



**CITY OF HAMILTON**  
**HEALTHY AND SAFE COMMUNITIES DEPARTMENT**  
**Housing Services Division**

<b>TO:</b>	Chair and Members Healthy & Safe Communities Committee
<b>COMMITTEE DATE:</b>	August 15, 2018
<b>SUBJECT/REPORT NO:</b>	Homeownership Home Start Program Reserve (#112009) (HSC18041) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Marjorie Walker (905) 546-2424 Ext. 4837
<b>SUBMITTED BY:</b>	Vicki Woodcox Acting Director, Housing Services Division Healthy and Safe Communities Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized and directed to deliver and administer a municipal Down Payment Assistance Program in accordance with the program guidelines attached as Appendix A to Report HSC18041, funded through the Home Start Program Reserve (#112009);
- (b) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized to approve and execute any agreements and ancillary documentation, in a form satisfactory to the City Solicitor and content satisfactory the General Manager of the Healthy and Safe Communities Department, that are required to deliver and administer a municipal Down Payment Assistance Program;
- (c) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized to review and amend the maximum purchase price and the maximum household income level established in the Municipal Down Payment Assistance Program guidelines a minimum of every three years to reflect changes in the housing market; and,
- (d) That the Home Start Program Reserve (#112009) balance of \$366,292 be renamed and the purpose updated to reflect the Municipal Down Payment Assistance Program.

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*OUR Vision: To be the best place to raise a child and age successfully.*

*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.*

## **EXECUTIVE SUMMARY**

In June 2014, staff identified seven reserves that could be allocated or better used to fulfil the goals identified in the City's Housing & Homelessness Action Plan (Report CS11017(d)).

At that time, the Home Start Program Reserve (#112009) had a balance of \$335,265. The sources of funding for the Home Start Program were two municipal programs that ended – the Hamilton Convert to Rent Program and the Housing Hamilton Innovations Fund.

Staff committed to investigating a better use for the reserve, taking into account priorities identified in the City's Housing & Homelessness Action Plan and any funding pressures in existing program areas, and report back to Emergency & Community Services Committee.

Given the success of the Investment in Affordable Housing – Extension Program (IAH-E) Homeownership Component, which funded five iterations of the Down Payment Assistance Program (DPAP), staff recommend that the balance in the Home Start Program Reserve (#112009) be used to deliver a municipal Down Payment Assistance Program, identical to the IAH-E Homeownership Component, and administered in accordance with the program guidelines.

It is expected that the Home Start Program Reserve, when repurposed will assist a minimum of eight households.

## **Alternatives for Consideration – Not Applicable**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

### **Financial:**

The Home Start Program Reserve (#112009) currently holds a balance of \$366,292. The full balance of the reserve is proposed to be used for a municipal Down Payment Assistance Program modelled after the IAH-E Homeownership Component. The program is sustainable through repayments which are reinvested into a revolving loan fund to be used to provide down payment assistance for other eligible households.

### **Staffing:**

There are no staffing implications associated with Report HSC18041.

### **Legal:**

There are no legal implications associated with Report HSC18041.

## **HISTORICAL BACKGROUND**

In December 2013, Hamilton City Council endorsed a 10-year Housing and Homelessness Action Plan for Hamilton (Report CS11017(c)). At that time, Council directed staff to report back to Emergency & Community Services Committee with a plan to use existing housing related reserve accounts for implementation of the Action Plan.

In June 2014, staff reported on the Home Start Program Reserve (#112009) (Report CS11017(d)) which had a balance of \$335,265. The sources of funding were two municipal programs - the Hamilton Convert to Rent Program and the Housing Hamilton Innovations Fund (funded from a mix of levy and non-levy reserves). These two programs ended after the introduction of the Canada-Ontario Affordable Housing and Investment in Affordable Housing Programs lessened the need for the City to deliver and implement these programs.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

A municipal Down Payment Assistance Program satisfies Strategy 2.3, (Increase homeownership for renters) of the Housing & Homelessness Action Plan.

## **RELEVANT CONSULTATION**

Given that the original intent of the Home Start Program Reserve (#112009) was to assist social housing tenants with homeownership, CityHousing Hamilton staff were consulted, and their input informed the recommendations and background of Report HSC180041.

Staff from Finance, Corporate Services were consulted to confirm the reserve account balance.

Legal Services was consulted to provide any advice and feedback given their participation in the IAH-E DPAP process.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

### **IAH-E Homeownership Component**

The Homeownership Component of the IAH-E provides down payment assistance to households currently meeting their rent and shelter costs but struggling to save the down payment necessary to purchase a home. The program has been delivered successfully through five iterations, (the most recent launched May 2018) with close to 290 households in Hamilton receiving a down payment assistance forgivable loan over the life of the program.

The Homeownership Component of the IAH-E provides multiple benefits. It enables low and moderate-income households to purchase a home and thus increase their housing stability; enables the accumulation of equity which helps households improve their financial situation over the long term; and frees up valuable rental housing for other households.

The down payment assistance is in the form of a 20-year forgivable loan. If the program participant no longer meets the program requirements prior to 20 years (for example, selling the home, defaulting of the mortgage, no longer using the home as their principal residence, or renting the home to another occupant), the loan is repaid to the City of Hamilton along with a percentage of the capital gains. These funds are deposited into a revolving home ownership reserve (Account #112254). Under Provincial requirements, the funds in the reserve must be reinvested only for future down payment assistance programs. The last two iterations of the DPAP were solely supported by the reserve fund with no levy implication.

Report CS11017(d) directed that the revolving loan fund be drawn down whenever the balance reaches \$200,000. To satisfy this direction, staff will maintain a waitlist of eligible applicants who will be invited to participate in the DPAP as funds become available or the revolving loan fund approaches \$200,000. Eligible applicants on the waitlist will be contacted when funds become available, on a first come, first served basis. Those who are not ready at the time of contact will remain on the list. This approach will allow the IAH-E DPAP to be on-going, rather than launching a new program every three years.

#### Home Start Program Reserve

The Home Start Program Reserve (#112009) was created to provide down payment assistance to CityHousing Hamilton tenants to purchase a home. The sources of funding for the reserve were two municipal programs (the Hamilton Convert to Rent Program and the Housing Hamilton Innovations Fund) that ended with the introduction of the Canada-Ontario Affordable Housing Program (COAHP).

The Home Start Program was created in 2006 as a homeownership down payment initiative between the City of Hamilton, Scotiabank, Canada Mortgage and Housing Corporation, the REALTORS Association of Hamilton-Burlington and Threshold School of Building to promote affordable homeownership opportunities to CityHousing Hamilton tenants. The core principle of Hamilton Home Start Program was that the City provided a matching credit on savings contributed by the participant to a certain maximum on an annual basis for a maximum period of three years; however, households struggled to 'match' the savings and the program, having had limited success, is no longer active.

More recent down payment assistance programs do not require a matching contribution. COAHP and IAH home ownership programs are much better suited for households with low-incomes.

The reserve has a balance of \$366,292 which can now be repurposed into a municipal Down Payment Assistance Program.

#### **Municipal DPAP**

Given the benefits and success of the IAH-E Homeownership Component and its alignment with the Home Start Program in providing down payment assistance, staff recommend that the balance in the Home Start Program Reserve (#112009) be used to deliver a municipal down payment assistance program, referred as the Municipal Down Payment Assistance Program (MDPAP). This program would be identical to the IAH-E Homeownership Component and administered in accordance with similar program guidelines.

With changes in the housing market it is recommended that the General Manager of the Healthy and Safe Communities Department be authorized to review and amend the maximum purchase price and the maximum household income level for the MDPAP a minimum of every three years.

The wait list of eligible applications for the IAH-E Homeownership Component could be used for the newly created MDPAP. The program criteria and eligibility for the two programs will be the same so a single pool of eligible applicants can supply both programs.

#### **ALTERNATIVES FOR CONSIDERATION**

None

#### **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.

#### **APPENDICES AND SCHEDULES ATTACHED**

Appendix A to Report HSC18041: Program Guidelines for the Municipal Down Payment Assistance Program