




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

<b>TO:</b>	Chair and Members Emergency and Community Services Committee
<b>COMMITTEE DATE:</b>	November 7, 2019
<b>SUBJECT/REPORT NO:</b>	Recommended Projects from Request for Proposals C5-19-19 Ontario Priorities Housing Initiative: Rental Housing Component (HSC19060) (Ward 3)
<b>WARD(S) AFFECTED:</b>	Ward 3
<b>PREPARED BY:</b>	Jana Amos (905) 546-2424 Ext. 1554 Kirstin Maxwell (905) 546-2424 Ext. 3846
<b>SUBMITTED BY:</b>	Edward John Director, Housing Services Division Healthy and Safe Communities Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends that the Hamilton East Kiwanis Non-Profit Homes Inc., 6 – 14 Acorn Street affordable rental housing development project be approved for funding in the amount of \$2,790,000 under the Ontario Priorities Housing Initiative (OPHI) – New Rental Housing Component to be funded through Project ID 6731941921;
- (b) That the Minister of Municipal Affairs and Housing be advised that the City of Hamilton recommends that the Indwell Community Homes, 225 East Avenue North affordable rental housing development project, be approved for funding in the amount of \$1,590,545 and up to \$4,380,545 if available, under the Ontario Priorities Housing Initiative (OPHI) – New Rental Housing Component to be funded through Project ID 6731941921;
- (c) That the General Manager of the Healthy and Safe Communities Department be authorised and directed to enter into any agreements and ancillary documents, with such terms and conditions in a form satisfactory to the City Solicitor, necessary to fund the Hamilton East Kiwanis Non-Profit Homes Inc., 6 – 14

Acorn Street and Indwell Community Homes, 225 East Avenue North development projects; and,

- (d) That the City contribution in the approximate amount of \$1,238,791 in the form of foregone Development Charge (DC) and Parkland Dedication Revenues be funded from the Social Housing Stabilization Reserve (110041) to the applicable DC and Parkland Reserves.

## **EXECUTIVE SUMMARY**

Staff issued Request for Proposals (RFP) C5-19-19 to solicit proposals for affordable rental housing development from non-profit housing developers for funding consideration. The RFP closed on September 23, 2019. The total funds available are \$4,380,545.

Under OPHI, municipalities must forward Council endorsed projects to the Minister of Municipal Affairs and Housing (MMAH) for funding consideration by November 30 of the current year. Final approval rests with the Minister of Municipal Affairs and Housing.

The Hamilton East Kiwanis Non-Profit Homes Inc., 6 -14 Acorn Street Project, comprised of 20 units comprised of one, two, and three bedrooms received the highest score in the RFP and is recommended to receive \$2,790,000 as requested.

The Indwell Community Homes, 225 East Avenue North Project, comprised of 95 units for singles in two buildings received the second highest score and is recommended to receive the remaining available funding of \$1,590,545. This is significantly less than the \$4,380,545 requested for the project. Indwell is exploring potential options for the shortfall. Staff are also exploring other potential solutions.

If approved by the Ministry, these two projects could provide 115 new funded affordable rental housing units with rents at 60 – 80% of the average market rent (AMR) for the city as determined by the Canada Mortgage and Housing Corporation (CMHC) annual rental market survey. These projects will assist the City to meet its need for 350 new affordable rental units annually.

Approval of OPHI funding for these projects is a federal and provincial investment of \$4.38 M with a construction value of \$34.7 M. The City will be contributing approximately \$1.24 M through development charge relief and relief from parkland dedication fees.

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

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

Financial: The City contribution for the OPHI funded portion of the Hamilton East Kiwanis Non-Profit Homes Inc. project is projected to be approximately \$553,932; \$146,460 in relief from parkland dedication fees, and \$407,472 in relief from development charges (current DC rates net of applicable credits).

The City contribution for the Indwell Community Homes 95-unit project is projected to be approximately \$684,859; \$90,000 in relief from parkland dedication fees, and \$594,859 in relief from development charges (current DC rates net of applicable credits). The contribution by building is as follows:

- The City contribution for the Indwell Community Homes 43-unit building is projected to be approximately \$359,252; \$90,000 in relief from parkland dedication fees (fees are calculated on land value, not unit count), and \$269,252 in relief from development charges (current DC rates net of applicable credits).
- The City contribution for the Indwell Community Homes 52-unit building would be \$325,607 in relief from development charges (current DC rates net of applicable credits).

The development charge and parkland dedication fee relief will be funded through Reserve # 110041, Social Housing Stabilization Reserve, which is dedicated to development charge relief for qualifying affordable housing projects. The current balance is \$1,626,302, leaving a balance of approximately \$380,000 after these projects have been funded.

There are no ongoing operating subsidies to be provided by the City for the operation of these rental housing projects.

Staffing: N/A

Legal: Proponents will be required to enter into a Contribution Agreement with the City by the end of 2019.

## **HISTORICAL BACKGROUND**

The City of Hamilton, in partnership with the Federal and Provincial Governments, is working to increase the supply of affordable rental housing in Hamilton.

Since 2003, there have been 21 projects with a total construction value of \$101 M, constructed with \$82 M of federal and provincial funds, creating 1011 new affordable rental units available for low and moderate-income households.

In April 2019, the Province of Ontario announced the Ontario Priorities Housing Initiative (OPHI) and Canada-Ontario Housing Initiative (COCHI). The OPHI has five components: Rental Housing, Homeownership, Ontario Renovates, Rental Assistance and Housing Supportive Services.

The Transfer Payment and Investment Plan (Report HSC19042(a), approved by Council on September 11, 2019, allocates the full 2019-2020 allocation of \$4.38 M to the Rental Housing Component.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Housing and Homelessness Action Plan (HHAP) (as submitted to the Ministry following the Five-Year Review)

Outcome 1: There is more affordable rental and ownership housing in Hamilton to meet the need and demand

## **RELEVANT CONSULTATION**

A staff evaluation team assessed and rated the proposals. The team included representatives from the following Divisions:

- Planning and Economic Development Department, Urban Renewal;
- Healthy and Safe Communities Department, Children's Services & Neighbourhood Development Division;
- Planning and Economic Development Department, Development Planning Heritage Design; and,
- Healthy and Safe Communities Department, Housing Services Division.

A Financial Services Division, Procurement Specialist managed the RFP process and reviewed this report.

Legal Services was consulted in the development of the Contribution Agreement which the successful proponents will be required to sign.

Financial Planning, Administration and Policy Division provided input on this report.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

RFP Goals and Criteria:

This RFP incorporated housing goals not previously included in new affordable rental housing RFPs. Particularly given the reduction in funding amounts from previous years,

it is important to maximize the City housing goals met by the successful projects. The new goals pertain to both social housing and homelessness:

- Housing households from either the Access to Housing Centralized Wait List or the By Name Priority Waitlist (at least 30% of the units);
- Meeting needs for deep affordability by accepting rent-gear-to-income (RGI) subsidies and rent supplements as available; and,
- Addressing the issue of over and under-housed households in social housing.

In addition to the new criteria above, proposals were evaluated on the following:

- Proponent qualifications and experience;
- Site readiness and development schedule;
- Financial viability and cost effectiveness;
- Development concept and target population, specifically meeting the needs of vulnerable citizens;
- Levels of energy efficiency and accessibility; and,
- Level and duration of affordability.

Of primary importance for this RFP is the ability of projects to meet the challenging program deadlines of signing a Contribution Agreement by December 24, 2019 and obtaining a foundation permit within 120 days following the signing. Projects must meet program deadlines, or the Ministry may recall the funding, so only projects that are well advanced were able to meet all the RFP benchmarks. Unfortunately, getting to this stage requires substantial resources that are often not available to small non-profit organizations.

#### RFP Outcomes:

Six proposals were received under the RFP C5-19-19. Five were deemed compliant by the Procurement Specialist and the sixth was deemed ineligible as it did not meet Ontario Priorities Housing Initiative Program Guidelines for the Rental Housing Component. Three of the five evaluated proposals did not meet all required benchmarks. Therefore, staff recommend the following projects for OPHI Funding in order of score RFP achieved:

- 1) Hamilton East Kiwanis Non-Profit Homes Inc., 6 -14 Acorn St (Ward 3),
  - 20 units comprised of one, two, and three bedrooms
  - An additional 40 units, not to be funded through OPHI, which are anticipated to have rents at the average market rent (AMR) for the City as determined by the

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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.

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Canada Mortgage and Housing Corporation (CMHC) annual rental market survey;

- Potential to address the issue of over and under housed households in social housing;
- At least 31% of the units will be accessible or barrier free;
- Rents of 79% - 75% AMR for 46 years; and,
- \$2,790,000 funding request.

2) Indwell Community Homes, 225 East Avenue North (Ward 3),

- 95 units for singles with a history of unstable housing, in two buildings. Most will have a diagnosed mental illness; many will have a primary addiction, concurrent disorder or physical condition;
- Potential to address the issue of over and under housed households in social housing;
- At least 20% of the units will be barrier free;
- Rents 60% of rents at the average market rent (AMR) for the City as determined by the Canada Mortgage and Housing Corporation (CMHC) annual rental market survey for a minimum of 25 years; and,
- \$4,380,545 funding request.

Due to the shortfall in requested funding for this project, staff are exploring trading a portion of Hamilton's OPHI Year 2 or Year 3 funds in exchange for the same amount of 2019-2020 funds from another municipality reducing the two buildings in the Indwell proposal to one building (either the 43-unit or 52-unit building depending on the funds available for reallocation), and other potential solutions.

If an appropriate solution for the Indwell project cannot be found by the end of December 2019, the City can with Ministry approval, reallocate \$1,590,545 allocated to the Rental Housing Component to the Ontario Renovates Component. It can then be used to fund capital repairs to emergency shelters, social housing, and other types of affordable housing. Report HSC19042(a) gives the General Manager of the Healthy and Safe Communities Department the delegated authority to "update or amend the Investment Plan, as necessary." Staff are pursuing alternative projects now to ensure that all funds are committed by the end of December. If a solution for the Indwell project can be found, most of the alternative projects will still be funded through funds allocated to Ontario Renovates in later years.

Through its many past and ongoing successful projects in Hamilton and beyond, Indwell has demonstrated its ability to produce high quality and deeply affordable housing and living experiences for people in need. Not only is Indwell an experienced developer and manager of deeply affordable supportive housing for some of Hamilton's most vulnerable citizens, but this project is an efficient investment for both OPHI and City

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funds. The full 95-unit project would leverage up to a \$4,380,545 OPHI investment and \$684,859 City investment to obtain approximately \$14.5 M in CMHC Co-Investment Fund grant and low-cost financing. This is an efficient investment of \$46,111 OPHI funds and \$7,209 City funds per unit.

Based on the evaluation results, staff recommends that Council request that the Minister approve the proposals for funding per the Recommendations of this Report.

#### **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**

None