

## **Affordable Housing Development Project Stream Program**

### **POLICY STATEMENT:**

The City of Hamilton has developed an Affordable Housing Development Project Stream (Project Stream) to foster the construction and retention of local affordable housing. The Project Stream will guide the allocation of available funding, providing financial support to Non-Profit organizations that create and/or retain affordable housing in the City for low-to-moderate-income households. The Project Stream aligns with the Housing Sustainability & Investment Roadmap, the Housing and Homelessness Action Plan, and City Council’s priority, Safe and Thriving Neighbourhoods, specifically its strategic goal of increasing the supply of affordable and supportive housing and reducing chronic homelessness in the City.

### **PURPOSE:**

The Project Stream will provide support to eligible Non-Profit and charitable organizations through waivers of fees/permits, capital grants, and municipal land to advance affordable rental residential units to low-to-moderate-income households in the City of Hamilton. This policy provides a framework for the distribution of available program funds. This policy sets out eligibility criteria, evaluation and selection criteria, and processes. The policy supports transparency, and consistency in project application, assessment, and allocation decision-making.

### **DEFINITIONS:**

**Affordable Units:** Are rental housing units whereby the rent of a unit, inclusive of all utilities, is set at or below 80 percent of Canada Mortgage and Housing Corporation’s (CMHC) Average Market Rent, by bedroom type, in the regional minimum of 40 years.

**Applicant:** A Non-Profit and charitable organization applying for a grant under the Project Stream, subject to the Project Stream’s requirements.

**City:** The City of Hamilton.

**Contribution Agreement:** An agreement signed between the City and the Applicant under this Program.

**Council:** The Council of the City of Hamilton.

**Equity-Seeking Groups:** A group as identified on ground(s) set out in Section 1 of the Human Rights Code, that identify barriers to equal access, opportunities and resources, in relation to housing affordability, due to economic disadvantage and/or discrimination. The City of Hamilton is currently completing an in-depth Housing Needs Assessment that will further identify unique equity-seeking groups but for this purpose, equity-seeking groups include, but are not limited to:

- Indigenous Peoples
- Racialized Communities
- People with Disabilities

**Project Stream Evaluation Committee:** A committee of City staff who are responsible for the review and evaluation of Project Stream applications, as appointed by the City’s Housing Sustainability & Investment Roadmap’s Steering Committee.

**Non-Profit:** An organization, where no part of its income is payable to, or otherwise available for, the personal benefit of a member or shareholder thereof. This includes all types of Non-Profit organizations and includes rental co-operatives that are incorporated with a Non-Profit status.

**Project Stream:** The Affordable Housing Development Project Stream of the City.

**SLT:** The Senior Leadership Team of the City of Hamilton.

## SCOPE:

This policy applies to:

- All Non-Profit and Charitable Applicants to the Project Stream.
- Staff responsible for the delivery and administration of the Project Stream.
- The Project Stream Evaluation Committee.
- Council’s delegated authority in relation to the Project Stream.

## POLICY COMMUNICATION:

At a minimum, this policy will be communicated by means of:

- Posting the policy on the City of Hamilton website.
- Posting the policy on the City of Hamilton intranet for staff accessibility.
- Providing a copy to all staff involved in the delivery and administration of the Project Stream, the Project Stream Evaluation Committee, and SLT.

- Including the website location for the policy in all Project Stream application information and communications.

It is the applicant's responsibility to be proactive in seeking out Project Stream application information and ensuring compliance with submission deadlines.

## **POLICY:**

### **1.0 Project Stream Considerations**

1.1 Capital grants under the Project Stream are intended to assist Non-Profit and Charitable Organizations in constructing new or retaining existing, affordable housing for low-and moderate-income households in the City of Hamilton. Project Stream grants are intended to help Non-Profit and Charitable Organizations offset some of the capital costs associated with construction or retaining affordable housing units in the local community.

### **2.0 Eligibility Criteria**

2.1 Applicants are eligible to apply for funding under the Project Stream subject to meeting the following minimum requirements:

a. Applicants must:

- Be a Non-Profit Organization, Charitable Organization, or Housing Co-Operative;
- Demonstrate an understanding of residential housing development; operation of a rental housing unit(s) or ability to retain the services of an organization/consultants with this experience;
- Demonstrate financial viability or a path towards financial viability through their capital and operating proformas;
- Own or have an accepted offer to purchase the subject lands. Notwithstanding the foregoing, an exemption is made where the subject lands are secured under a long-term lease (40 years) for affordable housing purposes.

b. The Project must:

- Be located within the geographical boundary of the City of Hamilton (can be located anywhere in the City subject to the City's Official Plan and Zoning By-law policies);

- Be located on lands as described in 2.1.1 above;
- Be rental tenure (i.e., the entire building must operate as a rental);
- Have at least 30% of the residential units in the project be affordable rental housing meaning said units have rents, inclusive of all utilities, set at or less than 80% of CMHC’s Average Market Rent in the regional market area at the time of application submission, for a minimum of 40 years; and,
- Be one (1) of the following project types:
  - New construction (includes additions and extensions);
  - Acquisition and rehabilitation of existing rental affordable housing that is at risk of being lost; or
  - Conversion of non-residential buildings (in whole or in part) to rental affordable housing.

## 2.2 Projects that are not eligible include

- a. Projects by commercial enterprises (i.e. for-profit);
- b. Ownership housing;
- c. Secondary Suites;
- d. Long-term care facility;
- e. Purpose-built student housing;
- f. Shelters and crisis care facilities;
- g. Transitional or time-limited housing without the security of tenure; and,
- h. Repairs/renovations to existing buildings, unless part of an acquisition proposal or the works result in the creation of new affordable housing units.

## 3.0 Eligible Costs

3.1 Program funding will support proponents’ capital costs for affordable rental housing units as it relates to hard and soft capital build costs, municipal land contribution, rent supplements, waiving of planning application fees, and/or City of Hamilton financial partnership or contribution required for other sources of funding.

3.2 Development costs including soft and hard costs required to move an affordable housing project to “shovel-ready”. These costs may include but are not limited to consultation fees, studies, surveys, architectural designs, site plan approvals, demolition costs, environmental and archaeological study costs, building permit fees, and any associated fees to obtain an occupancy permit.

3.3 Funding can be used to support proponents' exploration of a potential property for the development of affordable housing. Approved funding can be used for the following:

- a. to acquire the proposed development property and the fees associated with the acquisition;
- b. financial support to complete due diligence and feasibility studies prior to the purchase of the property;
- c. Best use analysis;
- d. Building condition assessment;
- e. Preliminary environmental studies; and,
- f. Any other study reasonably associated with the due diligence for acquisition of property.

3.4 Capital costs incurred by a Non-Profit and Charitable Organization for the construction of the affordable housing units by a For-Profit entity that has been retained by the Non-Profit organization to construct the Affordable Units may only be considered an eligible cost if the affordable housing units are to be owned and operated solely by the Non-Profit and the For-Profit organization, or where there is an agreement between the Non-Profit and the For-Profit entity whereby the affordable housing units are secured by the Non-Profit organization through a long-term lease (40 years) and operated solely by the Non-Profit organization, to the satisfaction of the City.

#### **4.0 Ineligible Costs:**

4.1 For-profit construction of affordable housing units, except as specified in Section 3.4 herein.

4.2 Operating expenses are not eligible (including employee wages, debt payments, losses from a previous fiscal year, etc.).

#### **5.0 General Project Stream Requirements**

5.1 The Project Stream will be structured as a Call for Applications that will remain open year round but evaluated quarterly. Interested Non-Profit organizations submit their applications, and are evaluated and awarded available funding on a competitive basis, which is followed in accordance with this policy.

- 5.2 The City will provide quarterly deadlines outlined on the Housing Secretariat’s webpage to inform the applicants of when each evaluation will be completed.
- 5.3 Project Stream information along with application information and documents will be posted on the Housing Secretariat’s webpage at [www.hamilton.ca/housingsecretariat](http://www.hamilton.ca/housingsecretariat).
- 5.4 The Director of the Housing Secretariat with oversight of the General Manager of the Finance and Corporate Services Department through the Housing Sustainability and Investment Roadmap’s Executive Committee, may establish a minimum and/or maximum municipal contribution under the Project Stream on a per application/project basis.

## 6.0 Required Application Information

- 6.1 All applications under this Program must include the following items, noting that any incomplete, misleading, or false information may render the application/award invalid at the City’s sole discretion:

### Applicant Qualifications

- a) satisfactory proof that the Applicant is:

- a Non-Profit or Charitable Organization;

- b) a summary describing the Non-Profit organization, including:

- a copy of incorporation documents (if applicable);
- if a partnership, a copy of the partnership agreement or letter/memorandum of understanding and a list of partners;
- a solicitor’s certification that there is no ongoing or pending litigation or liens against the Applicant or any related entity or any liens filed against the property;
- population it serves;
- its contact information (including contact information for partners if applicable);
- examples of similar projects it has been involved in, and any past project experience in developing and managing affordable rental housing projects;
- the names and experience of the project management team.

- d) full disclosure of any relationship with a For-Profit entity/organization, including documented confirmation (partnership agreement or memorandum of understanding);

- e) in the case of a relationship with a For-Profit entity/organization pursuant to Section 3.2 herein, copies of all relevant agreements between the Non-Profit organization and the For-Profit entity/organization constructing the affordable housing units, to the satisfaction of the City;

## **Project Concept and Design Details**

- f) a summary describing the proposed project, including
- the address of the project and proximity to transit, services, and amenities;
  - the type of project, as per section 2.1.2;
  - the total number of affordable and market-rate housing units, the approximate size of said units, and the number of bedrooms in each unit;
  - project rents for the affordable housing units and any market-rate units;
  - affordability period of the affordable housing units;
  - how the project is consistent with urban design best practices and accessibility standards;
  - whether the project can be carried out under current land use regulations (including the Zoning By-law), and identification of any known variances and/or amendments;
  - project schedule;
  - who the affordable housing units are intended to serve and how the units meet community needs (e.g., unit type, household composition, housing options for equity-seeking groups, etc.);
  - how the project will be tenanted (e.g., use of Access to Housing waitlist, another waitlist) and any tenant supports; and,
  - property management details;
- g) preliminary building plans and/or site plans, if available.

## **Financial Viability**

- h) evidence, subject to the satisfaction of the City's General Manager of Finance and Corporate Services, of financial competence and project viability including:
- three most recent audited financial statements; if not available additional information provided to substantiate or establish liquidity and debt management is required;
  - project proforma;
  - details of any equity to be contributed by the Applicant;
  - details of other sources of government funding, if applicable; and
  - the amount of funding requested.

## **Other**

- j) any other information that may be required by the City, the GM, the City's Executive Committee, and/or the Project Stream Evaluation Committee.

## 7.0 Recommended Supplemental Application Information

7.1 The following supplemental information is recommended to help with project evaluation and prioritization:

- supporting information from a qualified professional that the proposed project interior exceeds accessibility requirements in the Building Code and that the exterior achieves the City’s Accessibility Standards;
- supporting information from a qualified professional that the project exceeds energy efficiency requirements in the Building Code; and
- any other supplemental information that, in the opinion of the Applicant, demonstrates how the proposed project meets sustainable design and affordable rental housing and community needs.

## 8.0 Evaluation Criteria

8.1 Applications will be evaluated using the criteria and weighting as outlined in Table 1. The evaluation criteria weighting may be modified from time to time by the City’s Housing Secretariat Division.

**Table 1: Application Evaluation Criteria**

<b>Evaluation Criteria</b>	<b>Weighting</b>
Alignment with City of Hamilton Priorities	20%
Project Criteria	35%
Funding Outline Criteria	35%
Project Implementation and Management	10%
Total	100%

The Housing Secretariat Division may on a case-by-case basis establish a more detailed scoring matrix as part of a call for applications. Applications are evaluated against the City’s price-per-point benchmark of 75% to determine the viability of each project. The viability of each project is determined through the evaluation of the Project Management Institute project phases and municipal contribution would be dependent on the current phase of each project. The Housing Secretariat is committed to supporting all proposals received through the Project Stream to ensure that all projects are viable for the community. The Housing Secretariat Division will collaborate across all City divisions to optimize resources, investment, and outcomes that align with the urgency of advancing affordable housing development projects.



8.2 Applications that exceed some or all of the following criteria will be considered stronger and scored higher than those that only meet the minimum eligibility requirements:

### **1. Alignment with City of Hamilton Priorities (weight 20%)**

Projects that align with the Housing Sustainability & Investment Roadmap, the Housing and Homelessness Action Plan, and the City Council Priorities goals of achieving targets for the following:

- i. housing supply,
  - ii. affordability,
  - iii. supports equality and equity for all Hamiltonians.
- b. The proposed project addresses the needs and challenges of communities identified in the community, especially communities of inclusion (overrepresented population in encampments and shelter).
  - c. The proposed project aligns with the Safe & Thriving Neighbourhoods Council Priority by increasing the supply of affordable and supportive housing and reducing chronic homelessness, ensuring people can safely and efficiently move around by foot, bike, transit, or car, and by providing vibrant parks, recreation, and public spaces.
  - d. Projects that clearly identify one or more target populations that it will impact and provide a clear plan demonstrating how it will directly impact the target populations, including identifying the number of households that will be taken from a recognized waitlist for tenancies by name. These target populations include:
    - i. Indigenous,
    - ii. Family,
    - iii. Men,
    - iv. Women,
    - v. Seniors, and
    - vi. Youth.

### **2. Project Criteria (weight 35%):**

- a. Projects that clearly align with the Official Plan of the City of Hamilton and adhere to all relevant By-laws.
  - i. Projects that clearly state what stage the application or request process is in and are working with the Planning Department.
  - ii. Projects that clearly demonstrate the project’s readiness to advance through permit approvals.
  - iii. Projects that clearly demonstrate a comprehensive and effective effort to improve building accessibility measures as measured by the AODA compliance standards.

**3. Funding Outline (weight 35%):**

- a. Projects that clearly identify how much funding is required and identify a plan for viability and that have received funding from one or more of the below sources:
  - i. Capital and/or Operating funding or commitment of funding from other orders of Government.
  - ii. Through Municipal support in waived fees or obtained Municipal Grants.
  - iii. Obtained funding from other sources outside of all levels of Government such as donations, philanthropists, and social bonds.
- b. The proposed project provides a clear and comprehensive description of how it has strong potential to operate and achieve its goals beyond the Municipal funding contribution.

**4. Project Implementation and Management (weight 10%):**

- a. Applicants provide a clear and comprehensive explanation of their experience, ability and readiness to carry out and oversee the proposed project, and applicant includes a description of the resources, skills, expertise, and infrastructure in place to ensure efficient and effective project execution.
- b. The proposed project includes a detailed and clear description of the steps taken or plans made by the respondent to ensure the project's timely execution according to the proposed plan's document.

**9.0 Application Evaluation and Selection:**

**Review for Application Eligibility**

9.1 In order for an application to be considered for funding, it must:

- Meet the Program eligibility criteria (Section 2.1); and
- Be complete and have all supporting documentation to comply with the application requirements.

9.2 Applications will be screened by the City's Housing Secretariat Division staff for basic eligibility as they are received. Applicants will be notified if their application is ineligible or incomplete.

9.3 Submission of an incomplete application may result in the application's deferral to a later round of evaluation.

**Application Evaluation Criteria**

9.4 Each application will be reviewed, evaluated, and scored on its merits by the Project Stream Evaluation Committee made up of the inter-department staff team across the City.

9.5 Applications will be evaluated based on the criteria outlined in Table 1, subject to Section 8.1.

9.6 Higher scores will be given to applications that exceed minimum eligibility requirements and those that meet some or all the preferred evaluation criteria.

9.7 As part of the evaluation process:

- Applicants may be contacted to verify and provide clarification on the application;
- Applicants may be contacted to provide additional supporting information; and/or
- Applicants may be required to attend an intake meeting with the Housing Secretariat Division to clarify any information contained in the application.

9.8 The Infrastructure, Planning and Development team in the Housing Secretariat will review each application on its merits. Then the Infrastructure, Planning and Development team will present each submission to the Project Stream Evaluation Committee. The Project Stream Evaluation Committee will evaluate each proposal in alignment with the Project Stream Evaluation Matrix. The Infrastructure, Planning and Development team will meet with the Project Stream Evaluation Committee to discuss their individual assessments of the application and to arrive at a consensus assessment.

9.9 The Housing Secretariat Division will recommend to Council's delegated authority a recommended allocation of available funding to applicants based on scoring pursuant to Section 9.8. this will be done through a recommendation report, acceptable to the Director of the Housing Secretariat Division with oversight from the General Manager of the Finance and Corporate Services Department through the Housing Sustainability and Investment Roadmap's Executive Committee.

### **Delegated Authority**

9.10 Council delegates to the Director of the Housing Secretariat, with oversight of the General Manager of Finance and Corporate Services Department through the Housing Sustainability and Investment Roadmap Executive Committee, the authority to:

- (a) Approve grants under the Project Stream in accordance with this policy;
- (b) Determine the amount of such grants to be issued under this policy, and any conditions thereto, up to a maximum of \$2.5M per project;
- (c) Determine whether to award one or more grants, or no grants; and
- (d) Approve and execute Contribution Agreements on behalf of the City, including amendments to such agreements, where the form and content of said agreements is to the satisfaction of the General Manager of the Finance and Corporate Services Department through the Housing Sustainability and Investment Roadmap's Executive Committee.

9.11 The General Manager of the Finance and Corporate Services Department, with oversight of the Housing Sustainability and Investment Roadmap's Executive Committee, may further delegate any or all of the authorities granted by Council to the Director of the Housing Secretariat Division.

9.12 Final approval of all grants, and the amount thereof, is a decision of the Director of the Housing Secretariat Division, with oversight of the General Manager of the Finance and Corporate Services Department through the Housing Sustainability and Investment Roadmap's Executive Committee, or designate, at their sole discretion.

### **Decision**

9.13 The successful Applicant(s) will be notified by a Letter of Intent of the decision on its application after the evaluation consensus is completed.

## **10. Conditions of Approval**

10.1 The City will enter into a Contribution Agreement with the selected successful Applicant(s) based on the proposal obtained at the time of selection.

10.2 As a condition of approval, a successful applicant will be required to sign a Contribution Agreement with the City, satisfactory to the City's Solicitor and the Director of the Housing Secretariat Division, committing to the delivery and maintenance of affordable housing units, prior to:

- The commencement of any works to which grant will apply; and
- The City issuing any grant funding.

10.3 A successful Applicant will be required to agree in the Contribution Agreement to the following items:

- The grant amount to be received under the Project Stream and its timing;
- The work to be completed and the timeframe by which a building permit must be obtained, construction commenced, and the units completed/occupancy permit issued;
- Regular project progress updates as outlined in the Annual Reporting Guidelines for the Project Stream;
- The number of affordable units to be provided, rental rates, and duration of affordability;
- Non-compliance terms and processes, and default provisions

10.4 A successful Applicant will be required to provide a postponement in favour of the City from any mortgagee/charge or encumbrance of the property.

## 11. Payment Issuance:

11.1 Payments will be issued to the applicant in advances as set out in the contribution agreement.

- a. Payment issuance to applicant would be in the following disbursement's structure:
  - I. 50% - Issued at signing of contribution agreement.
  - II. 30% - Issued at completion of structural framing.
  - III. 20% - Issued at receipt of occupancy permit.