




Hamilton

CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	September 5, 2019
SUBJECT/REPORT NO:	Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative (HSC19042(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Greg Witt (905) 546-2424 Ext. 4818 Kamba Ankunda (905) 546-2424 Ext. 4557 Kirstin Maxwell (905) 546-2424 Ext. 3846
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the General Manager of the Healthy and Safe Communities Department or his designate be authorized and directed to deliver and administer the Canada-Ontario Community Housing Initiative ("COCHI") and Ontario Priorities Housing Initiative ("OPHI") programs;
- (b) That the General Manager of the Healthy and Safe Communities Department ("GM") be authorized and directed to execute all ancillary agreements and documents as may be required to deliver the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative programs, with content satisfactory to the GM and in a form satisfactory to the City Solicitor;
- (c) That the Investment Plan attached as Appendix "A" to Report HSC19042(a) be approved;
- (d) That the General Manager of the Healthy and Safe Communities Department be authorized and directed to approve and revise any municipal program guidelines, approve any exceptions to the municipal program guidelines as special or unanticipated circumstances arise, and update or amend the Investment Plan, as necessary to deliver and administer the Canada-Ontario Community Housing

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Initiative and the Ontario Priorities Housing Initiative in accordance with all Provincial requirements;

- (e) That Appendix "B" to Report HSC19042(a), being a By-law to authorize the City to enter into the "Transfer Payment Agreement - Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative" and to authorize the General Manager of the Healthy and Safe Communities Department to execute the aforesaid agreement, which has been prepared in a form satisfactory to the City Solicitor, be enacted by Council;
- (f) That all Canada-Ontario Community Housing Initiative funds received from the Ministry of Municipal Affairs and Housing be deposited into Account #23195; and that appropriate capital project IDs be created and operating dept IDs for the program and administrative components of Canada-Ontario Community Housing Initiative funds; and,
- (g) That all Ontario Priorities Housing Initiative funds received from the Ministry of Municipal Affairs and Housing be deposited into Account #23194; and that appropriate capital project IDs and operating dept IDs be created for the program and administrative components of Ontario Priorities Housing Initiative funds.

EXECUTIVE SUMMARY

In April 2019, the Province released the Canada-Ontario Community Housing Initiative ("COCHI") and the Ontario Priorities Housing Initiative ("OPHI") which will provide \$16.17 M over three years in federal and provincial funding to Hamilton for a suite of housing programs which include the development and repair of affordable housing and rent subsidies.

OPHI is a rebranding of the former Investment in Affordable Housing Program Extension ("IAH-E") with an increased scope. The OPHI funding commitment is for three years from April 1, 2019 to March 31, 2022. COCHI's guidelines state its objective is to, "protect tenants in projects with expiring operating agreements and to begin to stabilize the supply of community housing through repair renovations and operating support." Its funding may only be used for social housing and prioritizes projects that have or will reach their end of operating agreements.

The amount of funding allocated to Hamilton through both COCHI and OPHI is substantially less than that received through previous programs over the last three years as detailed in Report HSC19042. The reduction in funding, if not offset by other funding sources, will reduce the ability of Hamilton to meet the housing needs of its vulnerable citizens. There will be greater challenges concerning the amount of people the City will be able to house from the Access to Housing Centralized Wait List and By-Name Priority List of active chronically homeless individuals and will increase the difficulty in securing

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the ambitious targets outlined in Hamilton's 10-year Housing and Homelessness Action Plan. The smaller funding envelopes would also potentially see reduced funding directed towards the City's 14,600 social housing units, frustrating the City's ability to meet its legislated service level standards. That said, this federal and provincial investment in affordable housing in Hamilton is timely and welcome.

The Investment Plan (attached to Report HSC19042(a)) details how the City's COCHI and OPHI funding is proposed to be allocated through March 31, 2022. Staff propose using OPHI to prioritize the development of new affordable rental housing. The proposed Investment Plan enables the City to issue two Requests for Proposals for the development of new affordable rental housing and develop a new and innovative approach to increase affordable rental supply in the secondary rental market.

Staff propose using COCHI funding to prioritize capital repairs for social housing, assessing the viability of federal social housing providers once operating agreements end, updating building condition assessments for all social housing providers, and providing rent supplements. The capital repair funding and rent supplements will be tied to new agreements with providers to continue to provide deeply affordable housing once their operating agreements expire.

Both the Investment Plan and the signed Transfer Payment Agreement must be submitted to the Province by September 15.

The City is required to submit a Sustainability Plan detailing how the investments made through COCHI will improve the projects' longevity and affordability. The Sustainability Plan will be brought to the Emergency and Community Services Committee in 2020, once the recipients of funding have been identified.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

As noted in Report HSC10942, Hamilton has been allocated \$16.17 M over three years through COCHI and OPHI for a suite of housing programs. After three years, OPHI will end but COCHI will continue, with funding increasing in proportion to the subsidy lost as federally-funded housing providers reach the end of their operating agreements.

This is a substantial decrease in funding, which means that unless the loss is offset by other sources, there will be a reduction in programs administered by the City, including programs for new affordable rental construction, the Ontario Renovates Program, rent subsidies, and social housing capital repairs. It is expected that that Canada-Ontario Housing Benefit, which is to start April 1, 2020 will offset at least some of the loss of rent subsidy funds, but no details are known at this time. The CMHC Co-Investment Fund

(CIF) programs are expected to provide funds for new affordable rental construction and social housing capital repairs, but implementation of these programs to date has been slow and challenging, and the amounts of funding Hamilton will receive is uncertain.

Staffing:

The reduced amount of funding for COCHI and OPHI also means a reduction in funds available to the City for administration costs. The Investment Plan allocates the 5% maximum allowable proportion of the City's funding allocation to program administration, to be dedicated to staff resources to administer the programs. Administration funds must now be spent within the year they are allocated, reducing the City's ability to manage staff resources. It must be noted that a need remains to provide municipal support to projects applying for and receiving Co-investment funds from CMHC. Additionally, the City bears monitoring and reporting burdens associated with previous provincial/federal funding programs even once administration funding has been expended. To address these competing needs, a review will be undertaken to determine the best approach to meeting these various obligations within available resources.

Legal:

Legal Services staff has reviewed the report recommendations and the Transfer Payment Agreement. Legal staff noted a number concerns with the Transfer Payment Agreement, including but not limited to:

- The powers of the Province to require certain matters or actions are broad, vague and entirely within the discretion of the Province;
- There is little or no ability for the City to question the Province's actions under the Agreement; and,
- Provisions in the Agreement will require the City to pass on additional risks to the successful funding recipients in the community.

Housing Services Division staff consulted with the Ministry of Municipal Affairs and Housing who responded in writing that there is no opportunity for negotiation of the terms of the Transfer Payment Agreement. Accordingly, if the City wishes to receive OPHI/COCHI funding, it be required to sign the Agreement as is.

To ensure that the City complies with the terms of the Transfer Payment Agreement and risks to the City are mitigated to the extent possible, Legal Services staff will be involved in the review and drafting of any ancillary agreements as may be required to deliver the COCHI and OPHI programs.

HISTORICAL BACKGROUND

In April 2019, the Province of Ontario announced the Canada-Ontario Community Housing Initiative ("COCHI") and the Ontario Priorities Housing Initiative ("OPHI"), typically referred to as COCHI/OPHI, as well as the City's three-year funding allocations.

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The signed Transfer Payment Agreement with the Province and the City's initial Investment Plan must be submitted to the province by September 15, 2019.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

With the enactment of the *Social Housing Reform Act (2000)*, the City of Hamilton assumed program funding, administration and oversight responsibilities for 42 public housing and social housing providers (now referred to as community housing) devolved from the Province in 2001. The City is obligated by the *Housing Service Act (2011)*, to maintain a service level standard of 9,257 rent-geared-to-income units for individuals and families with low incomes. This obligation is ongoing even though federal funding for community housing has and continues to decline with the end of operating agreements and mortgages.

The Housing and Homelessness Action Plan, endorsed by Council in 2013 has just undergone a five-year review. The draft revised plan has been sent to the Province for staff comment and will be brought forward to Council for endorsement in the fall. Both the original and draft revised plan set targets for community housing repairs, maintaining the stock of community and affordable housing, development of new affordable rental housing, and rental subsidies.

The City must submit both its initial Investment Plan and an executed Transfer Payment Agreement to the Province by September 15, 2019. COCHI and OPHI funding is conditional upon the City and the Province executing the Transfer Payment Agreement. Under the terms of the Transfer Payment Agreement, the City is responsible to administer, deliver, and report on the programs in accordance with the Transfer Payment Agreement which includes the program guidelines.

RELEVANT CONSULTATION

Staff consulted the Legal Services and Financial Planning & Policy on this Report and their comments were incorporated. In addition, the following stakeholder groups were consulted regarding COCHI and OPHI:

- Housing and Homelessness Action Plan Planning Group;
- Housing and Homelessness Advisory Committee;
- Social housing providers; and,
- Stakeholders from the affordable housing development community.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

A. Canada-Ontario Community Housing Initiative (COCHI)

COCHI funding is an investment to offset the ongoing decline of federal funding for social housing. It provides an opportunity for Service Managers and housing providers to address the challenges associated with projects reaching the end of their operating agreements and/or mortgage maturity as well as much needed capital repairs. The Province recognizes the significant challenges that Service Managers face in maintaining this important supply of social housing.

Much of Hamilton's social housing stock is at high risk of becoming uninhabitable and requiring costly emergency repairs. Despite the recent investments through the various levels of government including the provincial (SHAIP, SHARP, SHIP), federal/provincial (Social Infrastructure Fund), and City's (Poverty Reduction Investment Fund), the cost of needed capital repairs continues to rise and currently stands at \$220 M.

In addition, the City continues to experience increasing demand for rent-geared-to-income ("RGI") housing, with over 6,700 households currently on the Centralized Wait List. While federal housing providers do not generally take tenants from the Centralized Waitlist, they are an important source for rent-geared-to-income housing that is threatened as projects reach the end of operating agreements.

The COCHI funding will help the City protect RGI tenants in non-profit and co-operative housing projects with expiring operating agreements/mortgages; preserve social housing supply through repairs and renovations, including urban native housing; and support social housing providers that can demonstrate their potential for long-term sustainability with transitional operating funding. COCHI funding cannot be used to offset municipal social housing subsidy expenditures.

B. Ontario Priorities Housing Initiative (OPHI)

OPHI is a rebranding of the former Investment in Affordable Housing Program Extension ("IAH-E") with an increased scope to add the options to fund social housing repairs, emergency shelter repairs, and supports in addition to the four IAH-E program streams of new rental construction, home and affordable rental repairs, rent subsidies, and down payment assistance.

In the Investment Plan, staff propose prioritizing OPHI funding for the development of new and retention and repair of existing affordable rental housing supply by funding traditional affordable rental construction, but also by supporting the development of new second units and capital repairs.

a) New Affordable Rental Construction

The absence of newly developed rental housing stock over the last 20 years has constrained supply and led to increasing rents. While the number of new units that can be funded with OPHI is limited and development is expensive, it is important to continue

to build new supply. The addition of new program requirements and criteria will ensure that multiple priorities are met by the new development, such as addressing inequities, providing deeply affordable housing, reducing the Centralized Wait List, housing those experiencing chronic homelessness from the By-Name Priority List, increasing the long-term sustainability of community housing providers, and increasing the accessibility and environmental sustainability of Hamilton's affordable rental housing.

Allocating a significant portion of the OPHI funds to new affordable rental development is recommended for the following reasons:

1. New units can help moderate the increasing negative impacts of the lack of affordable rental supply.
2. There is very little municipally-controlled funding for the development of new affordable rental housing. There are moderate funds in the Poverty Reduction Fund New Rental Construction Stream, but this has been almost fully allocated to specific projects. There is also potential for limited funds through the sale of City-owned properties.

OPHI funds are needed to support the known projects that are currently in pre-development.

3. It enables leveraging much larger amounts of funding through CMHC's Co-Investment Fund (CIF). In spite of challenges, the CIF is the primary funding source available for creating new affordable rental housing in Canada. To access CIF dollars, proponents must demonstrate that they have secured provincial or municipal contributions, which can include OPHI funds.
4. To maintain the development capacity of non-profit housing providers in Hamilton. There is limited but growing capacity for new development amongst Hamilton's non-profit housing providers. If development projects are not supported for a significant period of time, these providers could turn their attention exclusively to other municipalities in which they are receiving support.
5. Several non-profit and social housing providers have development projects in the pre-development stage that will require more funds than are available through the CIF.
6. New development projects can meet goals that are not possible or are more difficult in the existing housing stock. These include but are not limited to:
 - increased accessibility;
 - a broader mix of incomes with the potential to increase provider sustainability;

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- freeing up needed family-sized units by providing additional one-bedroom units that over-housed tenants want to move into;
- substantially increased environmental sustainability and energy efficiency using new building technologies; and,
- creating units that will not require substantial capital investment for the next 35 years.

b) New Focus for Ontario Renovates

While the majority of OPHI funding is proposed to be dedicated to the development of new deeply affordable rental housing supply, the draft revised Housing and Homelessness Action Plan (2019) recommends that Hamilton take a broader and more innovative approach to reach its supply and quality targets. To this end, staff recommend investing a portion of OPHI funding into various aspects of Ontario Renovates (OR).

Funding through OR can be used for a number of purposes: basic health and safety repairs to the homes of low income homeowners; basic health and safety repairs to affordable private market rental and community housing, including single rooms; and the creation of new second units (but not the legalization of existing second units).

It has long been permissible to fund capital repairs to shelters for survivors of domestic violence, but OPHI expands this permission to repairs of all emergency shelters. There are no other sources of funding for these types of capital repairs, either due to program requirements or the need to direct limited funding to services rather than capital works. Thus, critical components of Hamilton's housing system are in need of capital repairs. The secondary rental market comprises a large proportion of Hamilton's rental stock, including some of the most affordable private sector rental units. In 2016, CMHC estimated that 46% of renters live in Hamilton's approximately 42,000 secondary units. Secondary suites (granny flats, accessory apartments, laneway homes, basement apartments) also cost less to create than new units in multi-residential buildings.

Forthcoming new residential zoning is expected to make it easier to create secondary suites, while the expected Rental Licensing By-Law Pilot Program in Wards 1 and 8 could reduce their number. A program to create new affordable secondary units is a timely and strategic approach which synchronizes housing investments with these initiatives.

c) Rent Subsidies

A portion of OPHI funds are recommended to be allocated to support legacy rent subsidy (rent supplement and housing allowance) programs which have demonstrated success and meets ongoing need. Funding for housing allowances is needed to support Housing First programs for residents experiencing chronic homelessness if Hamilton is to reach its target of ending chronic homelessness by 2025.

d) Other Programs

No OPHI funding is recommended to be directed to the Down Payment Assistance Program (DPAP) which provides eligible renter households with a forgivable loan to purchase an affordable home. Housing Services has successfully maintained a revolving loan fund which has been replenishing to a level that enables the DPAP to continue with no additional funding. Additionally, the housing market is such that the maximum home price and household income needed to run the program means the program is not focused on Hamilton's most vulnerable households. The fund cannot be used for other purposes, but down payment assistance models that meet the requirements of the revolving loan fund and help those with lower incomes are being explored.

While eligible, no additional OPHI funding is recommended to be directed towards support services. Funding for housing support services primarily comes from the Community Homelessness Prevention Initiative (CHPI). Housing Services staff recommend that inadequate funding levels for support services be addressed through advocating for increased funding to Hamilton's CHPI envelope, not through re-allocating already scarce funding from other housing priorities.

ALTERNATIVES FOR CONSIDERATION

None applicable

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

Appendix "A" to Report HSC19042(a) – Investment Plan

Appendix "B" to Report HSC19042(a) – BY-LAW NO. XX-XXX

Canada-Ontario Community Housing Initiative
and
Ontario Priorities Housing Initiative
"Investment Plan"

Planned Financial Commitments By Year

Complete the following table to indicate how much of your annual allocation you plan to commit to each program component in each year of COCHI and OPHI. Documentation required for a commitment is outlined in the Program Guidelines.

Enter the full amount of funding to be committed in the year in which you plan to make the commitment.

Enter the amount to be used as administration fees for each year. Administration fees cannot exceed 5% of your annual funding allocation.

COCHI		OPHI/COCHI Planned Financial Commitment - \$			TOTAL
		YEAR 1	YEAR 2	YEAR 3	
		2019-20	2020-21	2021-22	
SM allocation for each fiscal year		\$ 1,231,970.00	\$ 1,430,467.00	\$ 2,784,874.00	\$ 5,447,311.00
Capital Components					
New Build					\$ -
Repair		\$ 920,371			\$ 920,371.00
Operating Components					
Rent Supplement		\$ 250,000	\$ 1,008,944	\$ 1,775,635	\$ 3,034,579.00
Transitional Operating Funding			\$ 350,000	\$ 870,000	\$ 1,220,000.00
SM Administration Fees	% of Allocation				
SM Administration Fees	5%	\$ 61,599	\$ 71,523	\$ 139,239	\$ 272,361.00
Total COCHI		\$ 1,231,970	\$ 1,430,467	\$ 2,784,874	\$ 5,447,311
OPHI					
SM allocation for each fiscal year		\$ 4,611,100	\$ 2,388,900	\$ 3,719,100	\$ 10,719,100
Capital Components					
Rental Housing		\$ 4,380,545		\$ 2,280,525	\$ 6,661,070
Homeownership		\$ -	\$ -	\$ -	\$ -
Ontario Renovates		\$ -	\$ 1,619,475	\$ 602,620	\$ 2,222,095
Operating Components					
Rental Assistance					
Rent Supplement		\$ -	\$ -	\$ -	\$ -
Housing Allowance - Direct Delivery		\$ -	\$ 650,000	\$ 650,000	\$ 1,300,000
Housing Allowance - Shared Delivery		\$ -	\$ -	\$ -	\$ -
Housing Support Services		\$ -	\$ -	\$ -	\$ -
SM Administration Fees	% of Allocation				
SM Administration Fees	5%	\$ 230,555	\$ 119,425	\$ 185,955	\$ 535,935
Total OPHI		\$ 4,611,100	\$ 2,388,900	\$ 3,719,100	\$ 10,719,100
TOTAL PROGRAM ALLOCATION		\$ 5,843,070	\$ 3,819,367	\$ 6,503,974	\$ 16,166,411

Authority: Item XX, Emergency & Community Services Committee
Report XXX
CM: XXX

CITY OF HAMILTON

BY-LAW NO. XX-XXX

To Authorize the Execution of the Ontario Transfer Payment Agreement for the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative between the City of Hamilton and Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the Province of Ontario to Receive Funding Under the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative

WHEREAS the City is the Service Manager under the *Housing Services Act, 2011* and is authorized to operate and manage housing, including establishing, administering and funding programs for the provision of residential accommodation in its service area;

AND WHEREAS the Ministry of Municipal Affairs and Housing has allocated three years of funding to the City of Hamilton under the Canada-Ontario Community Housing Initiative to repair, regenerate and expand community housing, and to protect affordability support for tenants, and the Ontario Priorities Housing Initiative to address local priorities in the areas of housing supply and affordability, including affordable rental construction, community housing repair, rental assistance, tenant supports, and affordable homeownership, in its service area;

AND WHEREAS at its meeting on September X, 2019, the Council of the City of Hamilton also authorised the signing of a Transfer Payment Agreement with Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the Province of Ontario to receive funding under the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative;

AND WHEREAS at its meeting on September X, 2019, the Council of the City of Hamilton also authorised the allocation of funding amongst the programs under the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative;

NOW THEREFORE Council of the City of Hamilton enacts as follows:

1. The General Manager of the Healthy and Safe Communities Department is authorized and directed to enter into and sign a Transfer Payment Agreement between the City of Hamilton and Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the Province of

Ontario to receive funding under the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative;

2. This By-Law shall come into effect upon its passing.

PASSED this _____ day of _____, 2019.

F. Eisenberger
Mayor

A. Holland
City Clerk