




Hamilton

CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	October 17, 2019
SUBJECT/REPORT NO:	Permission for Sacajawea Non-Profit Homes to Encumber 123 Cathcart Street, Hamilton (HSC19056) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	Kim Ryan (905) 546-2424 Ext. 6285
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION(S)

That Council, in its capacity as Service Manager under the *Housing Services Act, 2011*, approve the Sacajawea Native Non-Profit Housing Inc. request for Service Manager consent to encumber its housing asset located at 123 Cathcart Street, Hamilton, up to the amount of \$150,000.

EXECUTIVE SUMMARY

Sacajawea Native Non-Profit Housing Inc. (Sacajawea) proposes to mortgage its property at 123 Cathcart Street up to the amount of \$150,000 to meet a financing obligation required by Canada Mortgage and Housing Corporation and the Lender, First National. This financing is for Sacajawea's 23 unit redevelopment project at 18 West Avenue South and is contingent on Sacajawea securing a collateral mortgage.

Sacajawea's Board of Directors approved the refinancing plan for 123 Cathcart on August 27, 2019, subject to obtaining Service Manager consent. Under the *Housing Services Act, 2011*, Service Manager consent is required to encumber housing projects transferred as social housing by the Province to municipalities.

Council approved the sale of 5 of Sacajawea's single-family homes and the reinvestment of the resulting funds in the redevelopment of 18 West Avenue South on October 26, 2016 (Report CES16052). Sacajawea's new development is nearing completion and will include 23 units of affordable housing, of which seven will be rent-geared-to-income.

Sacajawea is one of two housing providers in Hamilton whose mandate is to serve the Indigenous community.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications with Report HSC19056.

Staffing: There are no staffing implications with Report HSC19056.

Legal: There are no legal implications with Report HSC19056.

HISTORICAL BACKGROUND

Sacajawea is a non-profit housing provider that provides and maintains rental housing units for low to moderate income Indigenous families. Sacajawea has been providing affordable housing in Hamilton specific to Indigenous women and children for the past 27 years along with culturally based supports for residents.

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). The Operating agreement for 123 Cathcart expired effective April 1, 2013 and therefore the property is free and clear with no mortgage.

In September 2016, the City of Hamilton, as Service Manager, received a proposal from Sacajawea to sell five single detached homes and transfer the existing rent-geared-to-income subsidies to Sacajawea's new 23 unit development at 18 West Avenue.

On October 26, 2016, Council approved the request. Sacajawea sold the approved properties and started development of a new 23 unit apartment building on West Avenue.

The City of Hamilton awarded Sacajawea \$1,920,000 toward the project through the Federal-Provincial Investment in Affordable Housing Program - Extension.

On April 9, 2019 the City of Hamilton, as Service Manager, approved the transfer of the operational subsidy from the single-family home properties, so that seven of the 23 apartments would be rented on a rent-geared-to-income basis. The other 16 units will be rented at less than 80% of the average market rents for the city.

On August 27, 2019, the City of Hamilton was contacted by Sacajawea due to an issue with the Financing Agreement with First National/CMHC the Lender for the development project. The Lender communicated they would hold back \$123,243 from construction advances until a collateral mortgage as additional security could be secured. Holding

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back or delaying this funding affects the project's cash flow and will result in construction delays and additional cost unless there is a timely resolution. Approval of this report allows the mortgage to be put in place on 123 Cathcart Street, so the lender will release the \$123,243 holdback when the funds are required in November 2019.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Under the *Housing Services Act, 2011*, Service Manager consent is required to encumber housing projects transferred as part of the devolution of social housing by the Province to municipalities.

RELEVANT CONSULTATION

Sacajawea Non-Profit Homes, Tim Welsh Consulting, staff from First National Bank and CMHC were consulted in the development of an appropriate solution to address the CMHC and the First National's concerns.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Service Manager consent for Sacajawea to mortgage the housing project at 123 Cathcart is recommended as it would facilitate the completion of the project at 18 West Avenue. This collateral mortgage of 123 Cathcart will provide sufficient security to satisfy the requirements of the Lender. This request does not require any levy funding.

The development at 18 West Avenue will create 23 newly constructed units that will represent a substantial improvement for tenants in terms of comfort and achieve reductions in ongoing operating costs. The project will be completed by November 2019.

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

None