



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	April 21, 2022
SUBJECT/REPORT NO:	New Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative Agreement 2022 - 2025 (HSC22025) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brian Kreps (905) 546-2424 Ext. 1782 Al Fletcher (905) 546-2424 Ext. 4711
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Appendix "A" to Report HSC22025 being a By-law to authorize the City to enter into a "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;
- (b) That the General Manager of the Healthy and Safe Communities Department or their designate be authorized and directed to deliver and administer the Canada-Ontario Community Housing Initiative ("COCHI") and Ontario Priorities Housing Initiative ("OPHI") programs or any successor thereto;
- (c) That the General Manager of the Healthy and Safe Communities Department or their designate be authorized and directed to execute all agreements and documents required to give effect thereto or for the provision of additional funding pursuant to the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative programs, with content satisfactory to the General

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.

Manager of the Healthy and Safe Communities Department and in a form satisfactory to the City Solicitor;

- (d) That the General Manager of the Healthy and Safe Communities Department or their designate be authorized to approve and submit the annual Investment Plan pursuant to receiving the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative program guidelines, and to update or amend the Investment Plan, as necessary to deliver and administer the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative program; and,
- (e) 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 Initiative and the Ontario Priorities Housing Initiative in accordance with all Provincial requirements.

EXECUTIVE SUMMARY

In May 2019, the Ministry of Municipal Affairs and Housing released the Canada-Ontario Community Housing Initiative (“COCHI”) and Ontario Priorities Housing Initiative (“OPHI”) Program Guidelines proposing a 10-year funding plan through 2028. We are currently entering into Phase 2 of this program. In August 2021, the Province released the Canada-Ontario Community Housing Initiative (“COCHI”) and the Ontario Priorities Housing Initiative (“OPHI”) allocation for the year of 2022-2023 (attached as Appendix “B” to Report, HSC22025) which will provide:

- \$4,672,594 – COCHI funding
- \$3,390,400 – OPHI funding

The federal and provincial funding can be used for a suite of housing programs which include investment for capital in new affordable housing developments, the development and repair of affordable housing and rent subsidies/allowances.

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.

Staff propose using OPHI to prioritize the development of new affordable rental housing, supporting Ontario Renovates including Secondary Dwelling Unit catalyst funding for the first year of Phase 2 and, as this phase is for 3 years, staff made assumptions of the funding for year 2 and 3 of Phase 2. Staff will report back should there be any substantial change in the funding for the program.

Dates for both the submission of the Investment Plan and the signed Transfer Payment Agreement are yet to be determined by the Province and are likely to be included in the program guidelines.

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 2022, once the recipients of funding have been identified.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: For 2022-23 fiscal year, City of Hamilton has received a letter confirming funding for COCHI and OPHI of \$8,062,994. This is the Year 1 of 3 for Phase 2 funding. Guidelines describing the program priorities and requirements for phase 2 have not been released.

Staff anticipate that this funding will not require security beyond signing the Transfer Agreements.

If Phase 2 is consistent with Phase 1, The City of Hamilton is required to fully spend the annual operating funding and commit capital funding in the fiscal year that the funds are allocated. City of Hamilton has until September 15 of each fiscal year to reallocate funding between operating and capital. A Q3 financial report is due to the Ministry by January 30 of each year outlining projected expenditures for the fiscal year. Any identified savings may be required to be returned to the Ministry upon demand and cannot be carried over into the next fiscal year.

In the 2022-23 fiscal year, City of Hamilton may use up to 5% or \$403 K of their annual allocation for program administration costs. However, the province encourages Service Managers to reduce administration costs below 5% to provide more funding to program recipients.

Where applicable and unless otherwise stated in the Program Guidelines, the Ministry will provide quarterly payments based on the information requested through the Investment Plan. Generally, payments to Service Manager are made in April, July, October and no later than March 1.

At this time, these requirements are assumptions. Agreements will not be executed with agencies until the guidelines are received and the Investment Plan is approved by the Province.

Staffing: N/A

Legal: While the Transfer Payment Agreement has not been received yet, historically, Legal Services staff has reviewed the report recommendations and the Transfer Payment Agreement. Legal staff noted a number of concerns with previous Transfer Payment Agreements, 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 in the amount of \$16.7M. The announcement was brought to the attention of Council through Report HSC19042(a) on September 5, 2019.

August 23, 2021, the Province provided the 2022-23 Planned Funding Allocations for Provincially-Delivered Housing and Homelessness Prevention Programs. The allocation included an extension of OPHI funding contrary to the 2019 announcement which had indicated that OPHI funding was to expire in 2022 with no extension. The program guidelines and requirements and Transfer Payment Agreement are expected soon.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

As explained in Report HSC19042(a), the obligation to maintain the Service Level Standard still continues despite the continued expiry of operating agreements and mortgages. While the Provincial Government has acted to prevent community housing organisations from exiting the Housing Services Act and therefore the obligation to provide social housing, no direct additional funding has been allocated to the Service Managers to maintain the continuity of subsidy provision. The new COCHI allocation is therefore providing a cushion for limited continued subsidy funding for community housing providers.

Hamilton has an undersupply of affordable rental housing units. To address its housing crisis, Council endorsed a 10-Year Housing and Homelessness Action Plan (HHAP) with the first outcome area to increase the supply of affordable housing. The City is currently falling below its stretch target of development of 350 new units per year. OPHI and COCHI funding will partially support the City's effort in meeting the HHAP stretch target.

Dates for when both the Investment Plan and the signed Transfer Payment Agreement must be submitted is yet to be determined by the Province and likely to be included in the program guidelines. It is expected, 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

As a condition of previous OPHI and COCHI funding, Staff held a community stakeholder consultation meeting on July 24, 2019. Close to 40 participants representing affordable housing proponents (stakeholders from the affordable housing development community), Housing and Homelessness Action Plan Planning Group; members of the Housing and Homelessness Advisory Committee and community housing providers (social housing) developed numerous priorities for the utilization of COCHI and OPHI funding.

The priorities selected during the 2019 consultations included capital repairs for community housing, creation of new affordable housing units, supporting the creation of a secondary dwelling unit subsidy and proving housing subsidies to residents. These priorities are still relevant today and have been worsened by the pandemic. Unless the upcoming program guidelines provide a change to the original funding targets, staff believe this new funding provides an opportunity to build on the priorities made during the 2019 consultation.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Assuming the release of the regulations and guidelines for use of the COCHI and OPHI funds remains largely the same, staff provide the following analysis of the proposed use of the funds:

A. Canada-Ontario Community Housing Initiative (COCHI)

COCHI funding is an investment to offset the ongoing decline of federal funding for social housing. COCHI 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.
- 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)

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.

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. Offset any overages in construction costs associated with the supply chain issues and significant increase costs for materials and trades;
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. Invest in pre-development costs to support moving development costs closer to "shovel-ready" to permit greater ability to meet funding occupancy requirements.

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 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).

Staff are proposing the use of the OPHI funds for the following:

- 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 emergency shelters; and,
- As catalyst funding to support the creation of new secondary dwelling units on existing residential properties including granny flats, accessory apartments, laneway homes and basement apartments.

Overall, the intent of the OPHI spending is to seek opportunities to maintain the existing supply of housing as well as increase the supply of both affordable and innovative housing units – goals to which the above will secure.

ALTERNATIVES FOR CONSIDERATION

N/A

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 HSC22025: By-law authorizing the Transfer Payment for COCHI and OPHI

Appendix “B” to Report HSC22025: COCHI and OPHI Funding Allocation to City of Hamilton