



CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	June 15, 2023
SUBJECT/REPORT NO:	Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative Agreement 2023 - 2025 (HSC22025(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Al Fletcher (905) 546-2424 Ext. 4711 Brian Kreps (905) 546-2424 Ext. 1782 Kamba Ankunda (905) 546-2424 Ext. 4557
SUBMITTED BY:	Michelle Baird Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Appendix “A” to Report HSC22025(a) being a By-law to authorize the City to enter into a “Transfer Payment Agreement ” or an amending agreement to the existing Transfer Agreement dated April 28, 2022, with His Majesty the King in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the Province of Ontario in respect of the Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative for the allocation of funding for the years 2023 to 2025 and to authorize the General Manager of the Healthy and Safe Communities Department to execute such agreements and any ancillary documents, with content and 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 including but not limited to executing all

agreements and documents required to give effect thereto or for the provision of funding pursuant to the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative programs, with content satisfactory to the General Manager of the Healthy and Safe Communities Department and in a form satisfactory to the City Solicitor;

- (c) 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,
- (d) 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.

On February 3, 2023, the Province notified the City of Hamilton of the planned funding allocations for the Provincially delivered Housing and Homelessness Prevention program including an allocation for Fiscal Years 2023-24 and 2024-25 for both COCHI and the OPHI in the amounts provided in Table 1 below;

Table 1: Summary of Planned Allocation:

Program	Planned Allocations	
	2023-24 Fiscal Year	2024-25 Fiscal Year
Canada-Ontario Housing Initiative (COCHI)	\$6,623,600	\$9,010,300
Ontario Priorities Housing Initiative (OPHI)	\$3,483,200	\$3,360,800
Annual total	\$10,106,800	\$12,371,100

The Federal and Provincial funding can be used for a suite of housing programs including development of new affordable housing projects, repair of affordable housing units, provision of rent subsidies/allowances and supports towards homelessness

prevention.

Staff propose using COCHI funding to prioritize capital repairs for social housing, assessing the viability of Federal social housing providers reaching end of operating agreements and Provincial providers coming to end of mortgage 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 or mortgages expire.

Staff propose using OPHI to prioritize the development of new affordable rental housing including providing support to proponents in need of supplementary funding towards the creation of new affordable units; supporting existing Ontario Renovates Programs including Secondary Suites Forgivable Loan Program and the Emergency Home Repair program.

The Province provided the planned allocations to allow Service Managers to include the funding in their fiscal plans. The dates for both the submission of the Investment Plan and the signing of the Transfer Payment Agreement are yet to be determined by the Province and are likely to be included in the program guidelines. It is not clear whether the Province will issue a new transfer agreement or an amendment to the previous one.

The City is required by the Province to submit a Sustainability Plan detailing how the investments made through COCHI will improve the projects' longevity and affordability. Staff will report back to Council should there be any substantial change in the funding for the program.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: For Fiscal Years 2023-24 and 2024-25, the City of Hamilton received a letter confirming funding for COCHI and OPHI of a total of \$22,477,900. This will be the fifth and sixth year of COCHI – OPHI funding since 2019. The funding guidelines describing the program procedures, priorities and requirements have not been released by the Province.

Staff anticipate that this funding will not require security beyond signing the Transfer Agreement unless there is a major change to the previous program guidelines. The City is required to fully spend the annual allocation and commit capital funding in the fiscal year that the funds are allocated. The 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

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demand and cannot be carried over into the next fiscal year.

In this allocation, the City of Hamilton may use up to 5% each Fiscal Year 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 to be issued later by the Province, the Ministry will provide quarterly payments based on the information requested through the Investment Plan.

Currently, these requirements are assumptions. Agreements will not be executed with agencies until the program 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. Legal staff have raised several 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 have brought the above concerns to the attention of the Ministry of Municipal Affairs and Housing who highlighted that there is no opportunity for negotiation of the terms of the Transfer Payment Agreement. Accordingly, if the City wishes to receive OPHI and COCHI funding, it is required to sign the Agreement as is.

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 as mechanism of ensuring that City complies with the terms of the Transfer Payment Agreement and reduces risks to the City are mitigated to the extent possible.

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 \$16.7 M. The announcement was brought to the attention of Council

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through Report HSC19042(a) on September 5, 2019. In effect, a Transfer Payment Agreement was executed between Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and the City of Hamilton on September 23, 2019 covering the period 2019 to 2022.

August 23, 2021, the Province provided the 2022-23 Planned Funding Allocations for Provincially-Delivered Housing and Homelessness Prevention Programs in the amount of \$8,062,994. The allocation was brought to the attention of Council through Report HSC22025. 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. As required, an amended Transfer Payment Agreement to the previous one was fully executed between Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and the City of Hamilton on May 26, 2022 covering the period 2022 to 2023.

On February 3, 2023, the Province provided the 2023-25 Planned Funding Allocations for Provincially-Delivered Housing and Homelessness Prevention Programs. The allocation included another additional extension of OPHI and COCHI. For the current allocation for the year 2023 to 2025, the Province has not clarified whether it requires amendment to the previous one or a new Transfer Payment Agreement.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

As explained in Report HSC19042(a), the obligation to maintain the Service Level Standard continues despite the continued expiry of operating agreements and mortgages. The Provincial Government has acted to prevent community housing organisations from exiting the Housing Services Act and amended legislation to require community housing providers to either sign exit agreements or enter into new service agreements with service managers. No direct additional funding has been allocated to the Service Managers to provide for capital repair and maintain the continuity of subsidy provision. The new COCHI allocation provides a cushion for limited continued subsidy funding and capital repair 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. The Housing Sustainability Investment Roadmap (HSIR), recently approved by Council, provides a path forward in addressing the Housing Crisis in Hamilton and addressing a healthy housing continuum. OPHI and COCHI funding will partially support the City's effort in meeting the stretch target and the Housing Sustainability Investment Roadmap (HSIR) targets.

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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 propose use of the funds as follows:

A. Canada-Ontario Community Housing Initiative (COCHI)

- (i) Investment in capital repair programs among housing providers particularly projects that are reaching end of operating agreements and/or mortgage to preserve social housing supply, including urban native housing; and support social housing providers that can demonstrate their potential for long-term sustainability with transitional operating funding;
- (ii) Provide rent supplements/subsidy to support Rent Geared to Income (RGI) tenants in non-profit and co-operative housing projects with expiring operating agreements/mortgages;
- (iii) New supply – utilize a portion of funding to support community housing providers to undertake redevelopment or development of new units that prolong affordability period by stacking COCHI with other

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Federal and municipal funding.

Recognizing that the COCHI funding allocation model was based on outdated 2018-19 Social Housing Agreement funding, the Ministry has updated the funding model for 2023-24 onwards to provide a more equitable, needs-focused approach based on social housing stock and core housing need. The current allocation is intended to help achieve the COCHI objectives included above proposal and is increase from the 2022-23 amounts.

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.

(i) New Affordable Rental Construction

The City of Hamilton has been averaging 54 units annually through municipal and upper levels of government over the past 10 years. While the cost of construction continues to rise, it is important to continue to build new supply and allocating a significant portion of the OPHI funds to new affordable rental development is recommended for the following reasons:

- New units can help moderate the increasing negative impacts of the lack of affordable rental supply.
- Offset any overages in construction costs associated with the supply chain issues and significant increase costs for materials and trades;
- It enables leveraging much larger amounts of funding through CMHC's Co-Investment Fund. Despite challenges, the Co-Investment Fund is the primary funding source available for creating new affordable rental housing in Canada. To access Co-Investment Fund dollars, proponents must demonstrate that they have secured provincial or municipal contributions, which can include OPHI funds;
- Invest in pre-development costs to support moving development costs closer to "shovel-ready" to permit greater ability to meet funding occupancy requirements.

(ii) Continuation of Ontario Renovates

- Basic health and safety home 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,

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- As catalyst funding to homeowners 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

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.

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(a): By-law authorizing the Transfer
Payment for COCHI and OPHI