



**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>	August 17, 2023
<b>SUBJECT/REPORT NO:</b>	Transfer of Taras Shevchenko Non-profit Housing Inc.'s Project at 194 Gage Avenue South (HSC23047) (Ward 3)
<b>WARD(S) AFFECTED:</b>	Ward 3
<b>PREPARED BY:</b>	Carin Finch (905) 546-2424 Ext. 4837 Brian Kreps (905) 546-2424 Ext. 1782
<b>SUBMITTED BY:</b>	Michelle Baird Director, Housing Services Division Healthy and Safe Communities Department
<b>SIGNATURE:</b>	<i>Michelle Baird</i>

**RECOMMENDATIONS**

- (a) That Consent be given to Taras Shevchenko Non-Profit Housing Inc.'s request to transfer ownership and operation of its project located at 194 Gage Avenue South to Good Shepherd Non-Profit Homes Inc. contingent upon the conditions set out in Appendix "A" being met;
- (b) That to secure the transfer in recommendation (a), \$400 K in mortgage and interest cost avoidance that has been provided by Taras Shevchenko's Charitable Arm to the City over the years, be reimbursed by the Housing Services 2023 Levy Base.
- (c) That staff forward a copy of Council's resolution approving Recommendation (a) of Report HSC23047 to the Ministry of Municipal Affairs and Housing in fulfillment of its obligation under the Housing Services Act, 2011 to complete the transfer.

**EXECUTIVE SUMMARY**

194 Gage Avenue South ("194 Gage") is a 60-unit seniors building owned by Taras Shevchenko Non-profit Housing Inc. "Taras Shevchenko". It is currently under an operating agreement with the City of Hamilton and is governed under the section of the

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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.

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*Housing Services Act, 2011* (the “Act”) applicable to ‘Transferred Housing Projects’ (projects transferred from provincial or federal control to municipal control). Taras Shevchenko’s Board of Directors has requested consent from the City as Service Manager to transfer its ownership and control of 194 Gage to Good Shepherd Non-Profit Homes “Good Shepherd Homes”. Taras Shevchenko’s Board wishes to focus on operating its former federal project located at 190 Gage Avenue South and assisting Ukrainian refugees rather than continuing under the obligations associated with the Act.

Taras Shevchenko’s board identified Good Shepherd Homes as a viable entity to assume 194 Gage because of their long-standing relationship.

The City of Hamilton, as Service Manager under the Act, is responsible for funding and oversight of Transferred Housing Projects and as such the City must consent to any transfer, mortgage, or development associated with Transferred Housing Projects. The Act outlines the requirements that the Service Manager must follow in providing consent to the transfer, including that existing tenants must be consulted, and that adverse impacts on residents are appropriately mitigated. Additionally, the City is responsible for continuing to fund the project according to the requirements of the Act.

Housing Services Division and Legal Services staff have reviewed the Agreement of Purchase and Sale between Taras Shevchenko and Good Shepherd Homes and feel that it meets all requirements under the Act. Good Shepherd Homes has also committed to following all regulations under the Act as well as the mortgage obligations. Staff are also satisfied with the consultation that has taken place with tenants and that the transfer will not adversely affect them.

As part of the transfer, Taras Shevchenko has requested to be reimbursed for a pre-payment that was made to 194 Gage’s mortgage in the amount of \$309,859.20. This figure consists of a principal payment in the amount of \$235,924.00 and interest from 1995-2000 in the amount of \$73,935.20. The interest savings from the additional payment from 2001-2023 is \$96,445.36. This payment was not reimbursed by the City of Hamilton. Staff recommend that reimbursement in the amount of \$400,000 be paid to Taras Shevchenko Home for the Aged. Taras Shevchenko Home for the Aged made a number of investments in 194 Gage Avenue South through their charitable arm. This included projects such as landscaping, community rooms and industrial kitchens that go beyond the normal scope of operating expenses. This situation is unique as most social housing providers do not have direct access to a charitable fund to support these types of expenses.

The proposed date for the completion of the transfer is November 1, 2023. Housing Services’ staff will continue to support Taras Shevchenko’s Board and Good Shepherd throughout the transition to ensure that the 60 housing units are operated in a

continuous, responsible manner that not only respects the needs of the seniors, but causes no impact to the health, safety or enjoyment of its tenants.

**Alternatives for Consideration – Not Applicable**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Recommendation (b) is requesting funding to secure the transfer of 60 social housing units from Tara's Shevchenko to Good Shepherd to continue operating the 194 Gage Ave location as a Social Housing Provider under the Housing Services Act. The \$400K has been requested to be paid from Tara's Shevchenko upon transfer. The City of Hamilton is supportive of meeting this request given the mortgage and interest cost avoidance that has been provided by Tara's Shevchenko Charitable Arm to the City over the years. It is recommended that this be funded the Housing Services Division 2023 levy base in Dept ID 625012 "Social Housing Provider Investment". This intended use of this base funding is to address social housing repairs and maintain affordability for tenants under the amended Ontario Regulation 367/11 of the HSA. Using this funding source will have no impact on our levy or BER forecast.

**Staffing:** Not Applicable

**Legal:** Legal Services will assist in reviewing the transfer documents between Taras Shevchenko and Good Shephard. They have reviewed the legislative requirements in the Act and Ministerial Directives applicable to transfers of Housing Projects.

**HISTORICAL BACKGROUND**

Taras Shevchenko Non-Profit Housing Inc. built the project at 194 Gage Ave South "194 Gage" in 1995. The 60-unit seniors building was built under the provincial reform program, a social housing funding program administered by the province. It was a sister building to 190 Gage Avenue South, "190 Gage", built in 1985 under an agreement with Canada Mortgage and Housing Corporation by Taras Shevchenko Home for the Aged which shared the same board members.

In 1995, Taras Shevchenko Home for the Aged, a sister organization, made a significant prepayment of the mortgage at 194 Gage.

On August 11, 2022 the Emergency and Community Services committee approved Report HSC22040 which delegated authority to the General Manager of Healthy and Safe Communities to enter into service or exit agreements with social housing providers for projects that have reached the End of Operating Agreement or End of Mortgage in 2022 or 2023.

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On March 30, 2023, Taras Shevchenko Home for the Aged 190 Gage (the federal building and charities) entered into an exit agreement with the City of Hamilton. The Taras Shevchenko Board wished to focus on this property in assisting Ukrainian refugees

On March 1, 2023, Taras Shevchenko Non-Profit Housing requested to transfer 194 Gage to another non-profit Housing Provider. On April 26, 2023, a resolution was passed by the Taras Shevchenko Board of Directors officially requesting that the project be transferred to Good Shepherd Non-Profit Homes Inc. "Good Shepherd Homes." On May 25, 2023 a resolution was passed by the Good Shepherd Non-Profit Homes' Board of Directors, to transfer 194 Gage to Good Shepherd Homes.

In compliance with the *Housing Services Act, 2001* requirements, notice was sent to the Ministry of Municipal Affairs and Housing regarding the City of Hamilton's intent to provider consent to transfer 194 Gage to Good Shepherd Homes. This notice was sent on June 12, 2023.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

### *Housing Services Act, 2011*

The Social Housing project located at 194 Gage Avenue South and currently operated by Taras Shevchenko Non-Profit Housing is a social housing asset and is part of the housing programs transferred to the City in 2001 by the province and subject to the *Housing Services Act, 2011* (the "Act"). The Act requires the City to fund these social housing projects in accordance with the legislation and requires the City, as Service Manager, to provide its consent to the transfer of any housing assets.

Under s.163 (2) of the Act, where a provincially-guaranteed mortgage is involved, the Service Manager must notify the Ministry of Municipal Affairs and Housing in writing, no less than 45 business days prior to granting consent under s. 161 (2) or 162 (2) to the transfer of a designated housing project. The purpose of this pre-notification is to ensure that the Service Manager and the Ministry have time to deal with any potential mortgage-related issues which may impact the proposed transfer.

## **RELEVANT CONSULTATION**

### Tenants of 194 Gage Avenue South

Taras Shevchenko and Good Shepherd Homes are completing the required tenant consultation together. The first session was held on June 8, 2023. Tenants were informed that Good Shephard will be signing a temporary management agreement to take over the property management of the building as of July 1, 2023. The current

property manager is retiring as of September 1, 2023, so this will allow a smooth transfer. The tenants will get to know Good Shephard making the transfer less of a stressful transition.

Ministry of Municipal Affairs and Housing

The City met with the Ministry of Municipal Affairs and Housing on June 5 and July 6 to discuss any outstanding items that may need to be completed to support the transfer. The Ministry has confirmed that they do not need to formally approve the transfer of the mortgage from Taras Shevchenko to Good Shepherd Homes.

### **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The City of Hamilton is responsible for overseeing the social housing assets that were downloaded from the Province in 2001. Housing Services Division staff regularly field requests from housing providers to sell or redevelopment projects regulated under the Act. Staff have also been involved with the transfer of assets when a housing provider was no longer able to administer them. The request from Taras Shevchenko is unique in recent memory because it is a voluntary transfer to a successor Housing Provider who will continue to operate the Housing Project under the same legislative obligations.

The building at 194 Gage Avenue South was originally built to serve Hamilton's Ukrainian community. The Board offered many social activities over the years with a focus on Ukrainian culture and heritage. The building has been well maintained over the years by Taras Shevchenko. Ukrainian seniors no longer form a substantial portion of the tenants at 194 Gage Avenue South. Taras Shevchenko Non-Profit Housing Inc. Board of Directors has evaluated their long-term plans and determined that they no longer wish to continue operating 194 Gage under the obligations associated with a Provincial Reform project. Instead, they wish to focus on their former federal project, assist the Ukrainian refugees and the activities of their Charities arm.

Under the Act, a project with a provincially backed mortgage may be transferred if it meets certain conditions discussed above. Taras Shevchenko's board has selected Good Shepherd Non-Profit Homes Inc. as the recipient of the building based on their long-standing relationship. Good Shepherd Housing has been in Hamilton for a number of years. They successfully manage approximately 500 units of supportive housing as well as managing Wesley Community Homes in Hamilton, which is also a provincial reform project in good standing. Good Shephard Homes will not only bring operational expertise to the building but will also be able to leverage additional supports for the senior citizens living in the building through their sister organization, Good Shepherd Centre.

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Taras Shevchenko Charity made an additional mortgage payment in 1995 which resulted in substantial savings on the interest that would have to have been paid over the intervening years. They made this payment under the assumption they would be retaining the asset indefinitely and would realize the benefit of pre-payment. Now that the building is being transferred, they have requested that to be reimbursed \$400,000.00 to reflect the principle payment and interest savings. The payment would be made to their "Charities" arm to assist Ukrainian refugees. The remaining assets such as patio furniture and an industrial kitchen that were paid for by the Charity's arm will remain at 194 Gage Avenue South. Staff support this repayment as it represents a sum that the City would have been obligated to fund otherwise according to the provincial funding formula, had it not been prepaid.

**ALTERNATIVES FOR CONSIDERATION**

Not Applicable

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report HSC23047: Transfer Conditions