford to pay for housing and rents in the private market. If provided in a timely manner as the need arises, they can help keep people stably housed. Portability of a housing benefit is important to enable choice and flexibility, and to best support people as their needs change. Portability and recipient autonomy can increase capacity for housing stability and promotes greater self-reliance.

A guaranteed annual income would ensure that everyone can afford housing. A flat income support for low income earners ensures modest housing for all and destigmatizes housing benefits.

Finally, many people require supports to be stably housed, whether in social, non-profit, or market-rate housing. Providing these supports where people live, and enabling people to choose the supports they need, not only improves their lives, but reduces the costs of many social, health, emergency, and corrections services.

In discussions of housing it is important to also discuss the importance of neighbourhoods and communities. Affordable housing and a full range of housing options need to be distributed throughout municipalities to enable people to stay in their communities and maintain their support systems and familiar environments when their needs change. Neighbourhoods and communities are an important source of informal supports.

A stronger housing system that contributes to economic growth and financial stability

A well-functioning housing system is necessary to meet the housing needs of Canadians. Canadians must be able to rely on a **strong and resilient housing system** for the long term **stability of the economy**. What changes would help us achieve our vision for housing?

Response:

Canada's housing system has to meet the needs of all Canadians, but right now it only effectively meets the needs of those with middle to high incomes. This is not strong or resilient, and it impacts all communities economically. This creates challenges when employees cannot live close to their work. Parts of the housing system can be provided by the private market, but other parts cannot. It is necessary for the federal government to fill these gaps. Other parts of this submission discuss specific means of support for these sections of the housing system.

Supportive institutional and regulatory frameworks

Strong housing institutions and effective regulations and laws are needed to meet the housing needs of Canadians. Better integration and alignment of policies, programs and regulations across all levels of government will help achieve better housing outcomes for Canadians. What changes are required?

Response:

Better integration and alignment of policies, programs and regulations across all levels of government and between government departments are important to meet the housing needs of Canadians, particularly when resources are scarce. For instance, federal Housing First initiatives have been successful, but they have experienced supply and affordability challenges in finding appropriate affordable units.

Additionally, it is necessary to pair housing supply and affordability programs with supports programs, ensuring they reinforce one another. Funding supply programs without at the same time funding related supports, and vice versa is counterproductive. It is necessary to allow greater latitude to stack programs such as supply and supports programs. This is important to meet the full range of needs.

Housing is inextricably linked to other government concerns such as health, education, and corrections. These issues need to be examined and budgeted for holistically. Investments in housing can improve health and reduce consumption of other government services such as health and emergency services, and corrections. Investments by one level of government can create savings for another level. For instance, municipal investments in housing reduce the costs of health care for the provincial governments, and the costs of corrections services for both the federal and the provincial governments.

Ontario is in the midst of a transformation of its housing system. The federal government should work closely with the provincial governments to ensure their respective programs, regulations, and approaches work together.

Investments in the national housing strategy must recognize that the return on investment is significant, but much of it will be long term. It takes time for investments in housing to show the benefits of better health, educational and employment attainment, and less use of the corrections system.

CMHC

There is a larger potential role for CMHC to play in knowledge transfer, coordination and collaboration, and facilitation. CMHC data is vital to the housing sector, and CMHC educational materials and educational events are always productive. The local events enable knowledge transfer from experts such as academics and consultants to municipal employees, developers and others, and provide opportunities for collaboration. Webinars are efficient ways of transferring knowledge. Because policy and program development government staff have limited time to do research, these activities are an important source of up-to-date information to inform daily work.

Affordability

Affordable financing and access to affordable lands for rental housing

Rental housing is expensive to build. The high cost of **land** is a key contributing factor. Lowering the costs to develop rental housing can support more affordable rents. **Access to low-cost financing** is one way to lower the cost of construction and make housing more affordable. What innovative approaches are needed?

Response:

Financial Viability of Rental Housing Development

It is particularly important to strengthen the affordable rental housing sector, including the private, non-profit, and social housing sectors. Because of the current tax structure and financial realities of new development, in Hamilton it is generally not financially viable to build new rental housing. Very little has been built over the last 20 years, and much of that was built with substantial government funding.

While some rental housing is starting to be built in strong markets, in Hamilton it is not affordable and Investment in Affordable Housing (IAH) funding or municipal incentives are needed to make projects financially viable. Over time this increasingly constrains the rental market and puts additional upward pressure on rents.

There is more and faster profit, with less risk, to be made in the higher end of the housing market, and the ownership market, which leaves a substantial gap on the affordable and rental parts of the housing system. This leaves those needing affordable housing further and further behind.

There is a higher need for particular types of units. There are few large units for large families which makes it particularly challenging to find housing for newcomer families, as newcomer families are often large. Accessible units are also needed in all parts of the housing system.

Options for facilitating the development of new rental housing, and new affordable rental housing include:

- *A tax system that encourages investment in rental housing*
- *Financial incentives to make new development viable, with developers committing to long term affordability, rental tenure, and a certain proportion of units that are accessible to persons with disabilities. These could include grants as well as loans and should be based on the financial realities of development in local areas. Attention should be paid to the concept of adaptable housing that can be easily adapted to meet a variety of accessibility needs.*
- *Specific incentives for units for large families as there is a substantial undersupply and growing need, and they are less financially viable to build than smaller units*
- *Specific incentives for units for persons with disabilities*
- *Affordable financing as is planned to be delivered by CMHC*
- *Availability of federal lands for affordable housing development at no or reduced cost*

Hamilton is in the process of setting up a subcommittee of Council to consider City-owned lands to be used for affordable housing development, and to develop a process by which to provide those lands to affordable housing developers at no or reduced cost.

One significant source of lands that are ideal for affordable infill projects are the sites of closed schools. Currently, these lands can only be purchased at full market value, which can be cost prohibitive for municipalities and affordable housing developers. While this is a provincial jurisdiction, the federal government could provide an incentive or funds specifically to enable municipalities to purchase

surplus government lands and hold them until they can be best utilized for affordable housing. As municipalities best understand their development needs and climate they are the best level of government to hold the lands. Dedicating lands to a land trust organization for affordable housing is another option.

As there has been little funding and it has not been financially viable to build new rental housing for the last twenty or more years without IAH funding, there is now limited capacity to do so. This is particularly the case for affordable rental housing. Below are actions that can lower the costs of construction and increase local capacity to develop new affordable housing:

- *Fully remove the GST from construction materials and construction services*
- *Provide 0% interest financing for affordable housing projects, that is not required to be paid until buildings are occupied*
- *Develop a CMCH mortgage insurance product specifically for affordable housing, with different risk assessment criteria*
- *To reduce development costs and increase development capacity, CMHC could provide affordable professional construction services and free expertise through CMHC for smaller developers with less knowledge of development and capacity to hire professional services. These services could include planners, lawyers, project managers, designers, architects, engineers, and financial consultants. While the CMHC Seed Funding Program provides funding for professional services, project planning has to be fairly advanced for a project to qualify. There is much work that needs to be done prior to submission for Seed Funding, such as feasibility analysis. This work could be better supported by CMHC.*
- *CMHC could host information sessions for those interested in developing affordable housing. There are many developers and organizations who are interested, but they often don't fully know what is involved or understand where to start. Partnerships can help, but there are not enough able partners.*

Affordability pressures in Canada's largest cities and certain areas

Housing costs can be a burden for low-income Canadians and aspiring homeowners in certain **cities**. In the **North**, a harsh climate means it's expensive to build, repair and maintain homes. How can we support better housing outcomes in these markets?

Response:

Extreme housing prices in Toronto are pushing people from elsewhere in the Greater Toronto Area to Hamilton, which is accelerating the increase of housing prices in Hamilton. Relieving some of the housing price pressure in Toronto would benefit the entire Greater Toronto and Hamilton Area. Suggested responses are found in other parts of this submission.

New affordable rental supply, including through increased private sector involvement and maintenance/preservation of existing stock

Rental housing is home to 30% of Canadians. Supporting **more affordable rents** can help reduce poverty and grow the middle class. In many cities, developers are building more condos than affordable rental units. In addition, **existing rental housing is aging and in need of repair**. How can we support a **stable supply of rental housing** that is affordable?

Response:

Repositioning of Rental Buildings and Condominium Conversion

There is a problem in Hamilton with the condition of rental buildings, most of which are getting old. Many have recently been bought and are in the process of being "repositioned" in the market or sold as condominiums. The emerging pattern is to offer existing tenants of low rent units financial incentives, often quite significant, to voluntarily vacate their tenancies. Once landlords have vacant possession, the unit is fully renovated and upgraded, and, depending on whether or not the owner has been successful with a condominium conversion application, rented out at a much higher rent or sold as a condominium. This pattern is happening in many areas of the city.

Two factors are driving this pattern:

- 1. The ability to command higher rents, and*
- 2. Maintenance costs.*

Because so little new rental housing has been built in the past 20 years, many buildings are old and major systems are reaching the end of their lifecycle. With low rents (in part due to the condition of the buildings) there is little money left over to make major system repairs. The costs of bed bug control are further eroding maintenance funds. It is thus sometime necessary for landlords to raise new funds. Two ways of doing so are to raise rents, and convert to condominium and sell units or borrow against the increased equity.

Incentives for repairs of major systems in exchange for a commitment to long term rental tenure and affordability could help prevent the further erosion of rental stock and the affordability of rental stock.

Bed Bugs

Bed bugs both erode quality of life, particularly for the most vulnerable, and consume inordinate amounts of funds that would otherwise be spent on building maintenance. Spending on bed bug treatments often leads to rent increases to cover treatment costs. A national bed bug strategy is needed.

Apart from a strategy there is an urgent need for research and approval of more effective safe pesticides and other methods of control. Currently approved pesticides have limited effectiveness and are losing their efficacy as the bed bugs become resistant to them. Safe persistent pesticides and other methods of control are needed to increase control as well as reduce the amount of preparation required for successful treatment. Too much preparation is required and often cannot be completed by vulnerable people. The need is urgent.

Also see responses under "Affordability."

Access to housing for first-time homebuyers

First-time buyers (FTBs) with mortgages accounted for just over 40% of all home sales from 2010-2014. What factors have an impact on **first-time buyer access** to housing over the next decade compared to the last decades? For example how does level of income, **house prices** and interest rates impact access to housing? Is homeownership within reach?

Response:

Affordable rental housing contributes to first-time home buyers' ability to purchase a home because, if affordable enough, it can enable them to save a down payment. More young people are choosing to rent and many are being forced to rent as they cannot afford to purchase a home. This is putting increased pressure on the rental market and is fueling a demand for higher end rental units.

While it is important to maintain for environmental and food security reasons, in Ontario the Greenbelt Plan and other provincial policy, by reducing access to

cheap greenfield land, is putting upward pressure on home prices. This is exacerbated by challenges in building infill projects; challenges of neighbourhood opposition and Ontario's Ontario Municipal Board process; meeting various municipal requirements such as parking, environmental clean-up, noise regulations; availability of commercial mortgages in the inner city of Hamilton; and increased development costs and uncertainty. Reducing these challenges is critical to reducing the costs of new housing.

Ontario is undertaking a review of the scope and effectiveness of the Ontario Municipal Board. It is hoped that Ontario Municipal Board reform will reduce some of the challenges of infill development, particularly neighbourhood opposition. Incentives, such as the City of Hamilton offers, can reduce the costs of environmental clean-up. Other incentives that make infill development more attractive and offset the costs of some of the above challenges could increase infill development and help offset some of the market pressures caused by land constraints.

One factor driving the rapid price increases in the ownership housing market is property speculation. A tax structure that discourages land speculation could help slow the price increases.

Inclusivity

Distinct housing needs of low-income and vulnerable Canadians, such as seniors, newcomers, people with disabilities and homeless people

About 20% of Canadians require assistance to meet their housing needs. Some groups have distinct needs that require unique solutions, including: the **homeless, recent immigrants, lone-parent families, persons with disabilities, victims of family violence, seniors and Indigenous households**. What new approaches can make a difference?

Response:

Inclusivity and Choice

As noted above there are a variety of housing needs among distinct groups and individuals. The response below touches on a number of specific groups with specific needs, but there are still individual differences to consider and other groups that are not included below. For this reason flexibility and choice are important elements for Canada's housing system. In particular, vulnerable citizens, to best meet their needs, need choice in the supports that are available to them.

Such choice can create efficiencies by not providing services where they are not needed.

First Nations and Aboriginal Peoples' Housing Needs

The housing needs of First Nations and aboriginal peoples, including those in urban areas, are unique and should be addressed as an independent section of the national housing strategy if not a separate strategy. Programs serving First Nations and aboriginal peoples should have separate funding streams to ensure they are adequately funded.

Homelessness

- *Canada needs to take the approach of pursuing goals to end homelessness rather than simply managing it. Strong leadership from the federal government is necessary to achieve this goal.*
- *Homelessness is everyone's responsibility; meaning, it requires a long-term commitment from all three levels of government, the private sector, the non-profit sector and the community.*
- *Canada's national housing strategy needs to include aggressive national targets and timelines to achieve results in ending homelessness. Supports also need to be provided to communities to assist in tracking and monitoring progress on achieving these targets.*
- *Ending homelessness requires collaboration across systems and stakeholders. For the public systems (health, corrections, child welfare etc.) the federal government needs to take the lead on communicating and sorting out relationships/ agreements with their provincial counterparts for communities to move forward on federal initiatives where multiple stakeholder involvement is required.*
- *Hamilton supports the continued and expanded investment in the Homelessness Partnering Strategy. This investment ought to be part of a long term commitment that takes into consideration the increased costs to provide services over time.*
- *As a community that has demonstrated excellence in achieving results, Hamilton supports a national housing strategy which aligns with promising practices in homelessness interventions targeted at ending chronic homelessness. These interventions need to be intentionally aligned with affordable housing strategies.*
- *Hamilton supports the continuation and expansion of investments in Housing First with an understanding that housing affordability is a major barrier for people*

in achieving housing stability. Future investments in Housing First programming should include tools for communities to make housing more affordable.

- To better address homelessness, additional resources are needed for supports and intensive case management for populations with acute needs, such as those with chronic physical and mental health issues. These services are under-supported in Hamilton.*
- The federal government should take the lead and increase their commitment to providing dedicated capacity building supports to communities. Training, research support, toolkits and information sharing initiatives should be a priority to ensure a sustainable approach to ending homelessness.*

Women's Homelessness and Survivors of Domestic Violence

To end women's homelessness in Hamilton, additional resources are needed. Hamilton has 140 violence against women shelter beds and 45 shelter beds for single homeless women. The occupancy rate of these shelters for 2014-2015 was 104% and there were a large number of women turned away. Over only four of the violence against women shelters in Hamilton, in 2015 there were a total of approximately 6,359 turn-away events, the preponderance of which were because the shelters were full. In 2014 the various violence against women shelters turned away a nightly average of 5, 3, 2 and 0.4 women or families. (These are not all unique individuals.) This means that every night in one shelter in Hamilton, 5 women or families who sought help escaping an abusive situation did not receive appropriate help. They returned to the abuser, found alternative accommodation, or became homeless.

Violence and abuse is one of the leading causes of women's homelessness. This means that to end women's homelessness, experiences and the risk of trauma, violence and abuse, as well as the lack of affordable safe homes, need to be addressed. For some women and children, remaining housed means experiencing violence and abuse. Leaving an abusive situation can escalate the risk of violence, and accessing new housing can also place women and children in danger. Women who are homeless are vulnerable to even more violence. Homeless women have 10 times the mortality rate of other women, and on average die at age 39. This experience of violence creates unique vulnerabilities for women and children experiencing homelessness.

In Hamilton there is a significant unmet need for women's shelter beds, transitional homes, and permanent safe affordable homes. Women and children remain in shelter and transitional homes longer than necessary due to a lack of safe affordable permanent units. This means that other women and children escaping violence and abuse are not able to access shelter or transitional homes, and many are turned away when they are in crisis.

This reinforces the need for additional supply of affordable rental housing, including social housing, in Hamilton. While affordable safe housing is necessary, it is not sufficient for survivors of domestic violence to reestablish their lives. Additionally, both immediate and long term supports are critical, including transitional housing support, as well as counselling and other mental health and health services for both women and children.

Accessibility

As Canada`s population ages we have increasing needs for accessible housing in all parts of the housing system. There are few housing options for persons with disabilities, particularly when they have limited incomes. New rental development in Hamilton that has been supported by IAH funding has contributed significantly to Hamilton`s accessible stock, but much more is needed. Attention should be paid to the concept of adaptable housing that can be easily adapted to meet a variety of accessibility needs.

The Ontario Building Code has been updated to reflect accessibility needs, but it does not meet the needs of all persons with disabilities. Units that provide more accessibility than the Building Code requirements are required.

Specific incentives are required as fully wheelchair accessible units are more costly to develop. There are also many accessibility features that are low cost when incorporated into a new development, such as levered door handles, walls that can accommodate grab bars, right height toilets, accessible height switches and receptacles, appliance control location, wider doorways, and more. These features are particularly important to accommodate changing accessibility needs, such as in persons who are aging or with a progressive condition, and should be required in all developments receiving incentives.

As accessibility needs are so individual and change over time, particularly for aging adults, housing providers need the ability to make accessibility modifications. This should be considered in funding of social housing repairs and other rehabilitation programs.

Older Adults

Hamilton`s Plan for an Age-Friendly City recognizes the unique housing needs of older adult and seniors. The needs are multiple-fold. There are many reasons people need to be supported to remain in independent homes as long as possible; however, this is difficult to do with the current housing options available to aging adults.

Social housing wait lists for those who need financial supports are years long. Many areas of Hamilton have few housing options that are appropriate for older

adults who are developing accessibility needs or can no longer drive and need to be near transit and services. Often older adults wish to move to housing that better meets their needs as they age, but there are few options for those who can afford to pay market rates and even fewer for those who need affordable units. If people are able to find the right unit, it often means a move from a familiar and supportive neighbourhood, which increases isolation.

A greater variety of affordable housing forms such as single level homes, rentals, and accessible units, distributed more widely across the city is needed. Stable income supports for some seniors are also required for them to maintain housing stability.

The need for mobile supports to enable seniors to remain in independent homes is substantial, but it is the most affordable way to support independence. While many of these support needs are under provincial jurisdiction, there is an opportunity for the federal government to participate in increasing the supply of more units as well as some services such as transit. Federal government programs for both housing supply and supports should be integrated with provincial and municipal support programs. The Province of Ontario is working to better coordinate services for older adults, such as health and other types of supports, but any federal programs should also be coordinated.

With Hamilton`s rapidly increasing property values, many senior homeowners on a fixed income are finding paying property taxes to increasingly be a challenge. The City has a property tax deferral program to help, but a federal program based on income would also be helpful.

Newcomers

Newcomers are essential for Canada`s economic success, but there is much work to be done to welcome them by providing adequate housing. Many newcomer families are large and there is a tightly constrained supply of large affordable rental units, making it hard to house newcomer families quickly. In Hamilton this was a challenge with our Syrian refugee families. The challenge of finding housing is compounded when some families have disabilities as a result of the trauma they have experienced.

The per unit development cost for large units is high. This means that the private sector is not building large rental units, nor are they being built with the IAH Program. With a limited amount of funding, more small units can be produced than larger, and there is a substantial unmet need for small units. New large units are thus not being produced. It is necessary to have specific programs to facilitate their development.

Newcomer families lack information about how to navigate the housing system and deal with housing problems that may arise. It is important to provide information to newcomers about accessing housing, the laws about housing such as their rights and responsibilities as tenants, how to maintain a home in the Canadian climate, and more. It is also important to provide them with supports for a period of time to help address any challenges they may have with their housing.

Social housing renewal and socially-inclusive communities

Social housing is a type of affordable rental housing. It is also an important community asset that helps bring stability to Canadians in need. Social housing needs to evolve to **meet changing community needs**. How can social housing promote **inclusion** and well-being?

Response:

The Need for New Rent-Geared-to-Income Housing

The wait-list system for accessing social housing continues to demonstrate the need for rent-geared-to-income housing. In Hamilton, there have been, on average, 6,000 households waiting for units in social housing and this number has climbed exponentially in the first half of 2016. Challenges include a lack of available units, the increasing demand for units that meet the needs of persons with disabilities, and units for larger families. With no new social housing units being created, finding ways to address these challenges is becoming more difficult.

These challenges are made worse by an aging social housing stock in need of substantial capital repairs. In the spring of 2014, the City reviewed social housing providers' capital repair reserve fund studies. It was identified that only ten of the 43 social housing providers had current building condition assessments and reserve fund studies. The studies for the ten housing providers with completed building condition assessments project a deficit of over \$400 million in 20 years. These ten housing providers represent approximately 60% of Hamilton's social housing units.

This situation, coupled with aging and substandard rental stock in the private market, threatens to reduce the stock of affordable rental units even further.

Social housing programs need to be responsive to community needs well into the future. This means that they are must not only be sustainable but be proportional to changing population growth and demographics. Just to maintain the existing stock of social housing, additional funding is needed to undertake necessary

capital repairs, and maintain the stock as social housing in light of the end of operating agreements. Additional units are required to keep pace with population growth and meet unmet demand.

Inclusion

The federal government should place priority on social inclusion as an objective in new construction or revitalization of social housing. Individuals are affected by the neighbourhoods and environments they live in. People in disadvantaged neighbourhoods face lower outcomes in health, employment, income and education. Good housing improves economic and health outcomes.

A national housing strategy should recognize the success of mixed-income communities where social inclusion is supported by design and programming that encourages social interaction and the development of community. Offering federal government assistance to housing providers to incorporate things like 'visitable' elements, carefully placed entrances, and programming increases interaction among different groups.

Attention to details that promote safety and security in public spaces make people feel more at ease and welcome in public places. Working to sustain clean, well-maintained public spaces and buildings supports the perception of safety and security and increases people's commitment and attachment to their home and neighbourhood.

Flexibility

Use of data and best evidence to achieve desired outcomes

Housing initiatives and approaches should be built on the **best evidence** available and the achievement of **desired outcomes**. We need to close **data gaps** to better inform our decisions and policies. Actions need to be **measured and tied to results** to ensure success.

Response:

There are significant gaps in data that make decision-making on the basis of evidence and measuring outcomes difficult. These include the following.

Household Data/Specific Housing Needs

Only the most basic data on households and housing need is currently available, and it is only available infrequently when the National Household Survey is done. More frequent and detailed data about people's housing needs would be helpful in the development of both policies and programs. This includes:

- *The housing needs of persons with disabilities. There is a wide range of housing need dependent on ability. There are anecdotal reports that persons with disabilities are underserved by affordable rental housing, but outside of some basic variables in the social housing wait list data, the types of accessible housing needed by persons with disabilities is unknown.*

Neither the number/proportion of accessible units needed in new development, nor the number/proportions of units with particular types of accessibility features are known. For instance, how many people's needs would be served by simple inexpensive accessibility features such as levered door handles, accessible height switches and receptacles, wider doorways, accessible appliance controls, and similar, versus by units that are fully accessible for wheelchair and scooter use?

- *The housing needs of newcomers, as the housing needs are different for different cohorts of newcomers. How many large families and singles are there in each new cohort? How many need an accessible unit, and what type of accessible unit do they need? What are their locational needs? What are their needs for housing supports. Where are their needs not being met?*
- *The housing needs of those who are not on the social housing wait list, but are struggling to meet their housing needs (the working poor, young families, seniors, singles, etc.)*

Data Needed More Frequently

- *Annual income data related to housing variables such as housing affordability, would help immensely. Every five years is insufficient.*
- *More frequent housing market data. Rental market data is needed every 6 months rather than annually because the market is changing so quickly.*

New Data Sets Needed

- *The secondary rental market, including apartments in houses and illegal units*
- *Residential mobility, including migration both within and between municipalities (origin, destination, reason for move)*
- *How those who cannot afford their housing make ends meet (which other necessities do they forego to pay the rent?)*
- *Various outcome measures related to housing variables:*
 - *Housing stability/retention*
 - *Poverty rates*

- *Health outcomes and health care service use, including mental health*
- *Emergency system use*
- *Educational attainment*
- *Employment status*
- *Contact with the correctional system*
- *Real time data on individuals and households experiencing homelessness: basic demographic and personal data, factors that outline vulnerabilities*
- *Community level data on homelessness: inflow and outflow, the number of people experiencing homelessness at any given time, and outcomes as above*

Additionally, data is needed on a municipal or local housing market zone basis rather than just the Census Metropolitan Area (CMA) as planning happens at the municipal, not CMA level. Currently the City of Hamilton must purchase a special run of rental housing market data based on the local housing market zones, and municipal rather than CMA boundaries.

Both municipalities and academics should have access to detailed data to support greater collaboration and information sharing.

A continuum of housing options to address different housing needs and markets across Canada

Housing markets vary widely across Canada. The housing needs of Canadians living in Vancouver, Thunder Bay or Iqaluit also vary to a significant degree. How can we ensure that Canadians have **access to housing options** within their communities that meet their needs and they can afford?

Response:

Hamilton agrees with this statement. By implementing a national housing strategy that includes adequate funding and other policy responses, such as those included in Hamilton's submission, Canadians will have access to housing that provides the foundation for healthy and prosperous lives.

Are these the housing topics you want to talk about? What important housing topics have we missed? Share your thoughts about any of these themes, and make a real and positive change in the lives of Canadians.

Response:

Affordability and Income

Affordability of housing is determined by two factors: housing price and income. In Hamilton, the shelter components of social assistance rates do not cover the costs of delivering even the most modest housing. Even non-profit housing providers who wish to provide housing to social assistance recipients cannot do so at rents tenants can afford without some level of government funding.

Social assistance shelter rates are far less than purpose built market rents. Social assistances rates in Ontario that have decreased relative to inflation for the last many years. The current shelter component of the allowance for a single person on Ontario Works falls far short of what is required to rent a bachelor apartment, or even a room in a shared apartment. Those social assistance recipients who are not lucky enough to be housed with a social or non-profit housing provider struggle in the private market.

The situation is improved for families due to the Child Tax Benefit; however, it is necessary for families to spend a significant portion of the Child Tax Benefit on rent. Singles struggle significantly. The working poor also struggle to pay private market rents.

Many of those who cannot afford purpose-built rents and are not served by social or non-profit housing, end up in the lower end of the secondary rental market. The City knows little about this market as many of the units are illegal. City enforcement efforts have revealed some horrific and unsafe conditions. People have died in units that did not meet Fire Code standards.

The lack of data on the secondary rental market is a significant challenge. Neither the number of illegal units, nor their conditions or code compliance are known. There is currently a movement towards licensing of landlords with small rental buildings, but there is a fear that many of those in the most affordable of these units will be made homeless as a result. It is unacceptable that an illicit market in which many units are unsafe is the only place that some citizens, both some working poor and those on social assistance, are able to find homes they can afford.

Income initiatives such as a guaranteed annual income, or a broad federal housing benefit based on income are needed and would provide greater benefits and housing security over the long term. Other initiatives that can directly impact income, such as a national day care program, would also help. The federal government is in the best position to initiate income distribution programs.

In Ontario the majority of the burden of the housing system falls on the municipal property tax levy. Through 2015 the City of Hamilton paid more than 50% of all housing program costs from the property tax levy. Housing affordability is an income related policy and, as such, was never anticipated as an expenditure at the municipal or local level. Municipalities have very limited taxation powers. Many

municipalities serve areas far beyond their boundaries. Because of its relative affordability, Hamilton serves, not only those from nearby smaller towns and rural areas, but also those from nearby urban areas who can no longer afford the high housing prices there. This is further eroding Hamilton's relative affordability.

Further, property tax is not based on the ability to pay. This is especially true in the case of rental housing where the multi-residential tax rate for older rental buildings can be higher than that for ownership housing. Hamilton has equalized the tax rate for new rental housing, but to equalize it for older buildings would significantly reduce an already constrained budget. With rapidly increasing property values, many citizens, particularly those on fixed incomes, are finding it increasingly difficult to pay their property taxes. Taxation to pay for housing services for those in need should be a progressive tax, based on income rather than property values.

***This last section is for information only.**

Better outcomes. Real change.

The success of the National Housing Strategy depends on whether it will create better outcomes and real results for families, communities, and the economy. An initial set of high-level outcomes confirms what we are setting out to achieve.

As a next step, we will develop specific targets for these outcomes. This will help ensure we are on the right track.

We will work with Indigenous peoples to tailor outcomes that meet their unique needs.

This includes changes for the better for a wide range of social, fiscal and environmental issues, such as:

Sustainability

Housing is environmentally, socially and financially sustainable.

Environmental sustainability: Housing and communities are healthy, resilient, and contribute to Canada's climate change goals

Sustainable housing has a reduced impact on our environment. It is energy efficient, resilient and healthy to live in. It adapts easily to life's changing needs. It is a cornerstone of vibrant communities, where we live, work, grow and play. And it supports Canada's climate change goals.

Examples of possible outcomes

Short-Term:

- Reduced energy consumption in housing.

Medium-Term:

- Greater integration of sustainable technologies and practices.

Long-Term:

- Greenhouse Gas (GHG) emissions from housing sector are reduced.

Social sustainability — housing is a foundation for improved life prospects and equal access to opportunities

Housing can serve as a foundation for a better quality of life. It can promote good health and well-being. It provides a stable platform to access opportunities, like finding a job, getting an education and becoming more financially secure.

Examples of possible outcomes

Short-Term:

- Housing facilitates access to education, jobs and services.

Medium-Term:

- Households move along the housing continuum.

Long-Term:

- Housing increases opportunities and prospects of Canadians.

Financial sustainability — Canada has a strong housing system that supports economic stability and growth.

A strong housing system and a stable economy go hand-in-hand. Many players work together to help Canadians meet their housing needs. This includes governments, financial institutions, investors, developers and housing providers, to name a few.

Making best use of government funding will ensure the sustainability of the housing sector, while creating jobs and strengthening the economy.

Examples of possible outcomes

Short-Term:

- Efficient construction, operations, financing and maintenance lower costs and improve performance.
- New construction and renovation/retrofit activity spurs jobs in the construction sector.
- Housing-related debt for Canadians is moderated.

Medium-Term:

- Efficiency in federal investments is enhanced.
- Housing activity is an economic multiplier on the broader economy and supply chain.
- Continuity in housing investment supports economic stability.

Long-Term:

- Canada benefits from a strong, innovative and self-reliant housing sector.
- Housing contributes to employment, a stable financial system and a strong economy.
- Canada's economy can rely on the strength and resiliency of the housing system.

Affordability

Canadians have housing that they can afford, and that meets their needs.

When Canadians can afford housing that meets their needs, they have money in their pockets for other life necessities. However, access to affordable housing can be a challenge for low-income Canadians. There is not enough housing in remote communities. In our biggest cities, the middle class is also experiencing affordability pressures. In these cities, buying a home is out of reach for many.

Examples of possible outcomes

Short-Term:

- More affordable housing.
- Enhanced affordability for homebuyers in high priced housing markets.

Medium-Term:

- Proportion of households in housing need reduced by x%.

Long-Term:

- All Canadians have access to adequate housing that they can afford.

Inclusivity

Housing contributes to social inclusion and wellness for all Canadians

Housing can contribute to social inclusion and wellness for all Canadians, such as the homeless, seniors, veterans, victims of family violence, newcomers to Canada and persons with disabilities. Our plan will consider how housing can respect different cultural and social needs.

Examples of possible outcomes

Short-Term:

- More units for low and modest income people in mixed income housing developments.
- More home adaptations for independence.
- More Canadians who are homeless or at risk of homelessness have access to housing and related supports.
- Women's access to shelters and transition homes is improved.

Medium-Term:

- Social inclusion in neighbourhoods is improved.
- Housing is accessible, visitable, adaptable to life changes and reflects the principles of universal design.
- Systems are in place to prevent homelessness and support the economic and social inclusion of individuals who have experienced, or are at risk of, homelessness.
- Rates of women turned away from shelters are reduced by x%.

Long-Term:

- Poverty in Canada is reduced by x%.
- Seniors and persons with disabilities may live independently in their homes within their communities.
- Homelessness in Canada is rare, brief and non-recurring.
- Women and children successfully transition to safe and independent living in their communities following incidences of domestic violence.

Flexibility

Canadians have access to housing options that meet their diverse and changing needs.

There are significant differences in housing needs across the country. A variety of responses is required to address diverse housing needs.

Examples of possible outcomes

Short-Term:

- Policy responses are flexible to meet the diverse and changing needs of Canadians across the country.

Medium-Term:

- Communities have housing options that meet the diverse and changing needs of Canadians.

Long-Term:

- Canada has well-functioning, dynamic housing markets.

By working together, we can set the stage for better outcomes in all of these areas over the short, medium and longer terms. Establishing indicators and targets to track our progress is an important next step. Let us know which of these outcomes is most important to you.



Sacajawea Non-Profit Housing Inc.
Phase V - Business Case

Leveraging Existing Older Detached Homes to Build
New Multi-Residential

September 12, 2016

TWC
tim welch
consulting inc

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

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1.0 Executive Summary

Sacajawea Non-Profit Housing Inc. (Sacajawea), an experienced housing provider for Aboriginal households in the City of Hamilton, is proposing to leverage a portion of its existing housing stock in order to increase the supply of Aboriginal rental housing in Hamilton.

Sacajawea acquired 28 single detached homes in the late 1980s and early 1990s. After 25 years of operations, Sacajawea recently undertook a successful first Phase of leveraging and regeneration through creating a 6-plex at 272-274 Main Street West (undertaken in co-operation with the City of Hamilton in its role of Service Manager). Sacajawea is now planning to undertake a second stage of regeneration in 2016-2017 by taking the equity from 8 homes - three of the five homes already sold plus the sale of five further homes - and using that equity to create a new 23-unit affordable housing development at 18 West Avenue S. in Hamilton. In addition to their own equity contribution, Sacajawea has been recommended by the Service Manager (City of Hamilton) for Federal-Provincial Investment in Affordable Housing funds of \$1,920,000. This investment in Sacajawea's proposed development goes to Council for approval in September 2016.

In keeping with the organization's strategic plan, reinvesting the proceeds from the sale of single detached homes into Phase IV (272 Main street) and Phase V (18 West Avenue S.) offers Sacajawea the opportunity to increase their portfolio from 28 to 47 homes. Importantly, the 6 new homes recently completed on Main Street and the proposed 23 apartments on West Avenue are more energy efficient and geared to smaller Aboriginal households in order to help address this significant housing need.

Also, a portion of the operational subsidy from Phase II and III properties will transfer so that five of the 23 apartments would be rented on a rent geared to income basis. The other 18 units would be rented at amounts which are set at 80% of the average market rents for the city or at the ODSP shelter rate. A decreased operating subsidy per unit provided by the City of Hamilton can be assumed due to new, more energy efficient units with lower maintenance costs.

The five homes to be sold from Phase II and Phase III currently have a mortgage. Through the Service Manager, Sacajawea is seeking Ministerial consent from the Ministry of Housing for the sale of these properties. Two properties are vacant and three other homes from Phase II and III will be identified for sale upon tenant turnover. Sacajawea has utilized a number of communication strategies to inform tenants, the membership and the broader community about the proposed development.

2.0 Introduction

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 upon incorporation expanded their mandate to include individuals and all family types. Within three years of incorporation, Sacajawea had established their portfolio of 28 single-detached three and four bedroom homes and the majority are located in Ward 2, 3 and 4 in Hamilton:

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

- Phase I - 6 homes were purchased in 1988,
- Phase II - an additional 14 homes were purchased in 1989,
- Phase III - 8 more single homes were added to the portfolio in 1990 and 1991.

The City of Hamilton, Community Services Department, Housing Branch is one of 47 Service Managers across Ontario responsible for the administration and delivery of social housing as set out in the Housing Services Act (HSA), 2011. In Ontario, Service Managers must maintain a minimum number of the RGI and modified units referred to as service level standards. This means the loss of a RGI or modified units in one development must be provided elsewhere in the Service Manager area. While the *Housing Services Act, 2011* permits housing providers such as Sacajawea to sell housing units (Subsections 161(3), 162(3)), the legislation requires that the overall number of RGI households not be reduced.

Sacajawea's operating agreement is administered by the City of Hamilton but the actual agreement document is between Sacajawea and the Canada Mortgage and Housing Corporation (CMHC). Sacajawea, like many other social housing providers, anticipated significant post agreement challenges once the federal subsidy and terms and conditions in the operating agreement expire.

This proposed leveraging and expansion of Sacajawea's portfolio not only increases the supply of housing for Hamilton's quickly growing Aboriginal population but it will also moderately ease some of the financial pressures related to future expiry of operating agreements and federal subsidies.

Project Team

Proponent - Sacajawea Non-Profit Housing Inc.

Sacajawea provides and maintains rental housing units for low to moderate income Aboriginal families and individuals. Sacajawea has been providing affordable housing in Hamilton, Ontario for the past 27 years. Incorporated on December 30, 1987, Sacajawea Non-Profit Housing Inc. has successfully managed a scattered 28-unit non-profit housing corporation that provides services that specifically helps Aboriginal women and children who are safely and comfortably housed through important and transitional years of their lives. This non-profit housing organization provides culturally based supports that are critical for the lasting success of the residents.

In 2015 Sacajawea's board and its Executive Director, Melanie McAulay, gained experience in new housing development through leveraging the sale of two of its existing homes to invest in the creation of a newly rebuilt 6-unit apartment building at 272-74 Main Street West in Hamilton. Tenants moved into their new apartments March 1, 2016.

Housing Development Consultant - Tim Welch Consulting

Sacajawea Non-Profit Housing Inc. has retained Tim Welch Consulting Inc. as the housing development consultant for this project. TWC worked with Sacajawea as their development consultant on the 272-74 Main Street six-plex. Mr. Welch and his associates will work with Sacajawea Non-Profit Housing Inc. on budget preparation, business plan development, and project coordination. TWC staff, Suzanne Swanton and Luke Johns, will lead the planning approvals work for this development. Mr. Welch will

work with various funders and levels of government to assure an attainable cost effective affordable housing project for Sacajawea Non-Profit Housing Inc.

Tim Welch Consulting Inc. (TWC) is a housing policy, research and development corporation located in Cambridge, Ontario. Tim Welch, Principal, possesses over twenty-five years' experience in affordable housing development and policy work. He has worked with over 20 housing providers based in Ontario to create more than 800 units of affordable housing under various government assistance programs, including the Investment in Affordable Housing program (IAH), the Canada-Ontario Affordable Housing Program (AHP) and the First Nation, Inuit, Métis Urban & Rural Housing Program (FIMUR). TWC has helped a number of housing proponents add to their existing portfolios through both intensification and regeneration.

Construction Firm

Sacajawea Non-Profit Housing Inc. has not made a decision on the builder for the new housing but will issue a proposal call in September of 2016 for builders experienced in multi-residential construction.

Architectural Firm – Two Row Architect

Sacajawea Non-Profit Housing Inc. has recently selected Two Row Architect, a LEED Accredited firm, to provide architectural services for the proposed 16-unit development at 18 West Avenue S. Established in 1992, Two Row Architect has designed a significant number of multi-residential buildings in a number of communities across Ontario for Aboriginal and non-Aboriginal clients. Their work has included affordable residential housing developments in the City of Hamilton. Brian Porter, Principal and Matthew Hickey are the architects for this project.

Property Management

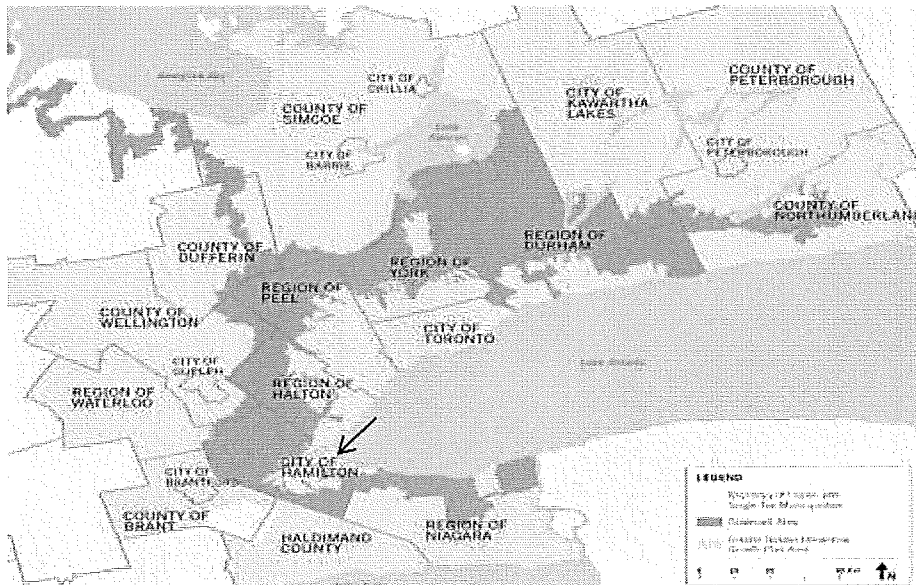
Sacajawea will manage the property once construction is complete. As of June 2016 the organization is managing 29 rental homes for low and medium income Aboriginal households. With its 27 years of property management experience Sacajawea is in good standing with the City of Hamilton, the housing Service Manager. Ms. Melanie McAulay, Executive Director of Sacajawea Non-Profit Housing Inc., will coordinate a property management plan and rent up for the new units.

3.0 Housing Needs

Context: City of Hamilton

The City of Hamilton is located at the western end of Ontario's Golden Horseshoe Region and is approximately 70 kilometres southwest of Toronto.

Figure 1: City of Hamilton within the Greater Golden Horseshoe



Source: Places to Grow: Growth Plan for the Greater Golden Horseshoe

Historically, Hamilton is known for its heavy manufacturing activities including the production of steel and iron products, automobiles and related parts, appliances and railroad equipment. While manufacturing continues to play a role in the local economy, its importance has diminished in previous decades as a result of factory closures, a shift to higher value manufacturing processes and the growing efficiency of industrial processes. The Province of Ontario has identified the Hamilton area as one of the Province’s five advanced manufacturing hubs.¹ Further, Hamilton’s economy has continued to diversify in the areas of post-secondary education, arts and culture, life sciences research and the service sector.

The City of Hamilton has experienced steady population growth over the last decade. According to Statistics Canada the City’s population increased by 3.1% between 2006 and 2011, which was lower than the provincial average of 5.7% but still represents an increase of over 15,000 people in five years.

As shown in Table 1, this growth trend is expected to continue to 2031. Ontario’s Places to Grow Plan forecasts Hamilton’s population to grow at an annual rate of 0.9% reaching a population of 660,000 by 2031.

¹ Hamilton Advanced Manufacturing Industry Profile, 2006

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Table 1: Population Growth, City of Hamilton

Population Growth				
	2006	2011	2021	2031
City of Hamilton	504,449	519,949	590,000	660,000
Greater Golden Horseshoe	8,447,000	8,759,000	10,340,000	11,500,000
Province of Ontario	12,160,282	12,851,821	15,030,000	16,856,000

Source: Places to Grow Plan - Growth Forecasts for Hamilton, 2005

In recent years, Hamilton's population growth has been driven by a three broad trends: recent economic development, immigration from abroad, and the attraction of residents and businesses from other GTA communities (including Toronto) due to lower living and business costs. While increased GO train service is expected to attract more residents and businesses from the GTA, Statistics Canada predicts that two-thirds of future growth to the Hamilton CMA will occur through immigration from abroad.

The Aboriginal population in the province of Ontario increased by 60% from 188,315 individuals identifying as Aboriginal in 2001 to 301,430 in 2011. As shown in Table 2, the Aboriginal population in the City of Hamilton increased by 65% between 2001 and 2011.

Table 2: Aboriginal Population, City of Hamilton, Ontario

	Aboriginal Population			% Change
	2001	2006	2011	2001-2011
Hamilton	6,270	7,630	10,320	65%
Male	3,015	3,635	4,775	58%
Female	3,255	3,990	5,545	70%
Ontario	188,310	242,495	301,430	60%

Source: Statistics Canada, 2001, 2006 Census, 2011 National Household Survey

Over the past two decades, the portfolio of Aboriginal social and affordable housing available in Hamilton has not significantly increased to meet population growth.

Policy Context

Growth in Ontario is guided by various legislation. The Provincial Policy Statement, 2014 (PPS) is a general policy framework applied on a provincial-wide basis that addresses land use and development while protecting resources of provincial interest.

The Growth Plan for the Greater Golden Horseshoe, 2013 (the "Plan") provides a framework for implementing the Province's vision for economic growth, social equity and a high quality of life for communities in the greater golden horseshoe. The Plan stipulates that the City must accommodate a minimum of 40 percent of their forecasted population growth through residential intensification within the built-up area beginning in 2015. Further, municipalities must plan for a full range of housing options that include affordable housing.

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In addition to intensification, Hamilton's Official Plan provides a policy framework to increase the mix and range of affordable housing units available throughout the city. Section 3.2.2 of the Official Plan states that the City's significant shortage of affordable housing should be addressed by annually creating 377 new affordable units for moderate and low-income households.

The Rental Market

In terms of housing stock, the trend will be a decline in the growth rate of single detached homes and an increase in demand for row and apartment dwelling reflective of demographic changes; an aging population and smaller household size²

Table 3: Total Number of Private Households by Household Type, City of Hamilton

Household Size	Total	Percentage
Couples with children at home aged 24 or under	58,265	29%
Couple without children at home aged 24 or under	46,875	23%
One-person households	56,940	28%
Lone-parent families	21,710	11%
Other households types	20,010	9%
Total census private households	203,800	100%

Source: Statistics Canada, Community Profile, City of Hamilton, 2011

As shown in Table 3, couples without children living at home, lone parent families and one-person households comprise 62% of total private households in the City of Hamilton. In keeping with the demographic trend toward smaller household size the proposed West Ave development will have 16 one-bedroom apartments and 7 two-bedroom apartments.

Vacancy Rates and Average Market Rents

As noted, the proposed affordable housing development will help increase the supply of one and two-bedroom apartments. Average market rents for purpose built rental housing are typically higher than low and moderate income households can afford.

According to the CMHC Rental Market Report, fall 2015, rents for one and two-bedroom apartments increased by 3.8% in the City of Hamilton. This rate of increase is more than double the Government of Ontario's rent guideline increase of 1.6 in 2015. The average one-bedroom rent is \$749 while the two-bedroom average rent is \$917 per month.

In this same time period, the rental vacancy rates for one-bedroom apartments was 3.5% while the vacancy rates for two-bedroom apartments was 4.1%. A vacancy rate of 3% is generally considered to be an acceptable balance between the supply and demand for rental accommodation by housing

² Growth Related Integrated Development Strategy: Growth Report, 2006.

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analysts. The data indicates that while there may be an adequate supply of purpose built one and two-bedroom apartments in the private market, the cost of rent is likely too high for many lower income households. For example, individuals who are paid minimum wage (currently \$11.25 per hour) and working full time (35 hours per week) earn less than \$1,800 a month before taxes. In this scenario, a sole income earner will spend approximately 45% of their gross income to rent a one-bedroom apartment. Households spending more than 30% of their income are generally considered to have a housing affordability problem.

Aboriginal Housing Need in Hamilton

The need for more affordable housing for Aboriginal persons is documented in the Social Planning and Research Council's Profile of Hamilton's Aboriginal Residents. The report notes that the poverty rate of Aboriginal residents in Hamilton is 29%, based on the 2011 National Household Survey, using the Low Income Measure as a poverty line. This rate is higher than both the average for Aboriginal people in Ontario (24%) and the general population in Hamilton (16%). According to this report, Aboriginal households in Hamilton have a higher rate of employment in the service and retail sectors than the general population, with many of the jobs in these sectors hiring at, or near minimum wage.

Housing Needs and Wait Lists

There continues to be an increasing number of households registered as seeking affordable housing in the Province of Ontario, according to the Ontario Non-Profit Housing Association's (ONPHA) 2016 Waiting Lists Survey which collects data up until December 31, 2015. As of December 2015, more than 171,360 households, the highest ever recorded number of applicants since the start of the centralized list, were waiting for community-based affordable housing. That figure has grown by over 45,000 households in the past eleven years.

The affordable housing demand in Hamilton is similarly large. According to ONPHA's most recent survey, there were 5,685 households on the waiting list for assisted housing in the City of Hamilton. As shown on Table 6, wait times vary with seniors waiting an average of 2.75 years, non-senior singles and couples waiting 2.60 years and families waiting an average of 4.63 years.

Table 6: City of Hamilton Social Housing Wait List and Average Wait Times

	Households Waiting	Average Wait Time for Housing
Seniors	657	2.75 years
Non-Senior Singles & Couples	2,527	2.60 years
Families	2,501	4.63 years
Total	5,685	3.32 years

Source: ONPHA, 2016

There are many more households not on waiting lists who require affordable housing. These households include those working for minimum wage, receiving social assistance or basic pensions. Prior to March 2016, with only single detached homes, Sacajawea did not have one or two bedroom units or a corresponding wait list for these types of units. Since their six-plex opened on Main Street,

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Sacajawea has received many inquiries and the organization now has 83 households on its waiting list for one and two-bedroom accommodation.

In addition to the lack of supply of smaller units, there are gaps in the type permanent, culturally specific, affordable housing units available in Hamilton. For example, Urban Native Homes manages 8 transitional apartments for single male residents, however, there are no permanent smaller units for these men to transition to. As noted, the proposed Sacajawea development will help address the affordable housing needs of one and two-person households.

Alignment with Hamilton's Ten Year Housing & Homelessness Plan

The Province of Ontario updated its social housing administration law, now entitled the Housing Services Act (2011) and issued its Long-Term Affordable Housing Strategy (2010). As part of this new legislative framework, Service Managers were required to complete a local housing and homelessness plan (HHP) to be implemented and monitored over a ten-year period starting January 1, 2014.

Hamilton's HHP has identified the need to increase the supply of affordable, quality housing. More specifically, the HHP targets the development of 300 new affordable rental housing units per year over the next ten years. Hamilton's HHP also outlines recommendations in five key areas: supply, affordability, equity, quality of housing and support services.³

4.0 Sale of Properties from Phase I, II, III

In 2005, Sacajawea retained the services of the Stonewell Group Inc. to complete a building condition assessment and a reserve fund study of their portfolio. The 28 homes that comprised the portfolio were built between 1880 and 1941. The Stonewell report provided the organization with an audit of each of their properties and capital forecast summary. The report also made recommendations with regards to establishing and maintaining a capital reserve fund.

After 25 years of operations, Sacajawea recently undertook a successful first stage of leveraging and regeneration on a 6-plex at 272-274 Main Street West (undertaken in co-operation with the City of Hamilton in its role of Service Manager). Sacajawea is now planning to undertake a second stage of regeneration in 2016-2017 at 18 West Avenue S. by taking the equity from 8 homes - three of the five homes already sold plus the sale of five further homes - and using that equity to create a new 23-unit affordable housing development on West Avenue in Hamilton. Sacajawea has also been recommended by the Service Manager (City of Hamilton) for Federal-Provincial Social Infrastructure Funds of \$1,920,000. This recommended investment in Sacajawea's development goes to Council for approval in September 2016.

As the five further homes to be sold currently have a mortgage, approval through the Service Manager and from the Ministry of Municipal Affairs and Housing is needed in order to release the identified homes from the mortgage.

³ Hamilton's Housing and Homelessness Action Plan Summary, October 2013

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Through the Service Manager, Sacajawea is seeking Ministerial consent from the Ministry of Municipal Affairs and Housing for the sale of five Phase II and Phase III properties. Two properties are currently vacant and three other homes from Phase II and III will be identified for sale upon turnover.

In keeping with the organization's strategic plan, reinvesting the proceeds from the sale of single detached homes into Phase IV and Phase V offers Sacajawea the opportunity to increase their portfolio from 28 to 47 homes.

Phase IV Expansion

In 2013, Sacajawea retained the services of Tim Welch Consulting Inc. (TWC) to locate a suitable site and complete a business plan to develop new affordable housing supported through Canada Mortgage and Housing Corporation (CMHC) seed funding.

In April of 2013, the mortgage on the Phase I properties was paid off and in 2014 and 2015, Sacajawea, in consultation with the City of Hamilton, sold five of these older mortgage-free Phase I properties. The sixth Phase I home was not sold given its combination of good condition and suitability for a larger family requiring four-bedroom accommodation.

In 2015, the equity from the sale of two of the five Phase I homes was used to purchase 272-74 Main Street West in Hamilton, or Phase IV. At the time of purchase, the Main Street property was a vacant six-plex damaged by fire in 2011. With an investment from the Ontario Aboriginal Housing Service (OAHS) of FIMUR funding, extensive renovations of this property were undertaken in 2015 and early 2016. In combination with the OAHS funds, Sacajawea was able to leverage the equity from the sale of two homes to revitalize this vacant six-plex comprised of one and two-bedroom units suitable for small Aboriginal households.

In October of 2015 Sacajawea representatives met with City of Hamilton housing administration staff both to fine tune the subsidies being transferred as well as the future direction and need for long-term operating subsidies

The City of Hamilton Housing Division committed to an operating subsidy for the six-plex --on a break even basis - to continue beyond the end of operating agreements. This effectively transferred the operating subsidy from the 5 units sold to all six apartments at the Main Street complex, therefore, helping an additional low-income household with a rent geared to income subsidy. This was achieved within the same amount of operating subsidy. This also helped the City to continue to meet its rent geared to income Service Level standards as required under the provincial law, the Housing Services Act and ensure the apartments are affordable for households receiving social assistance.

It is also worth noting that the size of the operating subsidy to be provided by the City of Hamilton was reduced as the operating costs of the six-plex are lower than that of the individual older homes recently sold due to lower utility and maintenance costs. This reduction of subsidy will not financially impact the operations of Sacajawea.

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Proposed Phase V Development

In January 2015, Sacajawea was approved for a second CMHC seed grant to locate a site and undertake pre-construction activities for new affordable rental housing, or Phase V. The property at 18 West Avenue S., owned by Good Shepherd, was purchased by Sacajawea and the property transferred on June 20, 2016. The goal is to build 23 new rental apartments (16 one-bedroom units and 7 two-bedroom units) through selling five further older rental homes and investing that equity, as well as the equity from the previously sold three homes, to develop this site.

Further, it is expected that some of the operational subsidy, originally from Phase II and III properties can be applied to the proposed West Avenue development. This would effectively mean that five of the 23 apartments would be rented on a rent geared to income basis so that, once again, the City of Hamilton does not see a decrease in the number of rent geared to income units. The other 18 units would be rented at amounts which are set at 80% of the average market rents for the city or at the ODSP shelter rate. A decreased operating subsidy per unit provided by the City of Hamilton can be assumed due to new, more energy efficient units with lower maintenance costs.

With the end of operating agreements in the next 7 – 9 years, the City of Hamilton will no longer be obligated to provide administrative oversight, nor financial subsidy of Sacajawea’s portfolio. However, the City of Hamilton’s Social Housing Division staff have indicated an ongoing role in providing financial subsidies not to exceed, and preferably less than, the amount currently funded. This enables the City of Hamilton as Service Manager to maintain their service levels as specified in the Act. As shown in Table 1, the following are the end dates for Sacajawea’s three phases.

Table 1: End of Operating Agreements

Phase 1	Phase 2	Phase 3
2023	2024	2025

Operating subsidies are determined by a formula that takes into account current mortgage rates, amount of mortgage debt and inflation. In the most recent fiscal year of 2014/15, the City of Hamilton budgeted a total of \$474,000 in operating subsidy for the 28 homes (or approximately \$16,900 per unit per year). The subsidies per unit in the six Phase I buildings was relatively lighter at \$11,750 per unit.

Table 2: Operating Subsidies as of May 1, 2014

Annual Subsidy Effective May 1, 2014		
Phase 1	Phase 2	Phase 3
\$70,521	247,685	\$155,767
Total Annual Subsidy for 28 unit portfolio - \$473,973		

There are several challenges inherent in the end of operating agreements given the current model:

- 1) All units are rented out on a rent-geared to income basis and generate low rents,

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- 2) The homes are 80 to 115 years old and in need of regular maintenance and repair, and
- 3) When the mortgages and operating agreements expire in 2023-2025, the \$470,000 annual operating subsidy would be scheduled to end and with it low income households would have to be economically evicted as they are currently paying an average of \$220 per month in rent.

It should be noted that part of the cause of this low average rent is a funding formula implemented by the Province which limits the amounts RGI tenants in receipt of social assistance pay to a rate which is less than half of the maximum shelter allowance other social assistance recipients are eligible for.

Sacajawea is working with City of Hamilton staff to maximize the provincially funded shelter allowances available for Sacajawea tenants so that the Service Manager can further reduce its operating subsidies without negatively impacting the tenants financially.

Many non-profit housing providers faced with the "financial cliff" of the end of operating agreements have begun to plan for and in some cases implement actions which will result in the preservation and potential increase in the affordable housing portfolio.

Sacajawea has already undertaken its first phase of renewing and planning through selling five Phase I homes and investing the proceeds of the sale of two of those homes into the new six-plex at 272-274 Main Street W.

The City of Hamilton staff recognized that there would indeed be economic eviction for the Sacajawea rent-gear-to-income tenants if subsidies were withdrawn at the end of operating agreements in 2023-2025. The City is planning to continue to offer subsidies after the end of operating agreements but Sacajawea and the City will both look for opportunities to reduce the amount of the operating subsidies.

In the transferring of operating subsidies to the 6 new apartments at 272-274 Main Street West, the actual amount of subsidies required per unit will drop from about \$11,750 per unit per year to about \$7,000 per year by 2022.

Sacajawea's plan to undertake a second stage of regeneration in 2016 by taking the equity from 8 homes (3 Phase I properties sold and an additional 5 homes to be sold from Phase II and/or III) and use that equity to create the new 23-unit affordable housing development on 18 West Avenue S.

The City of Hamilton, as Service Manager, commits to allowing the transfer of subsidies up to a maximum amount of the current subsidy level for five properties (see Appendix B). The remaining 18 units having rents set at 80% of average market rents or ODSP shelter rate.

Based on the April 1, 2015 to March 31, 2016 budget, the current average subsidy levels required for 5 RGI homes in Phase II is \$102,000 per year or \$20,400 per unit. With 5 units in the new building, the subsidy levels can be reduced to \$88,460 or \$17,692 per unit per year, starting at the end of 2017. This is a slight reduction in the current operating subsidies of \$18,339 for Phase II and III.

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As part of the process of selling five additional homes, there may be opportunities for one or two of the existing Sacajawea rental families to buy their own homes, especially with down payment assistance through FIMUR, the housing assistance program operated by Ontario Aboriginal Housing Services. This would achieve a positive policy goal of helping Aboriginal households to improve their financial situation by building their assets.

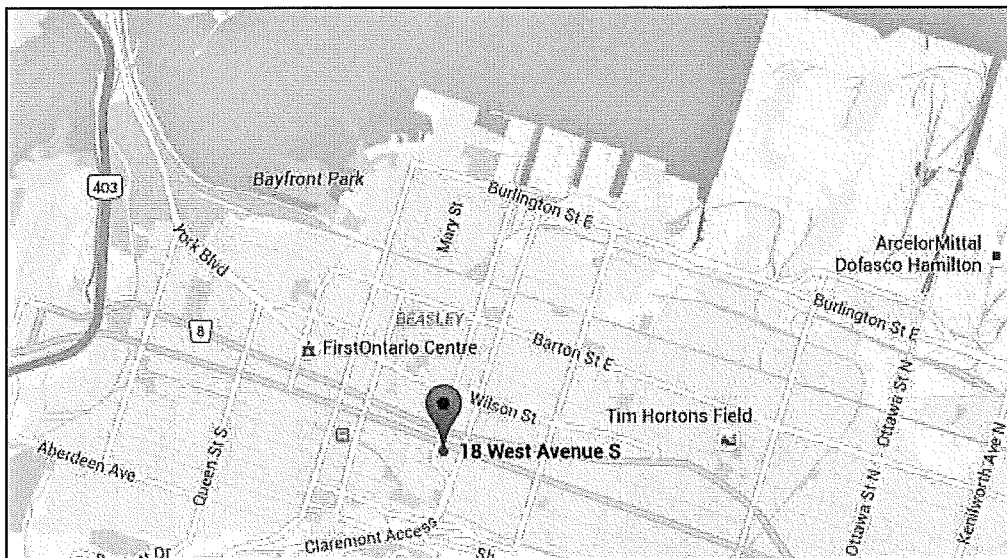
Between the two new developments of Main Street and West Avenue, Sacajawea could reduce operating subsidies by approximately \$11,000 per year as well as increase its total housing stock to 47 units - an increase of 68% - exceeding the organization's goal to increase the portfolio to 45% by the end of year 2019/20. It will also have a significantly newer housing stock on average with only 18 of the units being 85 years or older and 29 units being two years or newer. This will reduce the pressure on capital reserve expenditures.

Importantly, the 6 new homes recently completed on Main Street and the proposed 23 apartments on West Avenue are more energy efficient and geared to smaller Aboriginal households in order to help address this significant housing need.

5.0 Proposed New Multi-Residential Development

The subject property for the new development is south of Main Street between Wellington and Victoria on West Avenue South and is located just east of downtown Hamilton. The property is located within the Stinson Neighbourhood. The following services are located within a 15-minute walk of the proposed housing development: grocery shopping, parks, the De Dwa Da Dehs Nye Aboriginal Health Access Centre, schools, government services and retail shopping.

Figure 2: Map of Downtown Hamilton and Subject Property

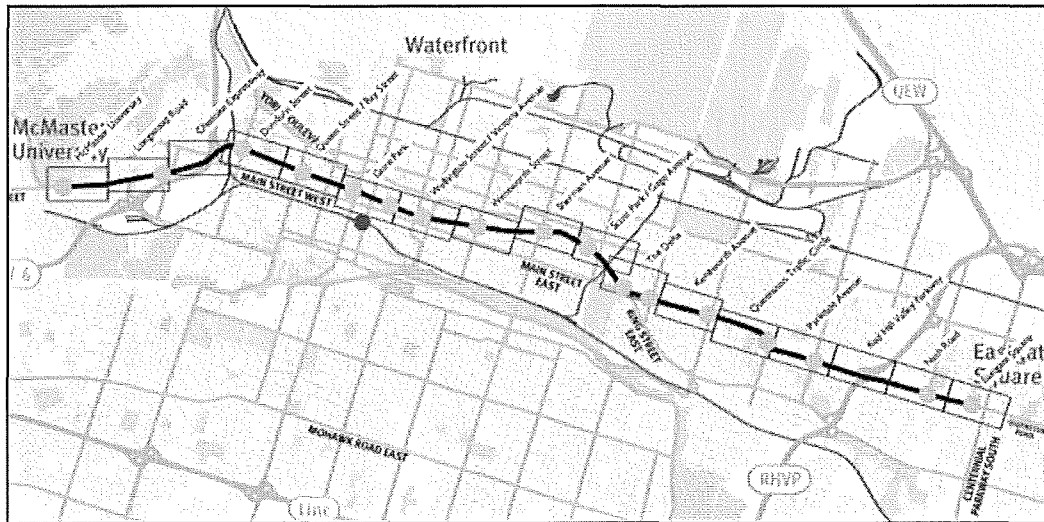


Source: Google Maps

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The location is also well served by public transit on the current Main and King street buses and the now fully funded Light Rail line for Hamilton is set to begin construction in 2019. The proposed LRT route includes a station on King Street between Wellington Street North and Victoria Avenue North. This would be about a five-minute walk from the proposed new Sacajawea housing on West Avenue S.

Figure 3: Proposed Light Rapid Transit Line



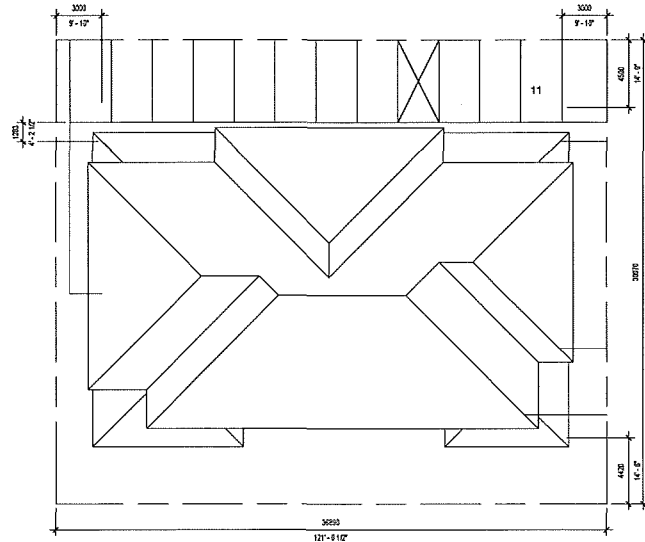
Building Form

The proposed 23-unit building would be in the form of a 3 storey walk up apartment building. This cost efficient layout would see four barrier free ground level units including 2 two-bedroom and 2 one-bedroom units. The main floor would also have amenity space, laundry area and the electrical/mechanical room. The second and third storey, accessed by internal staircases, would consist of an additional 16 one-bedroom apartments.

The site is currently zoned multi-residential and after a pre-consultation meeting with planning staff in early 2016 it was confirmed that only site specific amendments (committee of adjustment) rather than an Official Plan or zoning amendment would be required to permit the proposed use.

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Figure 4: Concept for 18 West Avenue S.



① SITE PLAN
1 : 200

SACAJAWEA
1804 6th Line + Chiefswood Rd. Ohsweken, ON, N0A 1M0
TWO ROW ARCHITECTS
T 519.445.2137 www.tworow.com e. info@tworow.com

SITE PLAN

Scale: 1 : 200
Drawn By: Author
Reviewed By: Checker
Dwg. Ref. No:

Job Number: 1622
Plot Date: JUNE 2016
Drawing No: A1

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Source: Two Row Architects

Given the modest incomes of the future residents as well as the strong transit availability of this site, a minor variance to further reduce the parking ratio will be undertaken. A variance to reduce side yard setbacks will also likely be necessary. The required planning approvals were verified through the process with City planning staff in early 2016. It is expected that the minor variances required will be confirmed through the site plan process. The application for site plan will be submitted in September 2016 and the variances filed soon after.

As part of due diligence on the property and with feedback from City staff, the following studies have been carried out by Sacajawea in late 2015 and 2016:

- Phase 1 ESA,
- Designated Substances Survey,
- Building Condition Audit,
- Geotechnical report,
- Heritage Impact study, and
- Archeological assessment

A significant issue to emerge from these studies was heritage with the City's heritage committee recommending heritage designation for the property. On May 31, 2016, however, with strong support from the ward Councillor for 18 West Avenue S., the Planning committee of Council turned down the request for designation and this vote was ratified by full City Council on June 8th. A demolition permit was applied for in January 2016 by the current building owner, Good Shepherd Homes, and with the clarification that there will be no heritage designation of the existing building, the demolition permit can be activated and acted upon anytime in 2016. It is anticipated that demolition would occur just before construction in order to avoid having to fill and re-excavate the basement.

The stage 1 and 2 archeological assessment is completed and based on the findings of trenching in the rear of the property Stage 4 archeology is required, essentially to recover and document historic artifacts. The stage 4 archeological work will be completed in the fall of 2016.

Sacajawea, with the proceeds from the three previously sold homes as well as with a \$375,000 loan provide by the Hamilton Community Foundation, purchased 18 West Avenue South and the property transferred on June 20, 2016.

In early 2016, Sacajawea was also approved for \$100,000 in CMHC PDF funding which provides a loan (with 35% forgiveness) in order to provide funds for predevelopment work including architect and engineering fees.

The Hamilton Community Foundation as well as the CMHC PDF funding show significant levels of support for this development.

As noted in the previous section, in order to construct the proposed development, Sacajawea Non-Profit Homes Inc. is leveraging equity from their existing portfolio, investing the revenue from three of its homes sold in 2014-15 and is proposing to sell a further five homes in 2016-17. Subsidies will be transferred from the original Sacajawea properties to five of the new units in this development to offer a deeper level of subsidy to some of the households. The remaining 18 units will feature affordable rents based on 80% of average market rents (\$599 for a one bedroom and \$734 for a two bedroom) with a focus on housing lower-income working households.

Sacajawea is also in discussions with the De Dwa Da Dehs Nye Aboriginal Health Centre, to partner in providing support services to two to four households as they transition from homelessness.

City Housing staff recognize that there is a potential for long-term operating subsidy savings from the newly created homes compared to the approximately 100-year-old homes in Sacajawea's existing portfolio.

In the new development on West Ave., all units will incorporate energy efficient design options which are now standard and in some cases exceed the Ontario Building Code. These include:

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- Energy star rated appliances,
- High levels of insulation exceeding the Ontario building code,
- Energy efficient LED lighting, and
- The new homes will also feature low flow water fixtures.

Target Market

The proposed development includes one and two-bedroom apartments and is geared to one-person Aboriginal households and small families that have difficulty locating suitable housing in the private market.

Timeline

The proposed timeline illustrates the anticipated dates for project development. The existing building on site, which is currently being used for office purposes by Good Shepherd, will continue to be occupied until December 2016, with demolition to occur just before construction. The achievement of the minor variances required for the proposed development will take approximately 3-4 months to go through the City's approvals process.

Task	Date
Property purchased by Sacajawea	June 20 2016
Minor variance application filed	October 2016
Five existing Sacajawea homes listed for sale	September 2016 – April 2017
Minor variance application approved	December 2016
Detailed drawings undertaken and site plan application filed	September – December 2016
Building demolished	February or March 2017
Building Permit application filed	January 2017
Building permit issued/Construction begins	March 2017
Completion of sale of five homes	December 2017
Construction Completion	November 2017
Tenant Move-In	December 2017

6.0 Feasibility and Potential Benefits and Risks

The design for this site allows for the apartments to be constructed with wood-framing, which will provide a significant cost savings to the capital construction costs of the project. An ESA Phase 1 has been completed and no contamination was found. A Record of Site condition will be filed in late August 2016. The previous asbestos surrounding the pipes of the existing building on site have been professionally removed.

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Financial Considerations

As set out in the attached Capital and Operating Budget this project will be made viable through the investment of the equity by Sacajawea created by the sale of a total of the organization's 8 homes. The financial viability is further realized through a transfer by the City of Hamilton of operating subsidies to five of the new units to be created in the West Avenue S. development.

Proponent Equity

The proposed equity from the sale of the eight homes is \$1,190,000. Sacajawea has \$440,000 in cash from the proceeds of the recent sale of three of its Phase I homes. In part, the funds went towards the purchase of the West Ave property (the purchase price agreed to is \$730,000) and studies as part of due diligence. The balance of the purchase price was secured through a \$375,000 loan provided through the Hamilton Community Foundation in collaboration with the Community Forward Fund. The loan will be provided at a below market interest rate of 3.0% without interest payment until the fall of 2017.

The balance of the equity will occur through the sale of five further homes from Phases II and III of Sacajawea's existing scattered homes portfolio. As of March 31, 2015 the mortgages for the 22 homes of Phase II and Phase III were \$1,068,432, or \$48,565 per home. It is estimated that by March 2017 (likely mid-point of the sales of the five homes) the amount of the mortgages remaining in these two phases would be approximately \$920,000, or \$42,000 per home.

Sacajawea is committed to only selling the five homes upon tenant turnover. Two homes have become vacant – 84 Tisdale North (Ward 3) and 279 Julian (Ward 4) – and Sacajawea is currently undertaking minor clean-up and maintenance work with the goal of putting both for sale on the market. A residential realtor has appraised the home at 84 Tisdale North for a selling price of \$199,900. This sales price would result in a net revenue for the home of approximately \$145-150,000 (subtracting mortgage balance and realtor fees). As the other three homes turnover Sacajawea is estimating a similar net revenue (assisted by the continuing strengthening of the Hamilton real estate market) would result.

The approximately \$1.6 million first mortgage for the new 23-unit development will be covered by the rental revenues and the transferred operating subsidies for five units from the City. (see Appendix C).

Capital and operating budgets for the proposed development at 18 West Avenue S. are included in Appendix A.

Proposed Rents

The rents will have a mixture of affordability with five of the apartments rented on a rent geared to income basis and 18 of the apartments rented at the rate of 80% of average market rents (currently \$599 for a one-bedroom apartment and \$734 for a two-bedroom apartment).

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

Marketing Risk

Given the mixture of rent geared to income apartments and the 80% of average market rents, combined with the long waiting list for affordable housing as well as the specific need for single person and small family housing for Aboriginal residents of Hamilton, there will be little difficulty in renting the 23 apartments.

Operational Risk

The pro-forma financial statements reflect construction and operating costs similar to other affordable housing projects that have recently been completed with this type of construction. The operating budget projects an annual surplus of \$19,839 per annum.

Turnover of Phase II and/or Phase III Homes

As noted, two Phase II properties are currently vacant. With Ministerial consent, the intent is to sell the two vacant homes, and three additional properties upon turnover; however, if this does not happen within the required timeline for the new development on West Avenue there are several options. These are:

- Work with Urban Native Homes to establish a protocol whereby Sacajawea families have the option of a UNH vacancy as they become available;
- Actively work to link existing Sacajawea households interested in homeownership to Ontario Aboriginal Housing Services to determine eligibility for down-payment assistance in order to buy their own rental home or another home;
- Remortgage the remaining Phase I property that currently has no mortgage; and/or
- Based on a good working relationship with both the Hamilton Community Foundation and the Community Forward fund, request to extend the term of the Bridge Loan provided by the Hamilton Community Foundation in cooperation with Community Forward Fund.

Communication Plan

Sacajawea has communicated this proposed new development to members of its Board of Directors as well as the general membership of the organization at its Annual General membership meeting held in August 2016. Sacajawea has also provided regular updates at the meetings of the Hamilton Executive Directors Aboriginal Coalition (HEDAC) whose membership have been enthusiastic about this new development. Sacajawea staff have communicated one-to-one with existing tenants about the opportunity to possibly buy their own homes through assistance from Ontario Aboriginal Non-Profit Homes and Services (OAHNS). Once the new funding for West Ave. is confirmed by City Council in September, a newsletter from Sacajawea will be sent to all of its existing residents about this positive announcement, including the opportunity to downsize to a smaller unit, if appropriate, in the new building. The newsletter will also make existing Sacajawea tenants aware of the home ownership down payment assistance available through OAHNS. As the new building moves forward closer to completion in 2017 a further newsletter to existing residents will be sent out.

7.0 Conclusion

Given the overall demand for affordable housing and a growing Aboriginal population in the City of Hamilton, the proposed new affordable rental housing at 18 West Avenue S. will help address current community housing needs. Sacajawea will also continue to maintain a number of three and four bedroom single detached homes suitable for families.

By using equity derived from the sale of eight of its existing houses, Sacajawea Non-Profit Housing Inc. has a good opportunity to leverage limited housing resources to address significant housing needs for smaller Aboriginal households. The proposed development at 18 West Avenue South will help to provide permanent affordable housing options for single men and women, couples and small women-led families. The proposed development also helps meet targets laid out in the City's Ten Year Housing & Homelessness Plan and meets intensification objectives in the City's Official Plan.

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

8.0 Appendices

Appendix A – Capital and Operating Budgets

Sacajawea - 18 West Avenue S.

23 Units - General Information

Page - 1

GENERAL INFORMATION

Site Area (Sq. feet)	
Surface Parking	11
Enclosed Parking	-
Total Floor Area	17,825 sf
Net Residential Floor Area	
Base Construction cost/Square foot	\$165.00

Types of Units to be Provided	Total number	Unit Size
		Sq. feet
One Bedroom	16	550.00
Two Bedroom	7	765.00
	23	-

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

Sacajawea - 18 West Avenue S.

23 units

Page 2

CAPITAL BUDGET

1. Land & Property acquisition cost

	<u>Amount</u>	<u>Notes and Assumptions</u>
(a) Property Cost	\$730,000	
(b) Phase I and RSC	\$6,000	Phase 1 ESA completed \$3860 + Quote \$1400 to file RSC
(c) Geotechnical Report	\$4,985	Completed
(d) Archeology - Stage 1 and 2	\$22,460	Estimate
(e) Building Condition Audit	\$2,855	Completed
(f) Cultural Heritage Assessment	\$6,775	Completed
(g) Designated Substance survey	\$1,825	Completed
(h) Survey	\$5,000	Estimate
(i) Appraisal	\$5,000	Estimate
(j) Legal	\$5,000	Estimate
(k) Demolition	\$30,000	Estimate
(l) Contingency	\$30,000	Further archeology
(m) HST	\$105,657	
(n) Land Transfer tax	\$11,075	.5% on 1st \$55,000, and 2% over \$400,000
Subtotal property acquisition	<u>\$966,632</u>	

2. Soft Costs

(a) Legal Fees (other than land)	18,000	
(b) Municipal approvals & permits		
Planning Fees		
Official Plan Amendment	\$0	Not required
Zoning Amendment	\$1,475	Minor variance - standard
Site Plan Application	\$6,500	\$4,000 Base Fee plus \$2,500 misc costs
Development Charges		
City Development Charges - 1 b/r units	\$227,400	1 b/r - \$15,064 per unit urban area and municipal + \$96 GO transit
City Development Charges - 2 b/r units	\$152,565	2 b/r - \$21,651 per unit + \$144 GO transit
Education Board Fees - 1 b/r	\$44,252	\$1,039 public + 885 catholic per unit
Parkland Fees	\$34,500	Estimate: 5% of Property Assessment
Building permit fees	\$23,764	\$14.35 * 1,656 m2
(c) Consultants		
Planner/ Development consultants	\$85,052	2.5% of Construction Cost
Architects, mechanical, electrical, civil	\$96,175	

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

Sacajawea - 18 West Avenue. S.

Page 3

Proponent's Equity Contribution

	Amount	
Total Capital Cost of Project	\$5,551,636	
Less:		
Municipal Grants/Offsets	\$414,465	City Development Charges + Parkland fee
IAH Capital Funding	\$1,920,000	\$128,000 per unit (15 units)
HST Rebate (82%)	\$415,866	82% Rebate
Proponent Equity	\$1,190,000	current \$440,000 plus 5 homes at @150k each
Total Equity Provided	\$3,940,331	
Proposed Loan	-\$1,611,305	
Total mortgage	-\$1,611,304.81	

SACAJAWEA NON-PROFIT HOUSING – PHASE V BUSINESS CASE

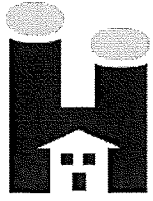
Sacajawea - 18 West Avenue S.

23 units

Page 4

Projected Income Statement

	Annual Amt.	
Revenue		
1 Bedroom @ \$599	\$57,504	8 units at 80% of AMR
1 bedroom @ \$479	\$45,984	8 units at ODSP shelter allowance
Existing subsidies (4 one b/r and 1 two b/r)	\$88,460	Maximum \$17,692 per unit
2 Bedroom @ \$734	\$61,656	7 units at 80% of AMR
Parking	\$2,700	\$25 per mo. * 9 spaces
Laundry	\$3,000	
	<hr/>	
Gross Revenue	\$259,304	
Less: Vacancy Allowance @ 3%	\$7,779	
	<hr/>	
Net Revenue	251,525	
	<hr/> <hr/>	
Expenditure		
Hydro	12,420	hydro included in rent at \$45 per month
Heating	17,940	included in rent - estimated @ \$65 per unit per month
Water	9,660	included in rent - estimated @ \$35 per unit per month
Utilities Common Area	4,200	\$350 a month for heating/cooling, electrical
Maintenance	20,700	\$900 a unit
Garbage	2,400	Assumes \$200 per month
Snow Removal	1,500	Assumes \$300 per month for five months
Insurance/audit	9,000	Estimate
Legal, Banking, Office Costs	1,800	Assumes \$150 per month
Management fees	14,262	5.5% of gross income
Municipal taxes	25,300	\$1100 per unit
Replacement Reserves	15,558	6% of gross revenues
Interest on Mortgage/Loan Repayment	96,946	\$1,611,305 mortgage with a 3.5% int. rate and 25 yr. amc
	<hr/>	
Total Operating Expenses	231,686	
	<hr/>	
Annual surplus (shortfall)	\$19,839	
	<hr/> <hr/>	



CITYHOUSING
H A M I L T O N

Business Case for Service Manager Consent / Ministerial Approval

Disposition and Replacement of 100 Single and
Semi-Detached Units

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Appendices:

Appendix "A" – Resolution of the Board of Directors of CityHousing Hamilton Corporation dated July 13, 2013

Appendix "B" – List of Vacant Properties Proposed for Sale

Section

1

Executive Summary

CityHousing Hamilton ("CHH") owns 479 single and semi-detached units, which vary in age, size and building condition. These units are scattered throughout the City of Hamilton, although the majority of the units may be found on the Hamilton Mountain and in the vicinity of Red Hill Creek in the east end of the lower City.

CHH is requesting Ministerial Consent to sell 100 single and semi-detached homes. As part of this process, on June 17, 2013, the Board of Directors of the CHH passed a resolution to proceed with the "Application for Ministerial Consent for the Sale, Disposition and/or Re-Development of Properties" (Appendix A). A list of the current vacant single and semi-detached homes proposed for sale as part of this Business Case is attached as Appendix B.

In accordance with the requirements of the *Housing Services Act, 2011* (the "Act"), consent from the Minister of Municipal Affairs and Housing is required prior to the sale or disposition of any lands and/or buildings. 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 CHH.

CHH recognizes that unique and innovative responses are required to address affordable housing issues in our community. Investing the proceeds of sale of the select single and semi-detached houses towards more efficient affordable housing options is desirable. There will be no net loss of rental housing stock in the community as units will be replaced on a minimum 1:1 basis. In addition, new units will be considerably more efficient in terms of operating costs and energy conservation. Also, there may be opportunities provided to promote affordable home ownership for existing residents and/or first-time buyers. There may be additional opportunities to partner with other community stakeholders such as Habitat for Humanity who have expressed an interest in acquiring some of the single and semi-detached units.

In 2011, a Building Condition Assessment (BCA) of the 479 single and semi-detached units owned by CHH was undertaken by two companies, Genivar Consultants Ltd. and Peto MacCallum Ltd. The BCA shows that an overwhelming majority of these units are in extremely poor condition and require a disproportionate amount of resources. There is an opportunity to rationalize this housing stock through the sale of select scattered units and reinvest the revenue into the development of new higher density housing (e.g. townhouses), which can also be

developed to better reflect the housing needs of current tenants (e.g. units for larger families and units modified for an aging population). The revenues generated would ensure that these units would be replaced on a minimum 1:1 basis and allow them to be managed on a more cost effective basis. It is a principle of the proposal that no tenants are displaced as a result of the sale of a unit.

CHH will apply the following principles, in order, to establish the order of sale of units:

1. Units which are currently vacant;
2. Units which become vacant through attrition and (i) are chronically vacant due to poor location, unsuitability for tenants' needs or condition; (ii) have a market value which is above the current median sale price, or; (iii) have anticipated repair expenses in excess of \$25,000;
3. Units which can be purchased by current tenants;
4. Units in which tenants have been identified as being "overhoused" and will be relocated to units which meet the current Service Manager's Occupancy Standards;
5. Units which require repairs of such enormity that the tenant needs to be relocated due to health and safety concerns (subject to the provisions of the *Residential Tenancies Act*).

In order to support the long term financial sustainability of CHH and to provide housing that responds more appropriate to the needs of our changing community, CHH is requesting Service Manager and Ministerial Consent for the sale of 100 singles and semi-detached homes to assist in achieving this outcome.

Conservatively, based on the assessed values from the Municipal Property Assessment Corporation, the current market value of the 35 vacant units is \$10,360,000. When you extrapolate this number out to 100 units, a conservative estimate of the potential proceeds would be \$25M. This funding would be reinvested into the Sold Units Investment Fund reserve, which currently has a balance of approximately \$1.6M. Funds from the reserve would be reinvested into future development of social housing projects to replace the 100 units sold, in accordance with the following principles:

- Leveraging other redevelopment opportunities and studies currently underway;
- Conducting a needs and location demand analysis based on demographic information determined from the City of Hamilton's centralized waitlist;
- Taking advantage of surplus land opportunities; and
- Creating housing that stewards energy efficiency, sustainable building practices and operational economies of scale.

It is anticipated that the cost of replacing the 100 units will be from \$25M to \$30M and could result in up to \$75,000 in annual maintenance and energy savings, which can be reinvested back into the larger portfolio.

Section

2

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.

Hamilton has the third largest social housing stock in Ontario. There are approximately 14,000 units operated by 43 providers. Hamilton's legislated service level standards are 9,579 of rent-geared-to-income housing and it is currently only achieving approximately 8,600. There are also approximately 5900 households waiting for rent-geared-to-income housing assistance in Hamilton.

CityHousing Hamilton ("CHH") is the local housing corporation and is the largest provider in Hamilton with approximately 7,000 units. Approximately 82% of CHH's rental stock is subsidized, 17% is market based and 1% is commercial. In addition to the *Housing Services Act, 2011* and the *Ontario Business Corporations Act*, CHH's governance includes a Shareholder Directive from the City of Hamilton and an Operating Agreement with the City, in its capacity as Service Manager.

CHH's stock is, on average, older than the stock of most other providers in Hamilton. This creates additional maintenance and capital repair pressures, which cannot be addressed through corresponding increases in current municipal operating or capital funding. There is also no predictable source of provincial or federal funding to address these kinds of pressures in the social housing stock.

For 2016, CHH received \$8.2M for capital repairs. Based on 2011 building condition assessments, the average identified capital demand is approximately \$16M a year. For 2016, the identified capital demand was \$51M which identifies a shortfall of \$43M in a single year. Over the last 5 years there has been \$89M in deferred capital expenditures and the capital forecast for the next ten years is \$172M. CHH needs to invest \$261M in capital repairs over 10 years to fix our aging buildings.

From an operating perspective, CHH also experiences challenges in managing the maintenance costs associated with its portfolio. Limited funding to repair units has resulted in almost 75 units being unavailable to rent across the entire portfolio. To aggravate this matter, over the past seven years, ballooning pest control costs have significantly impacted the maintenance budget. In 2009, 3% (\$300,000) of the maintenance budget was required to manage pest control and in 2016, this has grown to 11% (\$1,2M) required to support the Integrated Pest Management Program. This is almost \$1M fewer dollars to repair units. Of the singles and semi-detached properties that CHH is proposing to sell, 35 units are currently vacant because there is insufficient funding available to address the required maintenance.

In September of 2015, CHH completed a case study, "Revitalizing CityHousing Hamilton". This case study identified each of the CHH properties as either a good, fair or poor performer. These ratings were based on the following criteria:

- Net capital investment over 25 years versus replacement cost
- Gross rent multiplier
- Capitalization rate

Based on these criteria, over 65% of the singles and semi-detached homes owned by CHH were determined to fall within the "poor performer" category. This signifies that there must be a strategy for the revitalization of this housing stock. The sale and disposition of 100 singles and semi-detached homes will not only improve the quality of the housing stock available to the community, but also help to support the longer term financial sustainability of CHH.

Furthermore, the disposition and replacement of single and semi-detached housing units is an accepted practice throughout the affordable housing sector in Ontario. In 2003, the CHH Board and City Council approved the sale of 88 singles and semi-detached homes with an ancillary replacement program. Ministerial Consent was granted on September 1, 2005. The sale of these units was completed in 2012 and resulting in \$11.7M in additional revenue, of which \$10.1M was reinvested to develop a 50 unit building at 690 Stonechurch Road West and 14 units at 4 Bridgewater. The other 24 units were replaced by converting market units to rent-geared-to-income units at First Place. The remaining revenue of \$1.6M is still held in the Sold Unit Investment Fund Reserve. All interest on these funds are treated as operating income; however, \$560,000 has been drawn for capital repairs.

Section

3

Project Description

Objectives

CityHousing Hamilton's ("CHH") main objectives of this proposal are to:

- Sell the selected older units and replace them with new social housing units that better meet the needs and demands of the community;
- Ensure that no individual is displaced or made homeless as a result of the sale;
- Reinvest the revenues from the sale of the selected single and semi-detached houses identified as "poor performers" to create more efficient affordable housing options;
- 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 CHH's operation of its social housing portfolio to ensure that the needs of the community can continue to be met for many more years.

The Business Case identifies 6 key areas necessary to achieve the objectives:

- Identifying the Housing Units and Process for Sale
- Method of Disposition of the Housing Units
- Reinvestment Strategy for Proceeds of Sale
- Resolutions and Consents
- Communications Strategy
- Tenant Engagement and Disruption Mitigation Plan

Identifying the Housing Units and Process for Sale

The first step in this process was to establish criteria to select the single and semi-detached housing that are most suited for sale as part of this Business Case. In establishing these criteria, consideration was given to the criteria that were used in the 2005 request for the sale of 88 units. The criteria for the sale of singles and semi-detached housing would be the following:

1. Units which are currently vacant;

2. Units which become vacant through attrition and (i) are chronically vacant due to poor location, unsuitability for tenants' needs or condition; (ii) have a market value which is above the current median sale price, or; (iii) have anticipated repair expenses in excess of \$25,000;
3. Units which can be purchased by current tenants;
4. Units in which tenants have been identified as being "overhoused" and will be relocated to units which meet the current Service Manager's Occupancy Standards;
5. Units which require repairs of such enormity that the tenant needs to be relocated due to health and safety concerns (subject to the provisions of the *Residential Tenancies Act*).

The overarching principle is that no household will be made homeless by this process and that households will be accommodated to the extent possible in terms of preferred location and unit type.

A list of the vacant units is presented in Appendix B. This list identifies the following key factors:

- OHC Number
- Address of Unit
- Number of Bedrooms
- Housing Form (i.e. single or semi-detached)
- Debuture End Date
- MPAC Value
- Neighbourhood

Method of Disposition of the Housing Units

CHH will engage the services of the Real Estate Division of the City of Hamilton to market and sell the properties. Subject to the criteria noted in Section 1, properties will be marketed using the established policies for the sale of City lands which includes offering the properties for sale on the City's website and using the MLS Real Estate service.

It is expected that the sale of the units will take a total of 4 to 5 years and the following timelines will be targeted:

- Current vacant units as of date of approval of business case: 6 months to 1 year;
- Units which become vacant (including units with over-housed tenants) following approval of business case: 6 months to 1 year following vacancy;

- Units which require substantial repairs: 6 months to 1 year following relocation of household; and
- Sale of units with able buyers: 2 to 5 years.

Before each sale of a unit, CHH will provide the Service Manager with a copy of the resolution to sell the unit approved by the Board of Directors, together with a summary of how any impacted tenants were relocated and accommodated, if applicable. In addition, CHH will provide the Service Manager with copies of all Agreements of Purchase and Sale and copies of the full final reporting of the sale.

Reinvestment Strategy for Proceeds of Sale

The revenue generated through the sale of these units can be invested in the Sold Unit Investment Fund reserve for future redevelopment projects. At the present time CHH is working on a comprehensive plan for the revitalization of specific properties. This would include work in the West Harbour areas (e.g. 500 MacNab, Jamesville, 191 York and Barton/Tiffany). There are opportunities to incorporate social housing options ranging from bachelors to large apartments and stacked townhomes. Development on most of these properties lends itself to more intense and energy efficient housing. As well, there is the opportunity to provide mixed housing that reflects various needs of the community. Also, in working on future redevelopment projects there is the opportunity to build "modified" housing units that more appropriately meet the needs of the population (i.e. wheelchair access).

The process of the sale of these units will financially position CHH to be able to respond to any opportunities for strategic redevelopment and replacement of the stock that present through the identified work above. This will also ensure that CHH can be considered a strategic and important part of any potential partnership with the private and not-for-profit development community.

Resolution and Consents

In order to sell public 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 CHH;

- For redevelopment, a tenant disruption and maintenance of service delivery plan and referral agreement; and
- Identification of any known environmental issues or any outstanding legal disputes.

In regard to the second bullet point, there are very few singles and semi-detached units in the entire CHH portfolio that have mortgages or debentures. Of the 35 units identified in Appendix B, none of these units have mortgages or debentures. If a single or semi-detached unit becomes vacant, and still has a mortgage or debenture, it will not be sold.

Once approval is received at Council, the Service Manager submits the request for Ministerial Consent to the province of Ontario, together with any additional information the Minister may require.

Communications Strategy

CHH will engage assistance from the City of Hamilton's Communications and Government Relations Division to ensure that an effective and appropriate communications strategy and approach is prepared in advance of selling the units set out in this business case. This will include:

- Developing a specific strategy for communicating with the tenants to ensure that there is clear understanding of their rights, options and available assistance; and
- Developing a general communications plan for other stakeholders (such as taxpayers, media, potential tenants, housing advocates and community partners, and other housing providers) that holds CHH accountable to meeting the objectives of this business case, particularly the objective that no individual is displaced as a result of the sale of units.

Tenant Engagement and Disruption Mitigation Plan

CHH will develop and employ a plan to ensure that tenants are properly engaged and included in any process which involves relocating a tenant to another home. The Tenant Engagement and Disruption Mitigation Plan must ensure that every tenant impacted by the sale of units is relocated into a suitable and quality home that will meet the tenants' needs in terms of affordability, accessibility and location.

As part of the Tenant Engagement and Disruption Mitigation Plan, CHH will include a plan and resources to assist households with any reasonable relocation costs.

CHH will also ensure that existing target levels, as set out in the Operating Agreement with the Service Manager, can be maintained within its remaining portfolio.

Prior to offering units for sale to current tenants, CHH will ensure that:

- Households are financially capable of carrying the costs of homeownership, including mortgage principal and interest, property taxes, utility costs and maintenance;
- Households are provided with a copy of a home inspection of the unit, at the cost of CHH, and given at least 7 business days to opt out of the purchase on the basis of this home inspection; and
- Households are informed of any available down payment assistance programs that may be available through the private sector, the Service Manager, including any incentives that CHH may develop.

Section

4

Strategic Alignment

In terms of the strategic alignment for CityHousing Hamilton ("CHH"), the question that needs to be answered is:

"What direction is optimal for CHH in order to deliver high quality, safe, affordable housing that meets the needs of the community and provides value for taxpayers by achieving the required economies of scale to operate and maintain the housing portfolio long into the future?"

The provision of affordable housing is paramount to the positive well-being of a community. The inherent challenge is maintaining and developing new social housing units.

CHH owns and manages 497 singles and semi-detached housing units. A majority of these units are "poor performers" as defined in the CHH Business Case entitled, "Revitalizing City Housing Hamilton". To continue to operate this many poor performing units with the current funding formula is unsustainable as it requires limited resources disproportionate to the size of the overall portfolio. This threatens to create further challenges for capital repairs and regular maintenance in the units which are currently deemed to be "fair performers".

This Business Case is in line with several key strategic plans and initiatives:

Long Term Affordable Housing Strategy – Update (March, 2016)

On March 14, 2016 the Province released an update of Ontario's Long-Term Affordable Housing Strategy, including a commitment to "modernize social housing in Ontario."

The Province, with the help of a steering committee, plans to introduce policy, legislative, and regulatory changes to, among other things:

- Better co-ordinate the existing legacy of social housing funding programs which are complex and administratively burdensome. The City currently oversees housing providers operating under eight different funding programs, each with its own regulations and unique implications.

- Increase local flexibility to manage housing assets and meet local needs. This could mean an increased ability to provide Ministry or City consents to housing providers, allowing quicker responses to address local opportunities.
- Support vibrant mixed-income communities and encourage a healthy mix of rent-geared-to-income and market rent tenants. This suggests loosening up or abandoning rules established in legacy programs for managing rent-geared-to-income targets for housing providers.

The City of Hamilton's 10-year Housing & Homelessness Action Plan

The City of Hamilton adopted its 10-year Housing & Homelessness Action Plan ("Action Plan") in December, 2013. It endorses 54 strategies along five broad outcome areas that support a coordinated approach to addressing issues along the housing continuum from homelessness prevention to affordable homeownership and everything in between.

Several specific strategies of the Action Plan are supported by this Business Case:

Strategy 1.11: Explore opportunities for social housing providers to leverage their existing capital assets in order to develop additional affordable units;

Strategy 2.1 (a): 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 2.1 (c): Encourage mixed housing and mixed income development in all urban neighbourhoods by exploring opportunities for social housing communities to redevelop to include a mix of new housing options.

Strategy 2.3: Increase homeownership opportunities for renters, including social housing tenants.

Strategy 2.8: Explore options that ensure social housing applicants and tenants have as much choice as possible.

Strategy 4.10: Adequately fund capital reserves for social housing based on Building Condition Assessments and Reserve Fund Studies.

Strategy 4.6: Increase the number of rental units that meet the needs of larger families.

Strategy 4.9: Inventory, rate and increase the number of social housing units that meet the needs of persons with disabilities through existing and new housing opportunities.

Strategy 5.9: Ensure that clients/participants/tenants are meaningfully engaged in planning and decision making in the areas that impact their lives.

Section

5

Environmental Analysis

Hamilton Demographics

Population (excluding Burlington and Grimsby from the Census CMA)

- 2006 Census 504,559
- 2011 Census 519,949
- 2026 Projection 633,000

Aging Population

In 2011, the percentage of the population aged 65 and over in Hamilton was 16.0%, compared with a national percentage of 14.8%. The percentage of the working age population (15 to 64) was 67.3% and the percentage of children aged 0 to 14 was 16.6%. In comparison, the national percentages were 68.5% for the population aged 15 to 64 and 16.7% for the population aged 0 to 14.¹

Poverty Rates and Household Income²

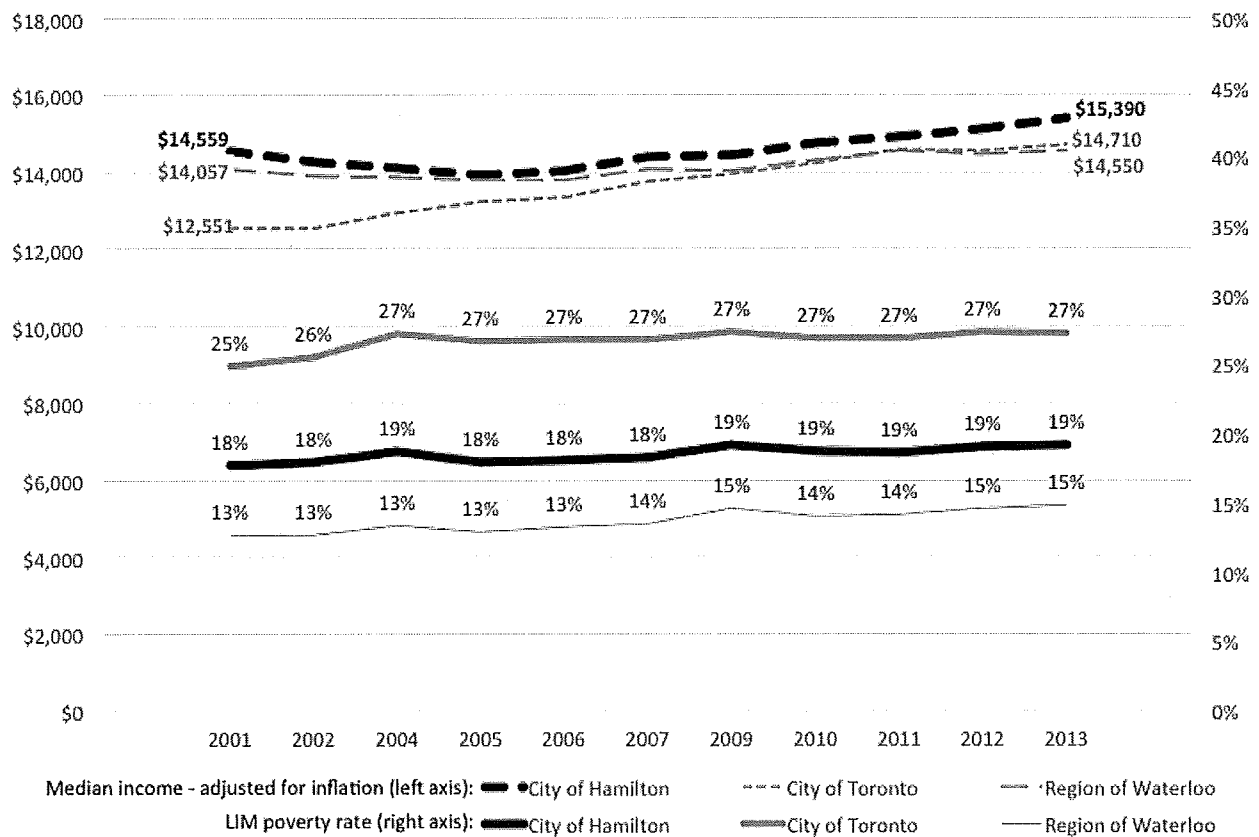
The City of Hamilton's overall poverty rate is approximately 19%.

The median income (adjusted for inflation) of persons with low incomes has improved in all three communities examined (Hamilton, Toronto, Kitchener-Waterloo). The introduction of the Ontario Child Benefit (OCB) in 2008 corresponds with an increase in the median income for low-income residents, reversing Hamilton's decline in median incomes in this group from 2001-2005. The OCB now increases the income of very low-income parents by over \$1,300 per child and is especially useful for parents leaving social assistance for a low-wage job as they can keep this benefit as they transition into the paid labour market. The median income of persons in low income in these three communities remains, however, less than three-quarters of the poverty line, as defined by Statistics Canada's before tax Low Income Measure.

¹ <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-cma-eng.cfm?LANG=Eng&GK=CMA&GC=537>

² Information on Poverty Rates and Household Income was obtained from Hamilton Community Foundation and can be accessed at: <http://hamiltoncommunityfoundation.ca/vital-signs/major-economic-indicators/>

Chart 1. Percentage of persons with a family income below the before tax Low Income Measure (LIM) and median income of low-income residents (adjusted for inflation in 2013 dollars), City of Hamilton, City of Toronto and Region of Waterloo, 2001-2013³



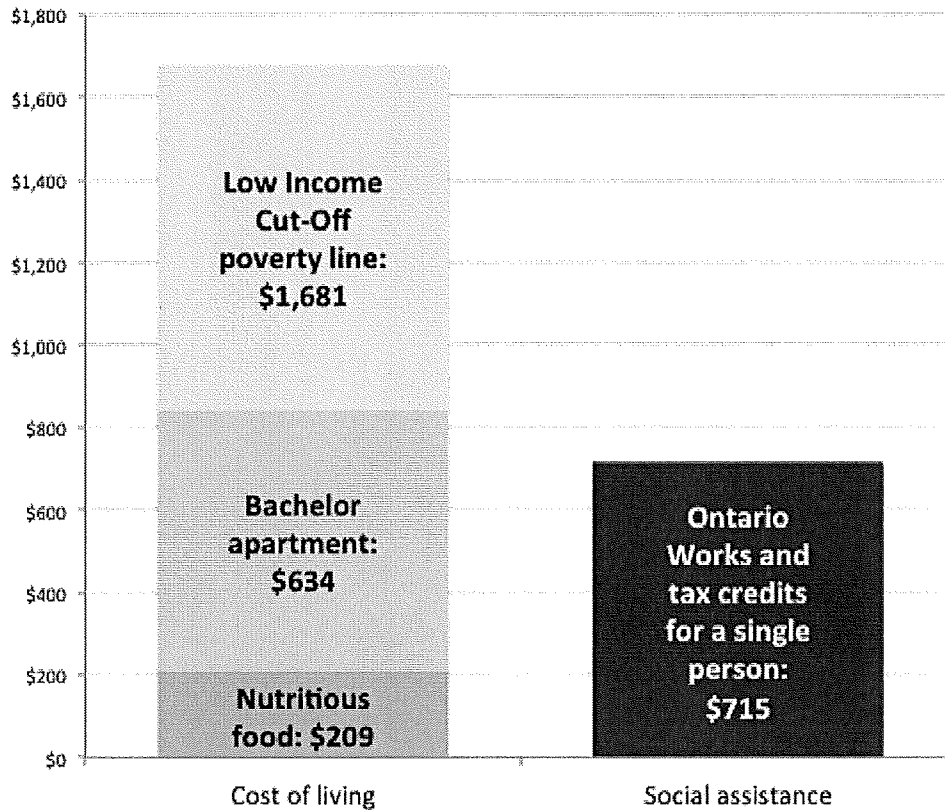
Those who experience a sustained period of unemployment, and drain almost all their savings, become eligible for Ontario Works, the provincial safety net meant to provide “employment assistance and financial assistance”.

The financial assistance part of Ontario Works is currently inadequate to live a safe and minimally decent life in Hamilton. As chart 2 illustrates, financial support from OW does not cover the cost of nutritious food and a bachelor apartment, and for a single person, only reaches 43% of the poverty line.

³ Data source: Statistics Canada, T1 Family Tax Filer data (2001-2014) Data note: Tax filer data has important limitations when used to analyse poverty rates. Tax files only have limited family information concerning couples, parents and dependents living in the same household, and the data does not have information about extended families living in the same household and financially supporting each other. Therefore, taxfiler data can over-estimate the poverty rate, especially in communities where there is a higher rate of extended families living in a household. Due to the elimination of the mandatory long-form census, taxfiler data is used as a replacement, but the data quality is not as high.

The inadequacy of social assistance means that many recipients are forced into unsafe housing situations and sacrifice their health through cuts to their intake of healthy food.

Chart 2. Monthly social assistance rates for a single person on Ontario Works compared to food and housing in Hamilton's and the poverty line, 2014⁴



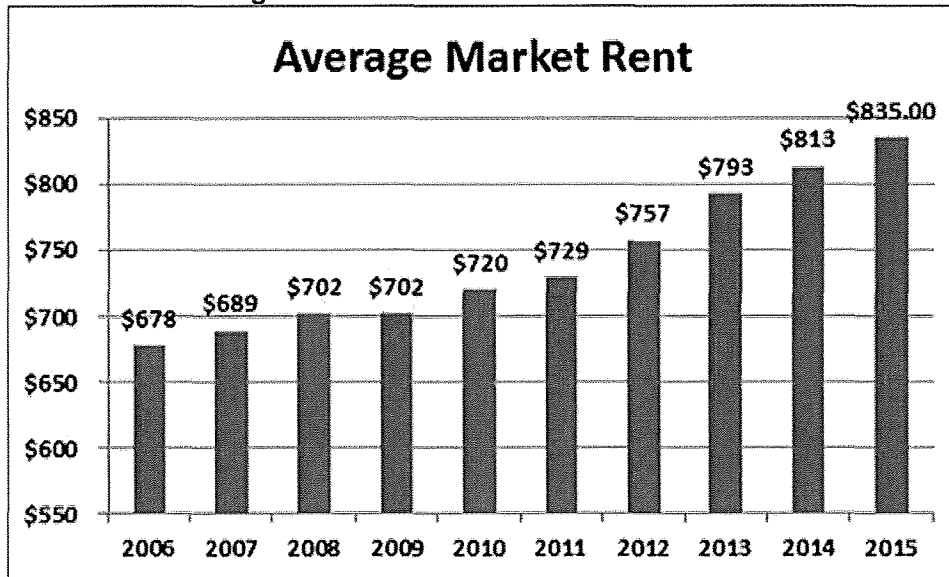
Changing Rental Market Conditions

Hamilton has generally experienced lower rents and higher rental vacancy rates than other communities in the Greater Toronto Area. Although Hamilton's rental market has been relatively affordable, 21% of rental households are still paying 50% or more of their income on housing costs.

⁴ Data source: Statistics Canada (Low Income Lines, 2013-2014), Canada Housing and Mortgage Corporation (Rental Market Report, 2015), City of Hamilton (How much does healthy eating cost in 2014?), Income Security Advocacy Centre (Current Social Assistance Rates, 2014).

There are trends developing in the Hamilton rental market showing the continuing erosion of affordability. In 2012, the average rent in Hamilton was \$757 per month and the vacancy rate was a relatively healthy 4.1%.⁵ The 2015 Canada Mortgage and Housing Corporation data shows that the average rent in Hamilton has increased to \$835 per month.⁶

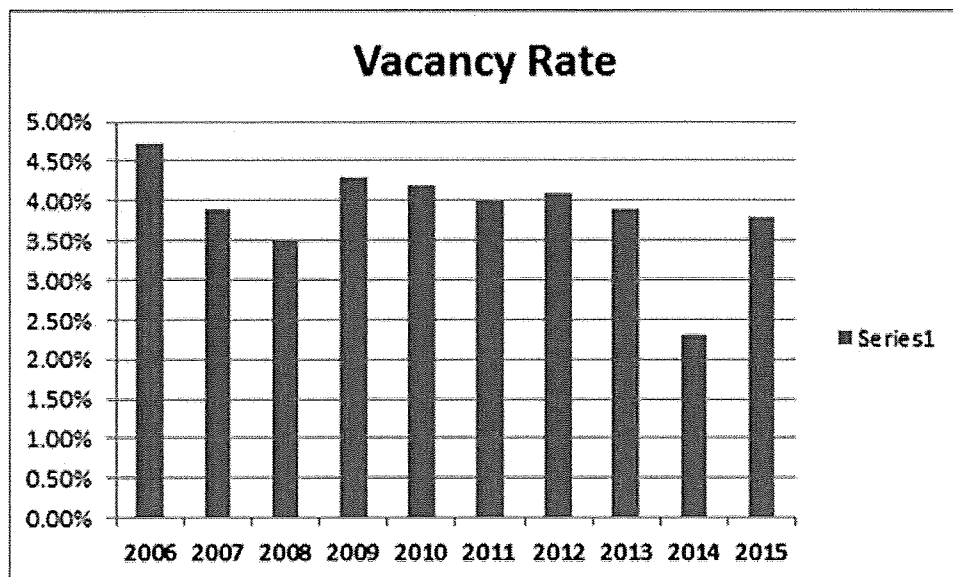
2015 Rental Housing Data in Hamilton



2014 Vacancy Rates in Hamilton

⁵ Canada Mortgage and Housing Corporation (2012). Rental Market Report.

⁶ Canada Mortgage and Housing Corporation (2015). Rental Market Report – Hamilton specific data (excludes Burlington and Grimsby from the Census Metropolitan Area).



At the same time, vacancy rates are on the decline. For the City as a whole, between 2013 and 2014 there was a sharp decline in vacancy rates from 4.1% to 2.3%. Although vacancy rates rebounded somewhat in 2015, there are indicators that this is not sustainable and can be explained by very specific market driven factors.

Reduced availability in the rental market means more than just higher rents – it means reduced choice for renters (especially low to moderate income households). This puts additional pressure on social housing providers like CityHousing Hamilton to be able to meet the needs of the community, particularly low income households, within increasingly expensive and inefficient substandard housing stock.

Overview of current housing stock

Data compiled from the City of Hamilton’s coordinated social housing waitlist shows that the demand for one bedroom homes is the greatest, followed by demand for large units of 3 bedrooms or more. The demand for one bedroom homes is driven, in part, by the number of households who have been deemed to be “over-housed” and thus, addressing the supply of one-bedroom units should have a positive impact on the waitlist. However, the following factors are impacting the need for a variety of unit types and sizes:

- Growing accessibility requirements;
- Reduced unit turnover as the senior populations chooses to age in place longer;
- Newcomer households, particularly those with traditionally larger families; and
- An increase in the number of single persons seeking rent-geared-to-income housing.

The current CHH stock does not fully meet the needs of the changing population. Although some retrofits can be made to some units, sufficient retrofits to the existing stock that can meet the growing needs are cost prohibitive due to age or condition of the housing.

Provincial Announcements

On March 14, 2016 the Province released an update of Ontario's Long-Term Affordable Housing Strategy. The updated Strategy is a comprehensive and ambitious plan that recognizes the interconnectedness of the Strategy with other provincial goals and plans such as ending homelessness, poverty reduction, improving mental health and improving addiction services. It has the potential to transform Ontario's affordable housing⁷ system.

The Strategy announcement includes additional funding commitments for housing, previously announced with the 2016 Provincial budget, legislative changes, and numerous other changes to the housing system. Implementation will involve increased co-ordination between government services and changes will be phased-in over time.

The Strategy has the potential to produce much needed new affordable housing, and initiate an overhaul of Ontario's housing system; however, the details are yet to be developed.

Funding Commitments

- \$100 million province-wide for additional and portable housing subsidies (rent subsidy paid to the tenant), as well as support services for those who need supports to remain housed. Over the long term, capital funding will support the construction of up to 1,500 new supportive housing units, with operating assistance eventually assisting up to 6,000 households
- more than \$17 million province-wide over three years to pilot a portable housing benefit specifically for survivors of domestic violence
- \$2.5 million dollars over three years to create an Innovation, Evidence and Capacity Building Fund to find innovative ways to deliver housing
- Additional funds for the Community Homelessness Prevention Initiative for the two years between 2017 and 2019: \$15 million, and \$30 million respectively

⁷ Affordable housing in this context is a broad term that encompasses the whole of the housing continuum from emergency shelters through to affordable home ownership.

- On May 25, 2016, the Province announced that, as part of the Climate Change Action Plan, the province would invest up to \$500M to retrofit social housing apartment buildings with energy efficient and renewable energy technologies.

Legislative and Policy Changes

1. Developing an Indigenous Housing Strategy

The Province has committed to developing a separate housing strategy in partnership with Indigenous organizations to address the unique and deeper housing challenges and needs of First Nation, Métis, and Inuit peoples.

2. Developing a Framework for Inclusionary Zoning

The Province has proposed legislation that would enable municipalities to establish inclusionary zoning (also known as inclusionary housing). Inclusionary zoning can require that certain new housing development proposals include a certain percentage of affordable units. Inclusionary zoning has the potential to create new units, either rental or ownership, that are moderately affordable. Though it can be part of the solution, inclusionary zoning on its own cannot address deep affordability and is but one tool to address affordable housing.

3. Reducing the complexity and cost of developing second units in homes

The Province is proposing to introduce legislation and regulatory amendments to reduce the complexity and cost of developing second units in homes. These changes have the potential to produce new affordable rental housing and could help Hamilton legalise some of our many illegal rental units.

4. A Stronger Supportive Housing System for Ontario

Supportive housing helps Ontarians with complex needs: seniors, people with physical and/or mental health issues, substance abuse issues, survivors of domestic violence, at-risk youth, and others. Many Hamilton residents have high supportive housing needs that are not necessarily being met in the current system. The Province will develop outcome-focused performance measures to better understand whether supportive housing programs are meeting people's needs. Over time there will be additional capital investments to support the construction of up to 1,500 new supportive housing units.

5. Developing a Framework for an Equitable, Simplified, and Portable Housing Benefit

The Province will develop a framework for an equitable, simplified, and portable housing benefit. A portable housing benefit is a subsidy that could be calculated based on income, but would be linked to people, instead of a specific housing unit, so people can choose where they want to

live. It will also simplify rent-geared-to income calculations and the administrative burden of the programs.

This initiative could significantly change how rent-geared-to-income housing is provided in Ontario. Such a system could provide more choice, flexibility, consistency and certainty for those in need of services, as well as Service Managers and housing providers.

6. Portable Housing Benefit for Survivors of Domestic Violence

There is a planned investment of more than \$17 million over three years for a pilot (in three communities) of portable housing benefits and supports specifically for survivors of domestic violence. Currently, survivors of domestic violence have priority access to rent geared-to-income housing. Under the pilot program, survivors will have the additional option of receiving a portable housing benefit so they can immediately find housing in the community of their choice. The Province will work with stakeholders and Service Managers on co-ordinated and integrated policy and program solutions to improve the system.

7. Modernizing Social Housing in Ontario

The Province, with the help of a steering committee, plans to introduce policy, legislative, and regulatory changes to:

- Better co-ordinate the existing legacy of social housing funding programs which are complex and administratively burdensome.
- Simplify rent-geared-to-income calculations to better align with other income-tested programs, such as social assistance, and reduce the disincentives to work inherent in the current program.
- Recognize new and innovative forms of municipal housing assistance that count as part of local service level standards, such as municipality funded housing allowance programs. This means less reliance on meeting those service level standards as part of the social housing portfolio, which is particularly important given Hamilton's aging social housing stock.
- Increase local flexibility to manage housing assets and meet local needs. This could mean an increased ability to provide Ministry or City consents to housing providers, allowing quicker responses to address local opportunities.
- Develop a voluntary accreditation system that encourages sector sustainability and high-quality tenant services.

8. Improved Co-ordination of System Access

Access to the current system of housing programs does not meet everyone's needs. The Province will work to improve co-ordination of the housing system with the systems of health, community services, children and youth, etc. This will make it easier for people to access a range of housing options to improve their housing stability. Service Managers will be better able to match people with housing needs to an appropriate form of assistance.

9. Strengthening the Non-Profit and Co-operative Housing Sector

The Province hopes to strengthen the role of the non-profit and co-operative housing sectors by developing voluntary accreditation standards, exploring legislative changes to give providers and municipalities more flexibility to access refinancing options, and providing more flexibility for service managers to make use of their building assets. Allowing greater options and reducing the rules that prevent the non-profit and co-operative housing sector from refinancing will help to address quality and capital repair issues, and promote regeneration. Regeneration and greater flexibility for managing targets allocations will contribute to a greater mix of income in housing projects.

10. Encouraging Small Landlords through Amendments to the Residential Tenancies Act

Small landlords play a significant role in providing affordable private market rental housing. Amendments to the *Residential Tenancies Act* will be considered to support small landlords.

2016 Federal Budget Housing Investments

On March 22, 2016 the Federal Government released its 2016 budget. After years of reductions in funding for housing, the Federal Government has committed to more than doubling its financial commitment to the sector. The budget proposes to invest \$2.3 billion over two years, starting in 2016-17 to address affordable housing and homelessness. Specific allocations include, over two years:

- \$504.4 million for the Investment in Affordable Housing Initiative, a doubling of the Federal commitment, which will in part fund the development of new affordable housing units
- \$200.7 to support the construction, repair and adaption of affordable housing for the older population
- \$573.0 million for supporting energy and water efficiency retrofits and renovations to existing social housing

- \$89.9 million for the creation or renovation of new shelter and transition beds for victims of violence
- \$111.8 million for tackling homelessness through the Homelessness Partnering Strategy
- \$742 million for First Nations, Inuit and northern housing

An additional \$30 million over two years will continue Federal social housing funding commitments that were due to end, until a different model can be found. A further \$208 million over five years will go to funding an "Affordable Rental Housing Innovation Fund" that would look at new affordable housing models. The government has also committed to consult on developing a National Housing Strategy, something the housing sector has been advocating about for a long time.

Municipal Comparisons

The sale of inefficient single and semi-detached units is a well-utilized strategy among housing providers through municipalities in Ontario. In October 2011, Toronto Community Housing Corporation began the process of selling of 872 single family homes within which the repairs were estimated to be nearing \$751M. CityHousing Hamilton has previously received approval to sell 88 single family homes. Other providers within Hamilton's portfolio are reviewing this strategy. Providers who are impacted by the expiration of federal operating agreements, are already taking this strategic action as a way of revitalizing portfolios without the necessity of the Service Manager or Minister's consent (or knowledge).

The strategies articulated in the environmental analysis speak to the modernization of Social Housing in Ontario. The plan to sell 100 single and semi-detached homes will provide the opportunity for CHH to work with Housing Services and other key partners to better align with these strategies.

Section

6

Alternatives

If CHH is unable to obtain Service Manager and/or Ministerial Consent for the proposed disposition and replacement of select CHH single and semi-detached housing units, the property management efficiencies and the potential for financial contributions to new affordable housing projects and partnership opportunities would not occur.

The proposed sale is one of several strategic directions and initiatives that CHH is pursuing, as a concerted effort to source additional funds and increase overall financial sustainability. If CHH has to fund the maintenance of the current single and semi-detached units, it would be necessary to consider the following alternatives:

- reduce overhead costs (either direct utility, operational or materials cost), and/or reduce administration costs (e.g. staffing) and/or improving occupancy rates (impact revenues);
- apply for property tax exemptions on properties that are outside of the Social Housing legislation;
- investigate the use of a Real Estate Investment Trust (REIT), Housing Bonds, Community Investment Funds and Social Impact Bonds;
- investigate restructuring its debt; and
- investigate changing its legal structure in order to attract investors.

There are currently 35 single and semi-detached homes that require extensive repair before these could be suitable for occupancy. One alternative option could be to transfer these homes at no or minimal costs to community-based housing stakeholders such as Habitat for Humanity or Threshold School of Building who are seeking "as is" dwellings to support their activities. This would not result in sufficient revenue but would ease the administration and minimal maintenance costs. This would only involve a minimal number of units and would not address the continuing pressures of operating 479 single and semi-detached units.

Section

7

Cost/Benefit Analysis

Current Cost Considerations

CHH analyzed its entire asset portfolio to reflect budget revenue and category expenses. The results of the analysis resulted in three categories of assets:

GOOD Performers

- Portfolio leaders
- Doing well
- High returns

FAIR Performers

- Good revenue producers
- Little return
- Challenge to maintain

POOR Performers

- Poor value
- Risky

Approximately 65% of the POOR Performers are singles and semis. The 35 units (Appendix B) currently vacant and available to sell are all rated as "poor performers".

The estimated annual cost of maintenance of these 100 units is \$350,000. If we look at the Building Condition Assessments for the 35 units, these units require an estimated \$3M in repairs over the next 25 years. If we extrapolate this number to 100 the cost of repairs would be around \$9M. In addition, because of the scattered nature of these properties, they are not as efficient to operate and require more staff time and resources.

Benefit Analysis

Conservatively, based on the assessed values from the Municipal Property Assessment Corporation, the current market value of 100 units would be around is \$20M. This funding would be reinvested into the Sold Units Investment Fund reserve, which currently has a balance of approximately \$1.6M. Funds from the reserve would be reinvested into future development of social housing projects to replace the 100 units sold, in accordance with the following principles:

- Leveraging other redevelopment opportunities and studies currently underway;

- Conducting a needs and location demand analysis based on demographic information determined from the City of Hamilton's centralized waitlist;
- Taking advantage of surplus land opportunities; and
- Creating housing that stewards energy efficiency, sustainable building practices and operational economies of scale.

The estimated net revenue from the sale of the 100 units is \$20M.

It is anticipated that the cost of replacing the 100 units will be from \$25M to \$30M and could result in up to \$75,000 in annual maintenance and energy savings, which can be reinvested back into the larger portfolio.

Section

8

Implementation

The implementation plan for the sale of 100 singles and semi-detached units will take several years to complete. In considering the previous sale of 88 units took 3 years, it can be expected that this will be a 4 to 5 year project. It is expected that the sale of the 35 units that are currently vacant will take 6 months.

It will be important to identify a lead staff person at CHH to ensure the project stays on track. CHH is currently hiring a Senior Development Project Manager and it will be the responsibility of this individual to manage and direct this project. Other key staff support at CHH will come from the Chief Executive Officer, Chief Financial Officer, Manager of Maintenance, and Manager of Tenant Engagement and Support Services.

It is anticipated that other City staff resources will be asked to contribute their expertise to this project. This could include areas such as Communications, Finance, Legal and Real Estate.

More specifically, the Real Estate division will play a lead role in the disposition of the units. The Real Estate team has been assisting CHH with identifying the market value of the units that are currently vacant.

As it relates to the sale of homes to current tenants and first time home owners, CHH will work with Housing Services to determine the opportunities and incentives that exist in the Housing Sector that can be made available to individuals and their families. As well, opportunities will be explored with organizations such as Habitat for Humanity to garner their interest in acquiring properties that are identified for sale.

Beyond the specific work of the sale of singles and semi-detached units, is the consideration for replacement of the units. CHH wants to strategically consider how to best replace these units taking into consideration the factors outlined below:

- Leveraging other redevelopment opportunities and studies currently underway;
- Conducting a needs and location demand analysis based on demographic information determined from the City of Hamilton's centralized waitlist;
- Maintain Service levels and locate housing to best meet the needs of communities throughout Hamilton (i.e. bedroom size, diversity)

- Intensification of the lands which are currently underutilized to meet housing needs;
- Taking advantage of surplus land opportunities;
- Incorporate units taking into consideration barrier free design to the City's BFD Guidelines; and
- Designing housing that stewards energy efficiency, sustainable building practices and operational economies of scale.

CHH will have the experience from the past undertaking of selling 88 single and the knowledge from other housing providers who have sold these types of units to guide the sale of 100 single and semi-detached units. Concurrent with the sale of these units will be the development and execution of a plan to create new affordable housing that best meets the social housing needs in the City of Hamilton.

Section

9

Conclusion

CHH is requesting approval for the sale of 100 single and semi-detached homes. There are currently 35 units that are vacant and could be immediately sold. The balance of the units would be sold as they are vacated and meet the criteria for sale. There would be no net loss of rental housing stock in the community and there would be no displacement of current residents throughout this process.

The sale of these units is one component in the asset renewal strategy at CHH. It is imperative that CHH recognizes the requirement for unique and innovative approaches to renewing the social housing infrastructure in the City of Hamilton. This cannot be done as a single entity, but must be done in concert with other experts and organizations to achieve optimal outcomes.

In planning the replacement units, consideration will be given to housing needs across the entire City (i.e. type of units, location, density, and design). Once again, this planning will be undertaken in working with organizations such as Housing Services and other local housing providers. Selling 100 single and semi-detached homes will provide the opportunity to create more suitable and sustainable units for CHH and the City of Hamilton.

DISPOSITION AND REPLACEMENT OF UNITS

APPENDIX A

CERTIFIED COPY OF A RESOLUTION OF THE BOARD OF DIRECTORS
OF CITYHOUSING HAMILTON CORPORATION
(the "Corporation")

"Application for Ministerial Consent for the Sale,
Disposition and/or Re-Development of Properties

WHEREAS in 2011, the Corporation completed Building Condition Assessments and Replacement and Reserve studies of all of its properties;

AND WHEREAS a review of such studies has led to the development of an Asset Plan for the Corporation;

AND WHEREAS two of the Corporation's social housing developments have been identified for regeneration or disposition based on the age of such developments, capital requirements over the next five years, energy conservation considerations, changing needs of tenants and demographics. In addition, one hundred single and semi-detached housing units have been identified for sale;

BE IT RESOLVED THAT:

1. The Corporation make Application to the Ministry of Housing for Ministerial Consent for the sale, disposition and/or redevelopment of the following properties of the Corporation:
 - (a) the Jamesville Community consisting of a 92 unit townhouse development located on a 5.4 acre parcel between James Street North, MacNab Street North, Ferrie and Stachan Streets (Phase I), and a 16 unit community located at 499 James Street North and Picton Street (Phase II);
 - (b) 500 MacNab Street North, being a 16 storey apartment complex containing 146 units; and
 - (c) the sale of up to a maximum of 100 single or semi-detached homes located throughout the City of Hamilton, with the majority of such units located on the Hamilton Mountain and also in the vicinity of Red Hill Creek in the east end of the lower City.

2. In connection with such Application for Ministerial Consent, management is hereby directed to obtain real estate appraisals of the subject properties and environmental assessments as may be required and generally to take all such actions and steps as may be required in support and furtherance of such Application for Ministerial Consent."

The undersigned, being the Chief Executive Officer of the Corporation, certifies on behalf of the Corporation that the foregoing is a true and complete copy of a resolution passed by the directors of the Corporation on May 30, 2013, and that the same remains in full force and effect.

Dated the 17 day of June, 2013.

APPENDIX B (35 Vacant Units)

Code	Unit #	Street	# Bedrooms	Single/Semi-1/2	Remaining Debenture/Mortgage Value	Neighbourhood
A-01-E	18	Airdrie Avenue	3	Single	\$0	McQuesten West
A-01-E	4	Bingham Road	3	Half	\$0	McQuesten West
A-01-E	10	Bingham Road	2	Single	\$0	McQuesten West
A-01-E	59	Bingham Road	3	Half	\$0	McQuesten West
A-01-E	4	Blair Avenue	3	Single	\$0	McQuesten West
A-01-E	48	Blair Avenue	3	Half	\$0	McQuesten West
A-01-E	25	Eastvale Place	3	Half	\$0	McQuesten West
A-01-E	21	Eaton Place	3	Single	\$0	McQuesten West
A-01-E	33	Eaton Place	3	Single	\$0	McQuesten West
A-01-E	64	Eaton Place	3	Half	\$0	McQuesten West
A-01-E	68	Eaton Place	3	Half	\$0	McQuesten West
A-01-E	17	Grimsby Avenue	3	Single	\$0	McQuesten West
A-01-E	27	Grimsby Avenue	3	Half	\$0	McQuesten West
A-01-E	4	Martha Street	3	Half	\$0	McQuesten West
A-01-E	71	Martha Street	3	Single	\$0	McQuesten West
A-01-E	89	Martha Street	3	Half	\$0	McQuesten West
A-01-E	15	Sumach Street	3	Single	\$0	McQuesten East
A-01-E	34	Sumach Street	3	Half	\$0	McQuesten East
A-03-E	685	Britannia Avenue	4	Half	\$0	McQuesten West
A-03-E	686	Britannia Avenue	3	Half	\$0	McQuesten West
A-03-E	689	Britannia Avenue	4	Half	\$0	McQuesten West
A-03-E	752	Britannia Avenue	3	Half	\$0	McQuesten West
A-10-C	180	Tragina Avenue North	3	Single	\$0	Berrisfield
A-15-C	94	Rand Street	3	Single	\$0	Satellite City
B-01-E	385	Catherine Street North	5	Single	\$0	North End East
B-01-E	523	Catherine Street North	6	Single	\$0	North End East
C-02-E	373	East 23rd Street	3	Half	\$0	Burkholme
C-02-E	305	East 24th Street	3	Half	\$0	Burkholme

DISPOSITION AND REPLACEMENT OF UNITS

C-02-E	641	Upper Wentworth Street	3	Half	\$0	Burkholme
C-09-C	14	Bogart Court	4	Half	\$0	Lisgar
C-11-C	49	Bellingham Drive	5	Single	\$0	Lawfield
C-11-C	62	Berko Avenue	4	Single	\$0	Lawfield
C-11-C	82	Palmer Road	4	Single	\$0	Berrisfield
C-17-C	211	Rexford Drive	3	Half	\$0	Randall
C-18-C	12	Lisa Court	3	Single	\$0	Lawfield

HFD Standardized Equipment, Parts/Supplies and Services.

Vendors and Equipment	Description of Equipment/Supplies and Services	Single Source Possibility	Vendor/Procurement Policy
MSA Thermal Imaging Cameras (TIC)	Thermal Imaging Cameras (TIC) are used at emergency incidents to assist in rescue efforts by finding trapped persons in smoke filled environments. Additionally, TICs are highly effective in finding hidden fires in walls, thus reducing property damage and minimizing the potential for rekindles in the involved structure. Evolution 6000+ or newer versions here-in.	no	RFQ or RFT
CMC Rescue Equipment - High Angle Rope Rescue (HARR)	manufactured specialty rescue equipment for High Angle Rope Rescues (HARR) (carabiners, racks, pulleys, ascenders, harnesses, etc.)	yes	Ferno Canada Inc.
Petzl HARR Equipment	manufactured specialty rescue equipment for HARR (Rescucender, rope rescue gloves, helmets, headlamps, etc.)	yes	Ferno Canada Inc.
Hale Fire Pumps	pumps and parts - naming Original Manufacturer (OEM) through the procurement process. These pumps have been in service with HFD since 1984 ensuring mechanical understanding of pump design and repair	no	RFQ or RFT
Akron Valves and Nozzles	manufactured valves and nozzles plus associated parts - naming Original Manufacturer (OEM) - in service with HFD since 1990	no	RFQ or RFT
Industrial Scientific Gas Detection	manufactured gas monitors - provider of gas detection for Hazmat and confined space.	no	RFQ or RFT
Hurst Power Products - auto extrication equipment	manufactured e-draulic power equipment for auto extrication (batteries, spreaders, cutters, rams, air lifting bags, and accessories)	yes	Code 4 Fire & Rescue Inc.
Portacount - fit tester for Breathing Apparatus and Protective Masks	manufacturer's standard for quantitative face fit testing for breathing apparatus and protective masks	no	RFQ or RFT
Schlagle Security Locks	manufacturer's standard - since amalgamation - specially designed system for Hamilton Emergency Services - parts and services	yes	Binns Lock and Key Centre
Padgenite Tiles	manufactured insulated panels for the life fire training complex/building	yes	WHP TrainingTowers.com
Ventilation and Rescue Saws	various manufactured powered saws and accessories for fire suppression rescue activities namely Cutters Edge Ventilation Saws and Cutters Edge Rescue Saws	yes	M&L Supply, Fire & Safety
Scott Safety - Self Contained Breathing Apparatus and Equipment	various manufactured face pieces, packs (complete units), compressor servicing, air quality sampling, cylinders and accessories by Scott Aviation	no	RFQ or RFT
Nederman Canada vehicle exhaust systems	manufactured at source vehicle exhaust systems, parts and services	yes	Nederman Canada Limited