



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	January 22, 2018
SUBJECT/REPORT NO:	Urban Native Homes Incorporated – Management Plan Update (CES16024(a)) (Wards 2,3,4,6,7 and 9)
WARD(S) AFFECTED:	Wards 2,3,4,6,7 and 9
PREPARED BY:	Adam Sweedland 905-546-2424 Ext. 1782
SUBMITTED BY:	Vicki Woodcox Acting Director, Housing Services Division Community and Emergency Services
SIGNATURE:	

RECOMMENDATION

- (a) That Council, in its capacity as Service Manager under the *Housing Services Act, 2011*, approve the request of Urban Native Homes Incorporated to transfer ownership and operation of its social housing assets to Ontario Aboriginal Housing Services, as set out in the Resolution of the Board of Directors of Urban Native Homes Incorporated, attached as Appendix A to Report CES16024(a);
- (b) That the General Manager of Community and Emergency Services Department or his designate be authorized and directed to execute a new operating agreement with Ontario Aboriginal Housing Services, in a form satisfactory to the City Solicitor, that reflects the change of ownership and operation of the former Urban Native Homes social housing portfolio and subsidy allocation, including participation in existing rent supplement programs, as summarized in Appendix B to Report CES16024(a);
- (c) That the General Manager of Community and Emergency Services Department correspond with the Minister of Housing, and request that the transfer of social housing assets be exempt from land transfer taxes, in accordance with the provisions of the *Housing Services Act, 2011* and forward a copy of Council's resolution approving Recommendation (a) of Report CES16024(a) to the Ministry of Housing, as notification of:
 - (i) the transfer of ownership and operation of the social housing assets, as required under the *Housing Services Act, 2011*; and,

- (ii) confirmation that, upon completion of the transfer of ownership and operations, Urban Native Homes' "project in difficulty" designation is no longer in effect; and,
- (d) That the General Manager of Community and Emergency Services Department or his designate be authorized and directed to provide any approvals or execute any documents, in a form satisfactory to the City Solicitor, as may be necessary, to assist in the winding-down of Urban Native Homes Incorporated as an independent non-profit corporation.

EXECUTIVE SUMMARY

Urban Native Homes Incorporated ("UNH") is a non-profit social housing provider that provides housing which is responsive and culturally sensitive to the Indigenous community. UNH serves a diverse client base that also includes non-Indigenous tenants and newcomers. UNH also plays a role in homelessness prevention for the Indigenous community and provides important housing related supports. Its portfolio includes 242 units of housing and support services provided under various programs funded by the City, the federal and provincial governments and other charitable organizations.

Notice was given to the Province and UNH on April 4, 2016 that UNH met the definition of a "project-in-difficulty" under the *Housing Services Act, 2011* (the "Act") and that the City, in its capacity as Service Manager under the Act, would exercise remedies to help restore stability to the organization and preserve the housing assets of UNH, pending development of a long term plan for UNH.

The first remedy was to appoint a new Board of Directors ("UNH Board") which met for the first time on April 6, 2016. Board members are volunteers and are to be commended for their time, expertise and dedication. Since its appointment, the UNH Board has provided corporate decision making power, as well as day-to-day operational support, thereby maintaining UNH's operations and avoiding potential liability.

On April 27, 2016, Council approved Item 12 of Emergency & Community Services Report 16-004 (Report CES16024) which updated Council on UNH and included the following recommendation:

"That Housing Services' Division staff be directed and authorized to request a proposal for services and/or a portfolio transfer plan from Ontario Aboriginal Housing Services for the consideration of the Service Manager."

Ontario Aboriginal Housing Services ("OAHS") is a province-wide organization with significant experience in delivering safe and affordable housing to the urban and rural Indigenous community. OAHS has a vision to lead the design, development and delivery of a sustainable and culturally appropriate continuum of housing. It has a

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growing presence as a housing provider throughout Ontario, including Brantford, Haldimand-Norfolk, Peterborough, St. Catharines and London. It operates 1,986 units of housing across the province and maintains its own centralized wait list system.

OAHS is also the designated administrator for provincial and federal funding programs for affordable housing programs for the Indigenous community including new rental construction, home ownership programs and home repair programs which OAHS has branded as its “FIMUR” funding programs (“First Nations, Inuit, Metis, Urban and Rural”). Through FIMUR, OAHS has already made significant investment in Hamilton through funding to the Native Women’s Centre, Sacajawea Non-Profit Housing and Urban Native Homes. OAHS is also working closely with the province on the development of the Province’s Indigenous Housing Strategy.

Housing Services’ staff and the UNH Board have met several times with OAHS to discuss the role it might play in the administration of the overall UNH portfolio. As part of these discussions, important themes were raised, discussed and negotiated to ensure that:

- the housing assets for Indigenous people in Hamilton would be preserved and improved, and potentially increased over time;
- the existing housing and homelessness supports for current and future tenants would be maintained and delivered;
- all existing debt, including mortgage debt and obligations, incurred by UNH, would be assumed by OAHS;
- OAHS implement a plan to engage and work with local Indigenous people, current and future tenants, and other organizations that serve Indigenous people in Hamilton to help inform and guide decision making and continuous improvement for its Hamilton operations;
- OAHS develop and implement a plan to honour the legacy, name and founders of Urban Native Homes Incorporated as one of the original organizations established by and for Indigenous people in Hamilton; and,
- OAHS establish a local office in Hamilton and actively work to employ Indigenous people from the Hamilton area to support the ongoing delivery of culturally appropriate and sensitive housing options and supports.

Having satisfied itself on these items, the Board of Directors has unanimously approved the transfer of the assets of UNH, subject to consent from the City, in its capacity as Service Manager. Service Manager consent is a requirement under the Act for the transfer of social housing assets. The social housing assets which are specifically subject to provisions of the Act include:

- 153 individual properties (units range in age from 70 to 100 years); and,

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- *Kenatah* - 52 townhouse units (constructed in 1995).

These projects will continue to be subject to the Act and the City will continue to provide the subsidy for these properties to OAHS pursuant to the requirements of the Act and a new operating agreement between the City and OAHS.

There are additional housing assets not operated subject to the Act and, as such, do not require the consent of the Service Manager for the transfer. However, the City administers provincially and federally funded rent supplement and housing allowances for tenants in these housing projects.

The proposed date for the completion of the transfer is April 1, 2018. Housing Services' staff will continue to support the UNH Board and OAHS throughout the transition to ensure that the 242 housing units and support services are operated in a continuous, responsible manner that not only respects the needs of the Indigenous community but causes no impact to the health, safety or enjoyment of its tenants.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications related to Report CES16024(a).

Staffing: There are no staffing implications related to Report CES16024(a).

Legal: Legal Services will assist in the preparation of the operating agreement between the City of Hamilton and Ontario Aboriginal Housing Services.

HISTORICAL BACKGROUND

Urban Native Homes Incorporated (UNH) is a non-profit social housing provider that provides housing that is responsive and culturally sensitive to the housing needs of the Indigenous people. The organization serves a diverse client base that also includes non-Indigenous tenants and newcomers. It plays an important role in Hamilton's social housing portfolio as one of only two providers in Hamilton with a specific mandate to serve the needs of the Indigenous community in Hamilton. In addition, it plays a role in homelessness prevention for Indigenous people in Hamilton and provides housing related supports.

UNH owns and operates four types of housing units. Its social housing assets, which are specifically subject to provisions of the *Housing Services Act, 2011* (the "Act"), include:

- 153 individual properties throughout Wards 2,3,4,6 and 7; and,

- *Kenatah* - 52 townhouse units located at 229 Candlewood in Ward 9.

UNH also operates the following housing for which the City administers provincially and federally funded rent subsidy assistance:

- *Koo gaa da win Manitou* - 25 apartment units at 42 Mary Street in Ward 2, specifically for seniors; and
- *Odro he>k ta>* - 8 units for single men referred through the Aboriginal Health Centre's Homeward Bound program at 10 Kenilworth in Ward 4.

Residents in these non-social housing properties also receive various housing related supports. To provide supports to the *Koo gaa da win Manitou* residents, UNH receives approximately \$245K annually from the Hamilton Niagara Haldimand Brant Local Health Integration Network. UNH also receives annual funding of approximately \$114K until March 2019 through the Homelessness Partnering Strategy to provide social work support and cultural programming to the residents at *Odro he>k ta>*.

Housing Services' Division staff conducts Operational Reviews of the City's social housing providers every three years. Operational Reviews are an important process to monitor compliance with legislative and policy requirements and identify opportunities for organizational efficiencies and improvements. An Operational Review of UNH was completed in 2013 which resulted in a number of directions requiring compliance by June 2014. UNH did not respond to the directions or any attempts to follow up.

In early 2015, a new Acting Executive Director was hired and began to try to respond to the outstanding directions and recommendations. At this point it had become difficult, and in some cases, impossible, to provide a full response because of the time that had passed. There were new issues of particular concern to the City that were then identified, as outlined below.

Inability to submit an Annual Information Return

The Act requires that housing providers submit an Annual Information Return within five months following their fiscal year end for their housing projects which are subject to the Act. UNH's fiscal year end is March 31. As a result of staff turnover, changes on the Board of Directors and a change in accounting software, UNH management acknowledged that it would be unable to complete its audited financial statements, which is required as part of the annual reporting requirement. This would contravene subsection 80(1) of the Act.

Failure to obtain Service Manager Approval and Ministerial Consent

The Act also requires that a housing provider obtain Service Manager approval and, at that time, Ministerial Consent, to mortgage social housing projects. In September 2014, UNH negotiated and authorized a private second mortgage against four of its social

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housing properties without the knowledge or approval of the Service Manager and without obtaining Ministerial Consent (a process administered by the Service Manager). The mortgaged social housing properties were subject to an operating agreement with the Canada Mortgage and Housing Corporation (“CMHC”) and the second mortgage constituted a violation of that agreement. This contravened subsection 162(2) of the Act.

The additional mortgage payment was not calculated into UNH’s legislated subsidy from the City and, effectively, UNH did not have sufficient additional revenue available to cover this payment. This put UNH at risk of defaulting on the mortgages and left no alternative option but to sell these four social housing properties. The Service Manager worked with the Province and CMHC to obtain the necessary permission for UNH to sell the properties and pay out the mortgages.

The four properties collectively contained five units that were inhabited. All five families were able to be relocated and accommodated within UNH’s remaining housing stock and their subsidies were not impacted. However, this has caused the City to lose five subsidized units of housing.

2016 Operational Review

In January, 2016, the new UNH Acting Executive Director met with the City to review the impact of UNH’s operational problems. Despite her attempts to mitigate operational problems, the new Acting Executive Director asked the City to take purposeful action to help stabilize and secure the long term success of the organization.

The Service Manager completed an updated Operational Review in February 2016. The 2016 Operational Review confirmed that the culmination of the outstanding issues were likely to cause further hardship to the organization and render it unable to fulfil its obligations under the Act. Before the 2016 Operational Review was even finalized, two Board members resigned rendering the Board unable to achieve quorum and unable to effect organizational decision making.

On April 4, 2016, Housing Services’ staff forwarded notice to the Province and UNH advising that UNH had failed or was unable to comply with substantial obligations under the Act and, as a result, had caused a number of triggering events under section 83 of the Act. This decision was undertaken following consultation with UNH management and other stakeholders and the notice included a management plan which, among other things, set out a course of action for stabilizing UNH on a short term and establishing action items to position a longer term solution.

Since that time, Housing Services staff has been working closely with the new UNH Board of Directors (the “UNH Board”) to maintain stability for UNH as a legal entity and help support the UNH management and staff deliver housing and related supports to its tenants, as well as protect the housing assets. Specifically, this has included:

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- Providing governance support to the UNH Board and attending each board meeting;
- Working with the UNH Board and UNH management to address issues identified in an Operational Review conducted in January, 2016; and,
- Providing assistance and direction to UNH management and staff, as needed, in maintaining day-to-day operations.

In addition, as directed in Report CES16024, Housing Services' staff worked with the UNH Board to solicit a plan from Ontario Aboriginal Housing Services (OAHS) with respect to options it could provide to UNH to support a longer term plan to preserve the housing assets for Indigenous people living in Hamilton.

Staff and the UNH Board consulted with the Hamilton Executive Directors' Aboriginal Coalition (HEDAC) regarding the possibility of a transfer of the UNH portfolio to OAHS. HEDAC subsequently provided a letter of support for the transfer and a request to work with OAHS, the UNH Board and the City throughout the transfer process.

On November 6, 2017, the UNH Board voted unanimously to support a motion to negotiate the transfer of the housing portfolio to OAHS and included the following considerations.

Independent Review of UNH by OAHS

The UNH Board wanted OAHS to have full access to UNH records in order to ensure the transfer plan captured all considerations, including staffing. OAHS worked with UNH management and staff to complete an organizational review in November, 2017.

Tenant Consultation/Communication Strategy

The UNH Board requested that OAHS engage and consult the tenants and members of the Indigenous community. Housing Services' staff, the UNH Board and OAHS arranged four separate information sessions on December 11 and 12, 2017 to meet with tenants, hear their stories and enable OAHS' to share its intentions and background. Sessions were held at each housing location or in an appropriate sized venue as close as possible.

Engaging and working with the local Indigenous Community

The UNH Board requested that OAHS engage and work with HEDAC and other local Indigenous organizations before, during and after any transfer to OAHS to ensure a collaborative approach to the transition and ongoing service provision. OAHS already has established relationships with many local Indigenous organizations as a funding agency. It began meeting with HEDAC, together with the UNH Board and Service Manager, in September.

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Honouring the legacy of Urban Native Homes Inc.

UNH is one of the original organizations, founded in 1979, to provide housing for Indigenous people living off reserve in Hamilton. The UNH Board requested that OAHS include a proposal to preserve the name and history of UNH to honour and recognize the contribution of the organization and the members, directors and staff (past and present) to Indigenous people living in Hamilton. OAHS agreed to distinctly name its Hamilton operations to identify UNH.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Housing Services Act, 2011

UNH's social housing assets were part of the housing programs transferred to the City in 2001 and subject to the *Housing Services Act, 2011*. This Act requires the City to fund these social housing projects in accordance with the legislation and requires the City, as Service Manager, to provide its consent to the transfer of any housing assets. This Act also establishes the criteria by which Urban Native Homes was deemed to be a "project in difficulty" and the remedies through which the Housing Services Division worked with the UNH Board to determine its preferred long term plan.

RELEVANT CONSULTATION

Residents of Urban Native Homes

Housing Services' staff and the UNH Board regularly considered the feedback obtained from the residents living in UNH properties throughout the process. This feedback was obtained from several sources:

- feedback or issues received by Housing Services' staff from residents directly or those referred through elected officials, UNH staff and community organizations;
- one-on-one conversations between UNH residents and the UNH Board;
- a healing circle, facilitated by the Hamilton Community Legal Clinic, with UNH Board representatives, City staff and a group of tenants; and,
- four specific information sessions held in December, 2017.

Resident feedback related primarily to issues of maintenance, communication and maintaining culturally appropriate programming and services.

Management and Staff of Urban Native Homes

Housing Services' staff and the UNH Board consulted extensively with UNH management and staff to understand the issues and ensure that the transfer of the housing portfolio to OAHS addressed the needs and challenges identified by management and staff.

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Hamilton Executive Directors' Aboriginal Coalition (HEDAC)

HEDAC is comprised of the executive directors of multiple, key organizations in Hamilton that serve or support Indigenous people in Hamilton. The UNH Board, OAHS, and Housing Services' staff met with the HEDAC to share the challenges that UNH was facing and discuss plans for a possible transfer of UNH's housing portfolio to OAHS. HEDAC provided important feedback and insight on how the current operations of UNH were impacting other organizations and, as such, has provided support for the transfer to OAHS. HEDAC has also agreed to continue to work with OAHS and the City before, during and after the transfer to support collaborative services for Indigenous people in Hamilton.

Ontario Aboriginal Housing Services (OAHS)

OAHS staff met with Housing Services' staff and the UNH Board on several occasions as part of the discussions and negotiations resulting in the UNH Board's approval of the transfer and request for Service Manager consent.

Ministry of Housing

Staff from the Ministry of Housing were involved in the discussions leading up to the notice and have been regularly updated and apprised of the situation with UNH and the Service Manager's proposal to protect the housing assets. Ministry of Housing staff provided comments on the recommendations in Report CES16024(a) regarding the exemption of land transfer taxes which have been incorporated.

Neighbourhood and Community Initiatives Division

The Senior Project Manager responsible for the City's Urban Indigenous Strategy and participated and assisted in engagement and consultation activities with tenants and community organizations providing services to Indigenous people in Hamilton.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

UNH management originally initiated the discussion between Housing Services' staff and Ontario Aboriginal Housing Services ("OAHS") about its ability to potentially play a role in the administration of the UNH portfolio. Housing Services' staff then worked with the UNH Board and management and OAHS to discuss and review options to best utilize the skills and resources that OAHS and its staff could bring to UNH and the City of Hamilton's broader social housing system.

OAHS was incorporated in 1994 following the recommendations of a steering committee comprised of members of organizations that served the housing needs for First Nations, Métis and Inuit People not living on reserve lands and the Ministry of Housing. It has a mandate to provide safe and affordable housing to the urban and rural Indigenous community with a vision to lead the design, development and delivery of a

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sustainable and culturally appropriate continuum of housing that promotes excellence in the community and organization infrastructures. It has a growing presence as a housing provider throughout Ontario, including Brantford, Haldimand-Norfolk, St. Catharines and London.

OAHS is a well-resourced organization with experience in delivering housing and support services to the Indigenous community throughout Ontario. OAHS currently owns and operates 1,986 units of housing. It is well positioned to achieve improved economies of scale and make strategic and informed investments and decisions that can address the capital repair and maintenance pressures with UNH's aging housing stock.

In addition, OAHS is already invested in UNH's housing portfolio as a secured funder of the Odro he>k ta> men's residence and the building in which it is situated at 10-20 Kenilworth Avenue North. OAHS has confirmed that it intends to make immediate investments into completing and improving the exterior appearance of this property, as well as interior repairs aimed to improve the functionality of the commercial space and the conditions for the men currently living in the eight residential units.

OAHS submitted a draft transfer plan for the UNH Board's consideration in June 2016. UNH reviewed the plan with its corporate solicitor, UNH management and Housing Services' staff. The UNH Board recognized that there are strong feelings about Urban Native Homes in the community and, accordingly, sought commitments from OAHS to:

- continue to honour the legacy and history of UNH;
- engage and work with residents, other Indigenous community organizations, and the broader local social housing sector;
- employ existing UNH staff, as reasonably possible;
- create and maintain a local presence; and,
- maintain the existing support services for UNH residents.

OAHS agreed and provided these commitments to the UNH Board. OAHS confirmed it intends to establish a regional office in Hamilton and a local Indigenous housing committee. It expects this model will result in significant portfolio enhancement and growth, better living conditions for UNH residents and, through an experienced communications team, better information and communication to residents, staff and the broader community.

With this feedback from OAHS, Housing Services' staff encouraged the UNH Board to make a decision about the future of UNH by considering all options, including returning the organization to a self-sufficient and self-governed organization. The UNH Board considered the feedback from UNH staff, tenants and community members, the

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mounting maintenance and capital repair pressures and the capacity of other local Indigenous organizations to assist UNH.

The UNH Board ultimately determined that OAHS would bring significant added benefits to the UNH housing portfolio, the broader housing system in Hamilton and improve and grow the housing options for Indigenous people living in Hamilton. Accordingly, the Board of Directors unanimously approved the transfer of its housing assets, subject to consent from the City, in its capacity as Service Manager. Service Manager consent is a requirement under the *Housing Services Act, 2011* (the “Act”) for the transfer of social housing assets. The social housing assets which are specifically subject to provisions of the Act include:

- 153 individual properties (units range in age from 70 to 100 years) located in Wards 2,3,4,6 and 7; and
- *Kenatah* – a 52 unit townhouse complex located in Ward 9 (constructed in 1995).

These projects will continue to be subject to the Act and the City will continue to provide the subsidy for these properties to OAHS pursuant to the requirements of the *Act*.

UNH has other housing assets not operated subject to the Act and, as such, the transfer of these assets does not require the consent of the Service Manager. However, the City administers provincially and federally funded rent supplements for residents in this properties.

The proposed date for the completion of the transfer is April 1, 2018. Throughout the transfer process, Housing Services’ will support the UNH Board and OAHS to ensure that the 242 housing units and support services are operated in a continuous, responsible manner that not only respects the needs of the Indigenous community but causes no impact to the health, safety or enjoyment of its tenants.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

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

Healthy and Safe Communities

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

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Built Environment and Infrastructure

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

Culture and Diversity

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES16024(a): Resolution of the Board of Directors of Urban Native Homes Incorporated dated November 6, 2017.

Appendix B to Report CES16024(a): Summary of Urban Native Homes Incorporated Housing Type and Subsidy.