

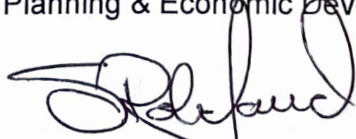




**CITY OF HAMILTON**  
**HEALTHY AND SAFE COMMUNITIES' DEPARTMENT**  
 Housing Services Division  
 and  
**CORPORATE SERVICES DEPARTMENT**  
 Financial Planning Administration and Policy Division  
 and  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
 Planning Division

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	June 5, 2024
<b>SUBJECT/REPORT NO:</b>	Affordable Housing Development Project Stream Evaluation Process (HSC23028(d)/FCS23055(b)/PED23099(d)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Justin Lewis (905) 546-2424 Ext. 4026 Brian McMullen (905) 546-2424 Ext. 4549 Anita Fabac (905) 546-2424 Ext. 1258
<b>SUBMITTED BY:</b>	Grace Mater General Manager Healthy and Safe Communities Department
<b>SIGNATURE:</b>	
<b>SUBMITTED BY:</b>	Mike Zegarac General Manager Corporate Services Department
<b>SIGNATURE:</b>	
<b>SUBMITTED BY:</b>	Steve Robichaud Acting General Manager Planning & Economic Development Department
<b>SIGNATURE:</b>	

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**RECOMMENDATION(S)**

- (a) That the General Issues Committee approves the Affordable Housing Development Project Stream Program (Project Stream) as Appendix “A” to Report HSC23028(d)/FCS23055(b)/PED23099(d) which outlines the process for receiving, evaluating, and prioritizing applications to create additional units of affordable and supportive housing projects for any available City funding allocation
- (b) That the Director of the Housing Secretariat Division, be authorized to execute, and administer the Affordable Housing Development Project Stream (Project Stream) Program, including entering into any and all agreements and ancillary documents as required to deliver the Project Stream in a form satisfactory to the City Solicitor and content satisfactory to the Housing Sustainability and Investment Roadmap (HSIR) Executive Committee (comprised of the City Manager, the General Managers of Healthy and Safe Communities, Planning and Economic Development, and Corporate Services Departments);
- (c) That the Director of the Housing Secretariat Division under the oversight of the General Manager of the Finance and Corporate Services Department through the HSIR Executive Committee, receive delegated authority to enter into financial commitments of up to \$2.5 million per project, provided the municipal contributions are being funded solely from funds managed by the City allocated to the Affordable Housing Funding Program Reserve account number 112257, the Affordable Housing Property Reserve account number 112256, the Supportive Housing Funding Account, and any other funds managed by the City that is deemed necessary or to be used for affordable housing;
- (d) That the Director of the Housing Secretariat Division, under the oversight of the General Manager of the Finance and Corporate Services Department through the HSIR Executive Committee, be authorized to revise the Project Stream program, policy, and application process attached as Appendix “A” to Report HSC23028(d)/FCS23055(b)/PED23099(d) as necessary to ensure efficient delivery of the Project Stream;
- (e) That the General Manager of the Healthy & Safe Communities Department revise the Affordable Housing Fund Program Guidelines attached as Appendix “B” to Report HSC23028(d)/FCS23055(b)/PED23099(d) as approved at the Emergency and Community Services Committee to report HSC23003 and subsequently approved by Council on January 25, 2023.

## **EXECUTIVE SUMMARY**

In April 2023, through Report HSC23038/FCS23055/PED23099, Council approved the Housing Sustainability and Investment Roadmap, which was developed as a “whole-of-Hamilton” approach to solving the housing crisis facing our community.

On November 15, 2023, through Report HSC23028(b)/FCS23055(a)/PED23099(b) the Housing Secretariat provided an update on the HSIR Year 1 Program of Work since the HSIR was approved in April 2023. Included in this report was a recommendation that staff be directed to develop an intake process for receiving, evaluating, and prioritizing applications to create additional units of affordable and supportive housing projects using select available City funding and to report back to the General Issues Committee with results from the intake process. The Housing Secretariat presented the Affordable Housing Development Project Stream (Project Stream) as their recommendation for an intake process. This recommendation was approved by Council on November 22, 2023.

In response to Council’s approval to proceed with the Project Stream, staff developed the Project Stream application form and posted it to the newly launched Housing Secretariat webpage on December 12, 2023. In addition to the application form, staff have developed a policy that includes an Evaluation Matrix, Workflow, draft Letters of Intent, and Municipal Contribution Agreements to form the overall Project Stream Program Guide which attached as Appendix “A” to Report HSC23028(d)/FCS23055(b)/PED23099(d).

Applications to the Project Stream are prioritized and reviewed on a first-come, first-served basis at the end of each quarter, ensuring a fair and timely evaluation of all submissions. The list of projects approved through the Project Stream will be broken out over the next five years (2024, 2025, 2026, 2027, 2028) and include new construction projects that will begin in the spring of each year. The Project Stream will include affordable housing projects that are supportive and allocated funding will be issued from the most applicable and appropriate funding sources.

Twenty-seven (27) submissions were received through the Q1 Project Stream intake from non-profit and charitable organizations for the potential to actualize, 1,620 affordable housing units for target populations in the City of Hamilton.

The Project Stream Evaluation Matrix will be used to determine the extent and source of municipal contribution allocated to each project and the date on which the project will start construction. Sources of funding will be determined based on alignment with respective funding program objectives and conditions. The delegated authority will be exercised on approval of projects under the Project Stream up to an amount equal to the program maximum of \$2.5 million per project, provided the municipal contributions are being funded solely from funds managed by the City allocated to the Project Stream

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with the Housing Secretariat Division. \$2.5 million represents the average per-project municipal contribution request of applications submitted to the Project Stream as of the first quarterly intake.

Staff are recommending that the General Issues Committee provide delegated authority to the Director of the Housing Secretariat Division, with ongoing oversight of the General Manager of the Finance and Corporate Services Department through the HSIR Executive Committee to support staff-led program administration, approvals, and program amendments on a go-forward basis of the Project Stream. The delegated authority will support expeditious approvals and program administration of new affordable housing development projects in the City of Hamilton. This will allow staff to meet the objectives set out in the Housing Sustainability and Investment Roadmap, the Housing and Homelessness Action Plan, and through the established Council Priorities. Furthermore, the Project Stream will help the City meet the objectives of the Housing Accelerator Fund allocation from the Canadian Mortgage and Housing Corporation, as per the approved Report PED23143(b)/HSC23017(b), with preference for affordable housing projects. The delegated authority request is in response to the challenges that affordable housing developers have identified as deterrents to expediting projects. This framework empowers the City to swiftly identify and prioritize initiatives that align with community needs and municipal objectives by enhancing efficiencies in project approval processes, enabling quicker access to funding, and accelerating the commencement of construction activities. This streamlined approach not only addresses the pressing need for new affordable housing options, but also strengthens the City's capacity to leverage additional funding from provincial, federal, and private sector partners. Moreover, by reducing approval timelines, the City can effectively respond to community feedback regarding the perceived delays in housing project approvals amid a housing crisis. This proactive measure demonstrates the City's commitment to addressing housing challenges promptly and transparently, fostering trust and collaboration within the community.

### **Alternatives for Consideration – See Page 11**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The following is a listing of funding sources and their respective objectives and conditions that will be used to support affordable housing development projects through the Project Stream:

#### **Federal**

**Housing Accelerator Fund:** On October 25, 2023, Council approved Report HSC23017(a)/FCS23062(a)/PED23143(a) which directed staff to execute the seven initiatives identified in the City's Housing Action Plan in support of the Canadian Mortgage and Housing Corporation's (CMHC)

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allocation of \$93.5 Million to the City through the Housing Accelerator Fund (HAF). The total allocation of \$93.5 Million will be issued to the City of Hamilton in four payments of \$23.5 Million to implement the Housing Action Plan. The HAF funding is intended to facilitate the incentivization of 2,675 net new market and affordable residential units above the City's five-year historical Building Permit average for housing units by December 2026.

As per the approved Report PED23143(b)/HSC23017(b), three new direct building HAF-supported incentive programs were developed to respond to the Housing Action Plan's initiatives one, two, and three respectively. The three incentive programs include Additional Dwelling Unit and Multi-Plex Housing Incentive Program, the Rapid Transit Multi-Residential Rental Housing Incentive Program, and the Housing Acceleration Incentive Program. While HAF is not specifically geared towards the development of affordable housing, some incremental benefit is provided to municipalities for any units that are affordable. The program also permits the use of surplus funding to fund new affordable housing projects. As per the approved Report HSC23017/FCS23062/PED23143, beyond what is needed to create and deliver the various policy and incentive programs, 45% of HAF surplus funding will be allocated to the Affordable Housing Funding Program Reserve.,

## **Municipal**

### **Affordable Housing Reserve Fund**

Through Report HSC23003 (Appendix "B"), the Affordable Housing Funding Program Reserve Fund (Account 112257) was established in January 2023 for any unspent funds from the Affordable Housing Fund Program (AHFP). The AHFP represents a \$4 million annual allocation available at the start of the City's financial year, as well as, up to 45% of the HAF Surplus funding allocation.

The AHFP was developed to reduce financial barriers that non-profit organizations and housing co-operatives face when developing affordable housing; improve their competitiveness when applying for Federal funding; increase financial viability and promote longer affordability periods of the projects.

The AHFP has no limitations on stacking with other municipal incentive programs, grants, loans, or funding from other levels of government for capital project development and operational expenses such as housing subsidies. Program funding is awarded to proponents who meet the eligibility criteria of the AHFP Program Guidelines and will be dispersed

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subject to the alignment of the City's housing objectives and at the discretion of the General Manager of the Healthy and Safe Communities Department. Eligible costs include overages and cost overruns of existing City-funded projects, development charges, site design and feasibility studies, facilitation of due diligence, capital costs, and potential acquisition, and any other costs deemed eligible by the City through the Affordable Housing Development Project Stream evaluation process.

The use of AHFP is limited to proponents that are registered non-profit organizations, charities, or housing co-operatives. Therefore, the AHFP cannot be used to fund projects by for-profit proponents. Projects funded through the AHFP can be new construction including a new building or addition to an existing building and a conversion of an existing non-rental building or portion thereof.

The use of funds from the AHFP Reserve Fund are limited to funding new and innovative projects and initiatives approved by Council that directly support the implementation of the City's Housing and Homelessness Action Plan. Under delegated authority, the General Manager of the Healthy and Safe Communities Department can recommend the use of the AHFP Reserve Funds to Council to fund expenses related to the development of affordable housing through the Project Stream.

### **Affordable Housing Property Disposition Reserve**

In 2018, through Report PED17219, Council authorized staff to develop a disposition strategy of City-owned lands to build new affordable housing units. In response, staff were authorized to establish the Affordable Housing Property Reserve (Account 112256) from which all net proceeds from the sale of properties identified for affordable housing are to be deposited, for use exclusively for new affordable housing development.

As per the motion moved at the January 17, 2024, General Issues Committee meeting, Council authorized the City to enter into Grant or Loan Agreements with affordable housing providers for the purpose of developing new affordable housing using the Affordable Housing Property Reserve at the discretion of the General Manager of the Healthy and Safe Communities Department. Authorization was also given to the General Manager of the Healthy and Safe Communities Department to execute and administer the agreements and any ancillary documents, with terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor. This authority will be exercised to allocate funding to eligible projects through the Project Stream via the delegated authority of the Director of the Housing Secretariat Division with oversight from the General

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Manager of the Finance and Corporate Services Department through the HSIR Executive Committee. There currently isn't any funding available in this reserve, but as properties are divested, funds will be allocated through the Project Stream submissions.

### **Supportive Housing Account**

Through report HSC23041, Addressing the Needs of Unsheltered Individuals and Those Relying on Hamilton's Emergency Shelter System, and subsequently to General Issues Committee Report, 23-024, Council directed staff to report back on the concept of an advance multi-year municipal commitment of \$31M (e.g. \$10.33M over year over 3 years) towards the creation of 200 supportive housing units in order to maximize opportunities for affordable housing providers to leverage provincial and federal funds for projects in development. The Supportive Housing account has been developed using funds from a COVID-19 reserve. The Supportive Housing account resides with the Housing Secretariat's 2024 operating budget and is reserved to fund supportive housing projects, that have been evaluated through the Project Stream, to assist in housing individuals from the By-Name Priority List which is implemented through the Housing Services Division.

### **Non-Profit Planning Application Fee Waivers**

As per Recommendation (a) of Report (PED16098), as adopted by Council at its meeting held on May 25<sup>th</sup>, 2016, non-profit housing is eligible for fee waivers for the following Planning Application fees:

1. Official Plan Amendment – Fees Waived
2. Rezoning Application – Fees Waived
3. Site Plan Approval – Fees Waived (all fees required as per Conditions of Site Plan Approval remain in effect)
4. Plans of Subdivision – 25% Reduction
5. Plans of Condominium – 25% Reduction All other fees as per the fee schedule are to remain in effect.

**Staffing:** Additional staff time will be required for the management of the Housing Policy and Relations section of the Housing Secretariat Division. This manager would oversee the development of internal policies related to the Housing Secretariat Division as well as the execution of a government relations strategy. It is anticipated that the management of this program would require 1.0 of a Manager Full-Time Equivalent and to be recruited under the Housing Secretariat Division.

Additional staff time will be required for the development of internal policies related to affordable housing incentives and for the development of the community engagement and public affairs strategy. It is anticipated that the executing and monitoring of these deliverables would require 2.0 of a Policy and Public Affairs Specialist Full-Time Equivalent and to be recruited under the Housing Secretariat Division.

Additional staff time will be required for the execution and monitoring of agreements. It is anticipated that executing and monitoring these agreements would require 1.0 of a Contracts Analyst Full-Time Equivalent and to be recruited under the Housing Secretariat Division.

**Legal:** Subject to the City Council approval of the recommendations in Report HSC23028(d)/FCS23055(b)/PED23099(d), the Legal Services Division will be involved in developing agreements/letters of intent, commitment, and terms and conditions and additional legal mechanisms required to implement the funding allocations.

## **HISTORICAL BACKGROUND**

As per Report HSC23028(b)/FCS23055(a)/PED23099(b), staff were directed by Council to proceed with developing an intake process for receiving, evaluating and prioritizing applications to create additional units of affordable and supportive housing projects for any available City funding, including, but not limited to the proceeds from the sale of six surplus City-owned properties identified, as recommended in the Properties and Process for Disposition of Land for Affordable Housing Report (PED17219), any available surplus funds through the Housing Accelerator Fund, any funds available in the Affordable Housing Funding Program Reserve Fund, and based on the process and criteria outlined in Appendix "A", that was attached to Report HSC23028(b)/FCS23055(a)/PED23099(b), and to report back to the General Issues Committee with the results of the intake process.

The creation of the Project Stream was done in partnership between the Housing Secretariat Division and the Planning & Economic Development Department. The intent of the Project Stream is to organize new affordable housing construction projects on an annual basis to meet the objectives set out in the Housing Sustainability & Investment Roadmap, the Housing and Homelessness Action Plan, and through Council Priorities.

The Project Stream offers a proactive, consistent, and transparent process in the City's funding allocation decisions for affordable housing development. This process will satisfy requests from Council, requesting that the City establish a more streamlined intake process so that all potential affordable housing developers have an equal opportunity to pursue available funding.

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## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The City of Hamilton’s population is projected to grow by approximately 40 percent to 820,000 by the year 2051. Through recent work completed by the City as part of the Growth-Related Integrated Development Strategy (GRIDS) in accordance with A Place to Grow – Growth Plan for the Greater Golden Horseshoe, 2019 (as amended), approximately 35,000 new residential dwellings are required to meet Hamilton’s growing population by the year 2031 and 77,500 new residential dwellings to 2051.

As part of a long-term strategy to facilitate the construction of 1.5 million homes over the next 10 years the Province developed the *More Homes Built Faster Act, 2022* (Bill 23), which assigned the City a housing target of 47,000 additional dwellings by 2031, which is also known as the Housing Pledge.

The City has committed to developing a total of 900 affordable rental units per year through the following plans and programs that the Project Stream will help advance. In August 2020 Council endorsed a 10-Year Housing and Homelessness Action Plan with the first outcome area to increase the supply of affordable housing with a stretch target of developing 350 new affordable units per year. The Housing Sustainability and Investment Roadmap endorsed by Council in April 2023 was developed to enable progress towards building 350 moderately affordable units per year. Thirdly, the Housing Accelerator Fund's annual allocation of \$23.5 million from the Canadian Mortgage and Housing Corporation is set to realize 200 affordable housing units per year.

The Project Stream is an innovative and efficient mechanism of the Council-approved Housing Sustainability and Investment Roadmap that will be leveraged to meet these ambitious targets on an annual basis for the creation of affordable housing.

<b>Program</b>	<b># of Units/Year 2024</b>	<b># of Units/Year 2025</b>	<b># of Units/Year 2026</b>
10-Year Housing and Homelessness Action Plan	350	350	350
Housing Sustainability and Investment Roadmap	350	350	350
Housing Accelerator Fund	200	200	200
<b>TOTAL</b>	<b>900</b>	<b>900</b>	<b>900</b>

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The implementation of affordable housing development projects by non-profit housing providers approved through the Project Stream, will require that the City continue to utilize existing City policies and regulations related to fee waivers for select Planning Application fees.

## **RELEVANT CONSULTATION**

During the development of the Project Stream, staff consulted with the Hamilton is Home Coalition, which represents a group of affordable housing proponents in the community. Concerns were expressed around the City's current RFP process and suggestions were offered on how to reduce this administration burden on the proponent. These suggestions were incorporated into the development of the Project Stream process. As the report and program were being developed, the Housing Secretariat team consulted with staff from the Planning and Economic Development Department, the Healthy and Safe Communities Department, the Housing Services Division, the Financial Services Division, and the Corporate Communications Division. Comments and suggestions were incorporated into the report and the Project Stream program. The evaluation process and criteria, as seen in Appendix "A" to Report HSC23028(d)/FCS23055(b)/PED23099(d), were developed with guidance from the City's Procurement Specialists with the Financial Services Division and per the City's Procurement Policy By-Law 22-255. The Housing Secretariat team additionally engaged with the City's Auditor General to seek advice regarding the delegated authority request outlined in this report. Staff are making every effort to align the City's funding with other sources of funding for new construction. For example, the Hamilton Community Foundation has announced \$50 million over the next ten years to be invested in affordable housing in Hamilton. Staff will be collaborating with the Hamilton Community Foundation to determine how the City's contribution can be stacked with available funding through the Hamilton Community Foundation to support the viability of approved projects through the Project Stream. Staff also consulted with the Economic Development Department on the coordination and alignment of municipal funding incentives offered through the Invest in Hamilton webpage to ensure a coordinated approach to all municipal funding sources.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Construction and operation of new affordable and supportive housing requires active investments from municipal, provincial, and federal governments. Traditionally, municipal governments are one of the last funders to the table, covering the construction shortfall (or over-run), making grants (capital or operating) to a particular project, donating property, waiving fees, etc.

The Project Stream provides a transparent intake process for affordable and supportive housing projects enabling the City to identify prioritized projects that meet the City's

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requirements. This allows for strategic planning and implementation of these projects throughout the term of Council. This streamlined process is expected to accelerate construction once funding becomes available and enhance the capacity for the non-profit organizations to leverage additional funding from other levels of government and funders.

The evaluation criteria for the Project Stream, as seen in Appendix “A” to Report HSC23028(d)/FCS23055(b)/PED23099(d), is predicated on the objectives set out in the Housing Sustainability & Investment Roadmap, the Housing and Homelessness Action Plan, and the Term of Council priorities.

## **REPORTING REQUIREMENTS**

Staff will be required to provide an information report to the General Issues Committee at the June 19, 2024, meeting with results from the first quarterly intake of the Project Stream. This report will contain information on the affordable housing development proposals that were received through the Q1 intake and provide information on which proposals are approved for municipal contribution for the first intake.

Staff are required to provide an annual update to the General Issues Committee in October 2024 on the progress of the HSIR Year 2 Program of Work. This report will include an update on all projects received and approved through the Project Stream, outlining their contributions towards the City’s affordable housing objectives.

## **ALTERNATIVES FOR CONSIDERATION**

An alternative to the delegated authority recommendations is that the delegated authority is not approved. This would lead to construction delays for affordable housing projects because staff would be required to report to and obtain approval from Council prior to allocating any funding.

Another alternative to the delegated authority recommendation would be to grant delegated authority for a lesser amount than the maximum of \$2.5 Million. Considering that the majority of the affordable housing project submissions received through the Project Stream were requested for \$2.5 Million or higher, this would lead to construction delays for affordable housing projects. Staff would then be obliged to report to and obtain approval from Council before allocating any funding exceeding the pre-approved amount of the General Manager’s signing authority, which is \$249 K.

For the City to respond nimbly and support the community in responding to the housing crisis, neither of the proposed alternatives are supported. Granting delegated authority for \$2.5 Million would enable the City to act promptly and facilitate the creation of housing as expeditiously as possible.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report HSC23028(d)/FCS23055(b)/PED23099(d) - Affordable Housing Development Project Stream Program

Appendix "B" to Report HSC23028(d)/FCS23055(b)/PED23099(d) - Affordable Housing Funding Program Guideline Revisions