



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	July 7, 2022
SUBJECT/REPORT NO:	Additional Funding for CityHousing Hamilton's Residential Conversion at 263 Main St. E. (HSC22028) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	Brian Kreps (905) 546-2424 Ext. 1782
SUBMITTED BY:	Edward John Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That up to \$182,000 in unused funding from project ID 6731841101 "Coordinated Access System" be used to fund additional costs in CityHousing Hamilton's project to convert commercial space to deeply affordable housing at 263 Main St. E.;
- (b) That the General Manager of the Healthy and Safe Communities Department, or their designate, be authorized and directed to enter into an agreement with CityHousing Hamilton for up to \$182,000 to fund the remaining costs in its project to convert commercial space to deeply affordable housing at 263 Main St. E., with terms and conditions to the satisfaction of the General Manager of the Healthy and Safe Communities Department, and in a form satisfactory to the City Solicitor; and,
- (c) That the remaining balance in project ID 6731841101 "Coordinated Access System" be transferred as follows and the project be closed:
 - (i) \$171, 000 to Social Housing Apartment Improvement Program (SHAIP) Admin Project ID 6731841704; and
 - (ii) Balance to Social Housing Transition Reserve #112244.

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.

EXECUTIVE SUMMARY

In an effort to increase the amount of deeply affordable housing in Hamilton, CityHousing Hamilton (CHH) initiated a conversion of vacant commercial space at 263 Main St. E. into 15 residential units.

The budget of \$3,096,414 has been exceeded by \$182,000 due to unexpected site conditions and supply issues. The initial funding for the project came from the federally funded Rapid Housing Initiative (RHI) and federally/provincially-funded Canada Ontario Community Housing Initiative.

Under the agreement with Canada Mortgage and Housing Corporation for the RHI, the City is obligated to make up any shortfalls in funding. It is recommended that the shortfall of up to \$182,000 be funded through Project ID 6731841101 "Coordinated Access System." The project to renovate the Housing Services Division office is complete and came in under the allocated funding.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

Project ID 6731841101 "Coordinated Access System" was created to fund the expansion of the Housing Services Division offices at 350 King St. E. The original budget of \$1.1 M was approved through Report CES14052(d) with \$700 K from the Social Housing Reserve Fund #112248, \$300 K from the provincially funded Social Housing Improvement Program (SHIP) administration funding, and \$100 K from the provincially funded 2018 Social Housing Apartment Improvement Program (SHARP).

The budget was increased by \$370 K through Report CES14052(e) with additional funding of \$199 K using the residual balance in the Social Housing Capital Reserve #112248, and \$171 K from the Social Housing Apartment Improvement Program (SHAIP) administration dollars from provincial and federal government programs.

Given the Coordinated Access System project has ended, the Housing Services Division is requesting approval to repurpose \$182 K of the funds remaining to fund the conversion project at 263 Main St. E.

Of the balance remaining in 6731841101, \$171 K will be transferred to SHAIP Admin 6731841704 with the residual transferred to the Social Housing Transition Reserve #112244.

Staffing:
N/A

Legal:

Under the terms of the Rapid Housing Initiative and the contribution agreement signed between the City of Hamilton and Canada Mortgage and Housing Corporation, the City of Hamilton is responsible for cost overruns incurred during construction.

HISTORICAL BACKGROUND

On January 22, 2018, Emergency and Community Services Committee (ECS) approved Co-ordinated Access System for Social Housing (CES14052(d)) which recommended the creation of Capital Project ID 6731841101 with estimated capital costs of \$1.1 M for tenant fit-up renovations for additional office space for the Housing Services Division.

On July 11, 2019, ECS approved Report CES14052(e) which increased funding in Capital Project ID 6731841101 (Co-ordinated Access System) by \$370 K.

At its September 9, 2019 meeting, ECS approved Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative (Report HSC19042(a)) which authorized entering into an agreement with the Ministry of Municipal Affairs and Housing (MMAH) to administer the Canada Ontario Community Housing Initiative (COCHI).

Renovations to the Housing Services Division offices were completed in September 2020 and staff moved in October 2020.

On October 27, 2020, the Federal Government publicly announced the Rapid Housing Initiative (RHI) to fund rapid production of affordable housing across Canada. The City of Hamilton received notification on October 23, 2020 of an allocation of \$10,760,585 under the RHI Major Cities Stream to support projects selected by the City. Proposals were to be submitted to the nationwide \$500 M RHI Projects Stream. Council approved Report HSC20056 at its November 4, 2020 meeting.

CityHousing Hamilton (CHH) received funding in the amount of \$2.25 M from RHI to convert vacant commercial space at 350 King St. E. to 15 residential units. CHH received additional funding in the amount of \$846 K from Year 3 of COCHI toward the project.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Under the *Housing Services Act, 2011* the City of Hamilton is required to maintain a minimum service level of Rent-Geared-to-Income (RGI) units. In many years, Hamilton has not met the standard due to the large number of households that have transitioned

to market rent. The 15 units at 263 Main St. E. will count toward our service level standard.

RELEVANT CONSULTATION

CityHousing Hamilton has provided updated costing for the commercial conversion at 263 Main St. E.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

CityHousing Hamilton (CHH)'s commercial conversion project at 263 Main St. E. was originally budgeted to cost \$2,047,950 with a contingency of \$860,139. Due to cost changes increase the full contingency has been utilized and an additional \$182,000 is required to complete the project. The \$182,000 consists of \$101,840 in change orders that have already been executed and an additional \$50,443 are being reviewed. To complete the project CHH staff have requested a further contingency of \$30,017.

Cost increases during construction are not uncommon and are generally covered through the contingency. In CHH's commercial conversion project this has been the case. Given the challenges with supply chain relating to disruption due to the global pandemic, the further increase of \$182,000 is not unexpected.

Through its agreement with Canada Mortgage and Housing Corporation (CMHC) for Rapid Housing Initiative funding, the City is obligated to cover any additional costs that may occur.

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.

APPENDICES AND SCHEDULES ATTACHED

None