



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	April 8, 2021
SUBJECT/REPORT NO:	Support for Rapid Housing Initiative Affordable Housing Development Projects (HSC20056(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirstin Maxwell (905) 546-2424 Ext. 3846 Jana Amos (905) 546-2424 Ext. 1554
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the Minister of Municipal Affairs and Housing (MMAH) be advised that the City of Hamilton recommends that the Ontario Priorities Housing Initiative (OPHI) New Rental Housing Component Year 3 funding in the amount of \$750,000 be allocated to Wesley Community Homes, 195 Ferguson Avenue North under Request for Proposal (RFP) C5-19-19 prior to its expiration July 31, 2021;
- (b) That the Minister of Municipal Affairs and Housing (MMAH) be advised that the City of Hamilton recommends that the Ontario Priorities Housing Initiative (OPHI) New Rental Housing Component Year 3 funding in the amount of \$822,495 be allocated to the Corktown Co-op affordable housing development under Request for Proposal (RFP) C5-19-19 prior to its expiration July 31, 2021;
- (c) That, subject to approval of the reallocation of Canada-Ontario Community Housing Initiative (COCHI) Year 3 funds from the Rent Supplement Component to the Capital Component, New Build by the Minister of Municipal Affairs and Housing (MMAH), CityHousing Hamilton's Rapid Housing Initiative project at 350

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.

King Street East be recommended to the Minister for funding in the amount of \$846,414;

- (d) That the Options for Independent Living and Development's (OFILD) modular affordable housing development Rapid Housing Initiative (RHI) project, 137 George Street be funded in the amount of \$483,303 from the Poverty Reduction Fund (Project ID 6731741609) to provide the full amount requested in its proposal;
- (e) That a contingency of approximately \$565 K, be used at the sole discretion of the General Manager of the Healthy and Safe Communities Department to address unanticipated issues that arise in affordable housing development projects using the funds remaining in the Poverty Reduction Fund Housing Services Division (Project ID 6731741609); and,
- (f) That the Outstanding Business List item identified as Modular Housing Pilot, be removed from the Outstanding Business List and considered complete.

EXECUTIVE SUMMARY

The need for more affordable housing in Hamilton has been long documented. The COVID-19 Pandemic has made the lack of affordable housing even more challenging as occupancy in shelters and temporary spaces grows.

The City of Hamilton Housing Services Division is taking advantage of every available federal, provincial and local funding option to support the development of new affordable housing as quickly as possible. The federal and provincial programs come with many requirements that must be navigated quickly or risk losing the funds.

The approvals sought in this Report are needed to help ensure that projects funded through the Rapid Housing Initiative (RHI) and other sources meet the challenging program deadlines and requirements. The recommendations accomplish the following two objectives:

1. Provide funds to top-up project funding to the full amount requested in the proposals; and,
2. Allocate contingency funds to address unanticipated issues that arise in affordable housing development projects.

Alternatives for Consideration – Not Applicable

FINANCIAL IMPLICATIONS

The following chart provides a summary of the projects to be funded as identified in the Recommendation section of this report and the amount allocated from the identified source of funding. The chart also identifies that if all recommendations are approved, there will remain a balance of \$929,221 in COCHI Year 3 Rent Supplement Project to be allocated in fiscal year 2021-2022.

Recommendation	Available Balance	HSC20056(a)	Balance Remaining
OPHI - Year 3 - Rental Housing	\$1,572,495	\$1,572,495	\$-
(a) Wesley Community Homes		\$750,000	
(b) Corktown Co-op		\$822,495	
COCHI - Year 3 - New Build/Rent Supp*	\$1,775,635	\$846,414	\$929,221
(c) City Housing Hamilton		\$846,414	
PRF 6731741609 - Aff Rnt Hsg Const	\$1,048,848	\$1,048,848	\$-
(d) Options for Independent Living and Development		\$483,303	
(d) Emergency Fund		\$565,545	

* COCHI Y3 Rent supplements available balance \$1,775,635, less request to transfer \$846,414 to the “Capital New Build” component, maintains a “Rent Supplement” available balance of \$929,221 for fiscal 2021-22

STAFFING IMPLICATIONS – N/A

LEGAL IMPLICATIONS – N/A

HISTORICAL BACKGROUND

On October 27, 2020, the Canada Mortgage and Housing Corporation (CMHC) announced the Rapid Housing Initiative (RHI) “to help address urgent housing needs of vulnerable Canadians by rapidly creating new affordable housing” and to “help support Canada’s economic recovery by creating employment in the housing and construction sectors.” Municipalities were given 30 days to vet and propose projects for funding, and the projects must be completed within one year of approval.

On November 4, 2020, Council approved Report HSC20056 which authorized and directed staff to accept the City’s \$10,760,585 allocation of RHI funds, administer the RHI, and provide support to projects approved for funding. Additionally, Council approved the exemption of “actions from approved City policies, procedures, and

business practices as needed to meet RHI timelines; and take other actions needed to ensure success” of the RHI projects. Hamilton and other municipalities were required to authorize and direct staff to make decisions and bypass normal practices to be able to meet CMHC’s timelines.

On December 4, 2020, CMHC approved the projects proposed to collectively receive the \$10,760,585 in RHI Major Cities Stream funding, thereby setting the completion deadline of December 4, 2021.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None

RELEVANT CONSULTATION

The RHI investment plan submission deadline, which required cities to receive, review, vet, and select proposal submissions, as well as propose and fully commit to affordable housing development projects within 30 days, did not allow for public consultation or normal competitive project selection processes. Staff are collaborating with other municipalities to inform CMHC of the difficulties this approach created for municipalities and other stakeholders.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

❖ Rapid Housing Initiative Projects

Four projects have to date been approved by CMHC for the Rapid Housing Initiative (RHI):

- 137 George Street, 6-unit modular built, three 3-bedroom and three 2-bed units, Options for Independent Living and Development
- 195 Ferguson North, 12-unit office conversion, 11 1-bedroom and 1 2-bedroom units, Wesley
- 350 King Street East, commercial space conversion 14 1-bedroom units, CityHousing Hamilton
- 219 East Ave. North, Royal Oaks site Carriage House conversion, 13 bachelor units, Indwell & Sacajawea

❖ Rapid Housing Initiative Requirements

The City is responsible to ensure that all projects submitted for RHI funding by the City meet all RHI requirements. The most critical requirements are the March 4, 2021 construction start deadline, the 12-month completion deadline (December 4, 2021) for

the initially approved projects), rents of 30% of tenant income, long-term operational viability, and a minimum 20-year affordability period. The City could be required to repay funds to CMHC if projects do not meet the requirements.

As the 12-month completion deadline is the most difficult requirement to meet, the primary criteria on which projects were prioritized was the level of certainty that they could be completed within 12-months. Staff has developed new processes and requirements for project proponents to increase the certainty of on-time completion, but the RHI projects require more staff oversight and support from the Housing Services Division and other divisions such as Legal and Building Services than other projects.

Four projects were determined by staff to be able to meet the RHI timelines, primarily completion by December 4, 2021. For two reasons it was decided to fund all of four projects even though doing so meant they would not receive the full amount of funds requested. With only 30 days from the announcement of the RHI to submission of a completed detailed investment plan, there was no time for a competitive selection process. Reducing the funding each project received allowed all to be approved under the RHI, avoiding choosing between projects. Additionally, with the potential for additional funding in the future, staff wanted to demonstrate Hamilton's ability to exceed the minimum requirement of 38 units.

Over time it became increasingly clear that to meet the very low, but variable rent requirement of the RHI, 30% of income for new tenants experiencing or at severe risk of homelessness, the projects needed the full amount of funding requested. All potential sources of funding were explored, and the resulting recommendations are the best match between the project and funding program specifics.

❖ Establishment of an Affordable Housing Development Project Emergency Fund

Completion of any development project is fraught with potential obstacles that can take time and funding to overcome. The 12-month completion requirement of the RHI is very challenging, particularly with potential delays caused by the pandemic. CMHC has been clear that extensions even for reasons of the pandemic are unlikely. The pandemic and tight timelines have already increased costs beyond typical contingencies. New City requirements unanticipated by proponents have also increased costs.

Previous affordable projects have encountered challenges that could have been quickly and easily resolved with immediate access to funds. Immediate access to funds at the General Manager's discretion, could save an RHI project. Any funds remaining in the Contingency Fund after any needs of the RHI projects are met will be retained in the fund to be reallocated to future affordable projects.

❖ **Balance of OPHI New Rental Housing Component Year 3 Funding**

Allocating \$750 K of OPHI New Rental Housing Component Year 3 Funding to the Wesley RHI project leaves a balance of \$822,495, which is insufficient as a primary funding source for an affordable housing development project. Request for Proposal (RFP) C5-19-19 allows that at the City of Hamilton's discretion, proposals submitted for the Request for Proposals may be recommended for funding in 2019 for 2019-2020 Ontario Priorities Housing Initiative funding or after December 31, 2019 up until July 31, 2021 for in the Ontario Priorities Housing Initiative or any Federal, Provincial or Municipal funding program. The Corktown Co-op proposal has been demonstrated to be viable but does not qualify for the Rapid Housing Initiative. Of the five proposals that were accepted for the RFP, four have now received either funding or in-kind contribution. The unfunded proposed project is being undertaken by the Corktown Co-operative Homes Inc.

The Corktown proposal did not meet all of the RFP benchmarks. However, the proposal was submitted almost two years ago and since that time substantial progress has been made in the areas of insufficiency. Awarding the remaining OPHI funds to the Corktown project significantly strengthens its CMHC Co-Investment Fund application score.

❖ **Affordable Housing Modular Development Project OBL Item**

OBL Item E&CS 20-007 Item 3, 20-E Modular Housing directs staff to prepare a report (business plan) for the development of two modular housing pilot projects and bring a report to the Emergency and Community Services Committee. Hamilton's first modular affordable housing project was approved in accordance with the Ontario Transfer Payment Amending Agreement for COCHI/OPHI by Council February 10, 2021. This report approves funding for Hamilton's second affordable modular project at 137 George St., thus completing OBL Item E&CS 20-007 Item 3, 20-E Modular Housing.

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