



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Healthy and Safe Communities Committee
COMMITTEE DATE:	Feb 26, 2018
SUBJECT/REPORT NO:	Good Shepherd Non Profit Homes Inc. – Request for Service Manager Consent to Sell Units (HSC18002) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Angela Ramsey 905-546-2424 ext. 7373 Adam Sweedland 905-546-2424 ext. 1782
SUBMITTED BY:	Vicki Woodcox Acting Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION

- (a) That Council, in its capacity as Service Manager under the *Housing Services Act, 2011*, approve the request of Good Shepherd Non-Profit Homes Inc. to sell two properties comprised of nine housing units, subject to the following condition:
 - (i) that the sale proceeds be reinvested towards an infill development at 19 Patterson Street to create 26 one bedroom units of affordable rental housing with 13 units being constructed to the accessibility standards set out in the City’s Barrier Free Guidelines;
- (b) That the General Manager of Healthy and Safe Communities Department or his designate be authorized and directed to use the existing rent subsidy portion of the nine units proposed for sale to create nine new portable rent supplements to be administered by Good Shepherd Non-Profit Homes Inc.; and,
- (c) That the General Manager of Healthy and Safe Communities Department or his designate be authorized and directed to execute a new rent supplement agreement with Good Shepherd Non-Profit Homes Inc., satisfactory to the City Solicitor, that reflects the change to its housing portfolio and subsidy allocation, as set out in Report HSC18002.

EXECUTIVE SUMMARY

Good Shepherd Non-Profit Homes Inc. (“Good Shepherd”) is requesting Service Manager consent to sell two properties, comprised of 9 units, operated pursuant to the *Housing Services Act, 2011* (the “Act”). The sale of these properties requires the City of Hamilton’s consent to sell, in its capacity as Service Manager under the Act. These units were constructed in the early 1900s and although the units have been maintained, they show signs of heavy use and building materials indicative of that period. These properties are located at 320 John Street North (four units) and 131-139 Simcoe Street East (five units) within Ward 2.

Good Shepherd has entered into an agreement to sell the property at 320 John Street North on April 24, 2019, conditional upon obtaining the consent of the City, as Service Manager. The property at 131-139 Simcoe Street East will be retained and operated as “status quo” for the time being but will be sold at a later date to be determined. Good Shepherd is required to replace the units of housing at the same level of affordability (rent-geared-to-income) and ensure tenants are appropriately supported through any relocation.

Good Shepherd has committed to ensuring that no household is displaced as a result of sale of the units and they will work collaboratively with the current households to secure good quality, safe and appropriate housing in an area of their choice within the City of Hamilton. Good Shepherd leases multiple units with several other private and non-profit housing landlords in the City and will expand those leases as necessary to support the transition. To this end, Good Shepherd has requested that the City agree to transfer the current rent subsidy to Good Shepherd’s rent supplement allocation to support nine households and maintain the current service level. The nine households currently occupying these units will be prioritized, unless units become vacant through attrition.

The revenues generated from the sale are required to be reinvested into the development of new affordable rental units. Good Shepherd has a history of developing affordable rental housing that provides deep levels of affordability and meets other needs within the broader housing system, such as accessibility and unit size. In this case, Good Shepherd proposes to reinvest the proceeds from the sale of these properties to support the infill development of affordable supportive housing at 19 Patterson Street, also in Ward 2. This development will result in 26 one bedroom units of affordable housing targeted at women who have a history of experiencing chronic homelessness and accessing the shelter system. This development will result in a net increase to Good Shepherd’s housing stock of 26 one bedroom units, of which 13 will be fully accessible. This development is also expected to be more cost effective to operate than the current aging stock.

Alternatives for Consideration – Not Applicable

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications associated with the recommendations in Report HSC18002.

Staffing: There are no staffing implications associated with the recommendations in Report HSC18002.

Legal: The Legal Services Division will assist in preparing the new rent supplement agreement with Good Shepherd Non-Profit Homes

HISTORICAL BACKGROUND

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

These properties were developed in the early 1900's as social housing to be operated by the YMCA. Good Shepherd Non-Profit Homes Inc. (Good Shepherd) assumed ownership of 3 properties 320 John St N, 131-139 Simcoe St East, and 236/238 Aberdeen Ave in 1998 from the Y.M.C.A. of Hamilton/Burlington Non-Profit Homes Incorporated. On April 19, 1999 Letters Patent of Amalgamation were issued and incorporating this portfolio with that of Good Shepherd. Good Shepherd has continued to operate these properties as social housing pursuant to the applicable legislation since the amalgamation.

Good Shepherd was approached by an interested purchaser without solicitation and entered into a Conditional Agreement of Purchase and Sale for 320 John St N, on November 17, 2017. Good Shepherd acknowledges that the property has limited potential for redevelopment without additional property which the purchaser has assembled. Good Shepherd negotiated a fair market price considering the current state, condition and location of the building. This exercised caused Good Shepherd to identify 131-139 Simcoe St East as another property which has essentially reached its life-cycle as social housing and decided to prepare for its replacement at the same time.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Housing Services Act, 2011

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

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To ensure that the City can meet its service level standards, Good Shepherd must commit to replacing each unit on a 1:1 basis, at a minimum, as part of the Service Manager's consent.

RELEVANT CONSULTATION

Housing Services' staff consulted with Good Shepherd Non-Profit Homes to review its business case.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Good Shepherd has a mandate to house the "hard to house" and, as such, they house some of the most vulnerable citizens of the City of Hamilton who often face multiple barriers and live with a lack of supports. Its residents are comprised of households of all sizes (i.e. single and two parent families, singles). It has a history of managing its housing stock effectively to align with the needs of its residents and the people it serves. Good Shepherd has set out a plan to continue to accommodate the current households residing in the properties proposed for sale and realizing a net increase of affordable rental housing to address the housing needs of single women coming out of homelessness.

In order to sell or mortgage social housing properties, the Service Manager must provide its consent as required by the *Housing Services Act, 2011* ("Act"). The City has previously provided its consent to other housing providers to enable regeneration and renewal in the social housing stock and achieve operating efficiencies that benefit tenants, housing providers and the City. Consent is conditional on the following:

- A tenant engagement and disruption mitigation plan;
- Identification of any known environmental issues or any outstanding legal disputes; and,
- A plan to ensure that existing target levels, as set out in the Operating Agreement with the Service Manager, can be maintained within its remaining portfolio (the plan to replace the units).

Good Shepherd 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 meets the tenants' needs in terms of affordability, accessibility and, where possible, location. As part of the tenant engagement and disruption mitigation plan, Good Shepherd will include resources to assist households with any reasonable relocation costs.

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There are no known environmental issues or legal disputes associated with the properties. However, this will be further confirmed through the purchaser's due diligence.

The reallocation of subsidy to support an equivalent increase in Good Shepherd's rent supplements will enable Good Shepherd to continue to meet its targets. This also meets the intent of the new portable housing benefit framework under the Act, and, as such, can continue to form part of the City's legislative service level standards.

Good Shepherd's main objectives of its request for consent are to:

- Sell 320 John Street North and re-allocate the four rent subsidies to appropriately sized market units that meet the needs of the current households;
- Sell 131-139 Simcoe Street East and re-allocate the five rent subsidies to appropriately sized market units that meet the needs of the current households;
- Ensure that no household or individual is displaced or made homeless as a result of the sale;
- Reinvest the proceeds from the sales to create more efficient affordable housing options at 19 Patterson Street;
- Create increased sustainability within its social housing stock by focusing on energy efficiency, sustainable building practices and operational economies of scale;
- Create 26 one bedroom units, 13 of which will be accessible units, for single women coming out of homelessness; and,
- Support the long term financial health of Good Shepherd's operation of its social housing portfolio to ensure that the needs of the community can continue to be met for many more years.

Good Shepherd acknowledges that these properties individually have limited potential for redevelopment that would increase housing options. The property at 320 John Street North can be redeveloped with additional property which the purchaser has already assembled. Accordingly, Good Shepherd was able to negotiate a fair price that represents the current state, condition and location of the building and the opportunity for the purchaser. The property at 131-139 Simcoe Street East will be sold at a later date to be determined subject to attaining a fair market price.

The scheduled closing date for the sale of 320 John Street North is April 24, 2019 subject to:

- Due Diligence Condition by the buyer – February 28, 2018;
- Seller's Condition to obtain present consents – February 27, 2018 plus 60 day extension; and
- Zoning Condition for the buyer – September 6, 2018.

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Prior to the sale of each property, Good Shepherd will provide the Service Manager with a copy of the Board of Director's Resolution to sell the units, together with a plan to accommodate any impacted tenants that sets out how and where they will be relocated and supported. In addition, Good Shepherd will provide the Service Manager with copies of all Agreements of Purchase and Sale and copies of the full final reporting of the sale.

ALTERNATIVES FOR CONSIDERATION

There are no alternatives being recommended in Report HSC18002.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

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

Built Environment and Infrastructure

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

APPENDICES AND SCHEDULES ATTACHED

None.