



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 19, 2024
SUBJECT/REPORT NO:	Affordable Housing Development Project Stream Q1 2024 Results (HSC23028(e)/FCS23055(c)/PED23099(e)) (City Wide)
WARD(S) AFFECTED:	City Wide
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Discussion of matters contained in Appendix “A” of this Report in closed session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the *Ontario Municipal Act, 2001*:

- a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive

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position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

RATIONALE FOR CONFIDENTIALITY

Through the Affordable Housing Development Project Stream (Project Stream), staff are reporting on the allocation of funding to non-profit housing developers for development costs associated with the creation of new affordable housing units. While the evaluation criteria for the Project Stream is public, the city is unable to share details surrounding how each project was and scored, and the corresponding funding.

Consistent with confidentiality surrounding the affordable housing project proposals, subsection 239(2)(i) of the *Municipal Act, 2001*, S.O.2001, c.25 a trade secret or scientific, technical, commercial, financial, or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization can be considered in a meeting closed to the public. In addition, Appendix "A" to Report HSC23028(e)/FCS23055(c)/PED23099(e) contains confidential information that the non-profit housing developers have shared regarding their affordable housing development projects, which have been evaluated against the evaluation criteria which can be considered in a meeting closed to the public. Potential implications for disclosing the results of this report publicly could have a reputational impact on the organizations that received a lower score, as well as community partnerships may diminish as the perception may be that the City is untrustworthy if they learn about their evaluation through a public report rather than directly from staff, in addition to legal and ethical concerns regarding staff disclosing of community partners sensitive information without prior consent.

As part of the Project Stream process, the City is required to evaluate each affordable housing proposal received through the Project Stream in alignment with the City's Procurement Policy. Report HSC23028(e)/FCS23055(c)/PED23099(e) contains the evaluated Q1 Project Stream results, included in the confidential attachment as Appendix "A". Staff will proceed with executing Municipal Contribution Agreements for the projects that have satisfied the evaluation criteria as presented in Appendix "A" to Report HSC23028(e)/FCS23055(c)/PED23099(e). The information shared in Appendix "A" of this report should remain confidential until staff have received approval to meet with each of the non-profit housing developers to share the results of their proposals and enter into municipal contribution agreements.

Once the agreements are executed, and future evaluations are conducted, staff will report via a Communication Update to the Mayor and Members of Council.

RATIONALE FOR MAINTAINING CONFIDENTIALITY

The rationale for maintaining confidentiality is the same as the rationale for confidentiality explained above. In addition, given the non-profit housing developer's requirement for confidentiality, considering Appendix "A" to Report HSC23028(e)/FCS23055(c)/PED23099(e) in public session and disclosing the Q1 Results of the Project Stream prior to staff communicating with the non-profit and charitable organizations, could disclose confidential information regarding the projects and lead to a disruption in the project's development.

INFORMATION

In April 2023, Council approved Report HSC23038/FCS23055/PED23099 the Housing Sustainability and Investment Roadmap, which was developed as a "whole-of-Hamilton" approach to solving the housing crisis facing our community and subsequently approved the Affordable Housing Development Project Stream (Project Stream) process (Report HSC23038(b)/FCS23055(a)/PED23099(b)), including an evaluation process (Report HSC23038(d)/FCS23055(b)/PED23099(d)). The outlined evaluation process offers a systemic approach for assessing Project Stream applications, with an emphasis on prioritizing projects scheduled to commence construction within the next five years.

The evaluation process reviewed submissions from eligible non-profit housing developers proposing affordable housing development projects aligned with the program's criteria, the Housing Sustainability and Investment Roadmap, and the Housing and Homelessness Action Plan. Through the evaluation and proposed funding, the outcome provides some forecasting to the possible requirements for rent supplements (tax levy supported) and acquiring funding for wraparound or health supports as new developments secure capital funding for construction and the timeline for occupancy is better understood. It also enables smaller pre-development grants to move eligible projects toward construction-ready status.

During the initial intake, twenty-six eligible submissions were received from non-profit and charitable organizations, proposing a total of 1,620 potential affordable and supportive housing units for diverse populations in Hamilton. In recent history, new affordable and supportive housing developments have only been feasible when non-profit organizations secure capital funding beyond their own equity or project revenue, e.g. Rapid Housing Initiative, CMHC Co-Investment Program, and other Upper-level government funding programs. The confidential attachment, Appendix "A" to Report HSC23028(e)/FCS23055(c)/PED23099(e), contains the evaluated outcomes of the projects which determined each project's potential feasibility, and the amount and origin of municipal funding allocated to each project.

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The Affordable Housing Project Stream funding sources that are currently available include:

- the Council-approved the Affordable Housing Funding Program (report HSC23003) which provides \$4 million annually to support new not-for-profit affordable housing, which will be fully expended; and,
- the Council-approved \$10.3 million annually for three years for supportive housing projects (report HSC23041(g)), of which \$4.1 million is recommended for grants.

Any remaining amounts available in the Supportive Housing Account and the Affordable Housing Fund will be allocated to support affordable housing and supportive housing projects through subsequent evaluations of the Project Stream.

Municipal funding and support are proposed based on the current phase of each project and the alignment of municipal funding guidelines. Appendix “A” to report HSC23028(e)/FCS23055(c)/PED23099(e) outlines the detailed allocation of funding sources for each of the eligible project proposals received through the Q1 intake of the Project Stream and the proposed amount of a forgivable grant contribution.

For projects to be eligible for supportive housing funding, projects must be focused on people with a history of homelessness, provide wraparound supports, and accept tenants based on the city’s By Name Priority List. For the supportive housing projects, the funding being recommended allows the projects to move closer to shovel-ready status with the recommended funds being used for a variety of pre-development activities, including planning designs, required planning studies, and other site-specific requirements.

Funding of projects through the Affordable Housing Funding Program is for developments where rent supplements have already been approved by council and do not require funding for supports. Any new supportive housing project that secures capital build funding may be required to secure approval for rent supplements, operating subsidy and/or support subsidies, which will be subject to future reports.

Summary of Q1 Results

From the initial Project Stream intake and evaluation:

- 26 eligible project submissions within the City of Hamilton;
- Eight project submissions (five affordable housing and three supportive housing) met the shovel-ready benchmark of the Project Stream criteria, representing the potential for 551 new affordable and/or supportive units. Due to the limited funding available through the Affordable Housing Fund, only three of the five eligible affordable housing projects can receive capital funding before the fund is

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fully expended. The remaining two eligible affordable housing projects will be prioritized for future available funding. All three of the qualifying supportive housing projects were awarded funding. The Housing Secretariat is proceeding with developing Municipal Contribution Agreements for their affordable and supportive housing funding requests.

- While these projects are shovel-ready from a construction point of view, some still require additional capital funding from upper levels of government, rent supplements, operating subsidies, and/or support service funding (tax levy and/or upper-level government support) for the projects to proceed to construction and be financially viable
- The shovel-ready projects have the potential to start construction in 2024 with occupancy in 2025 with the appropriate funding secured.
- Six project submissions in the supportive housing stream qualified for pre-development grants to move their projects toward shovel-ready status. These projects, while still in the early stages, represent 386 supportive housing units.
- One of the successful Affordable Housing projects and all of the successful Supportive Housing projects are eligible for funding from the Housing Accelerator Fund (HAF) upon receiving their Building Permit. Appendix “A” identifies the amount projects are eligible for from HAF.
- As of June 1, 2024 per Provincial Legislation, qualified non-profit housing providers are eligible for the exemption of development charges, parkland dedication, and community benefit charges. Appendix “A” includes an estimate of the value of these exemptions for each project. A formal assessment of all projects is currently underway by the Planning and Economic Development Department to finalize these values.
- Twelve project proposals require further support to meet the minimum Project Stream benchmarks.

The Housing Secretariat will continue to collaborate with every eligible affordable and supportive housing developer who has submitted a proposal, with the goal to secure 1,620 new affordable/supportive units through the 26 eligible projects in addition to supporting any additional proposals submitted through subsequent evaluation intake periods.

Future Project Stream Intake Funding

Future Project Stream intakes are intended to occur quarterly, subject to the availability of funding. The Project Stream application process remains open at all times.

Council approved the Housing Accelerator Fund application and program Report HSC23017/FCS23062/PED23143 which will include 45% of the Housing Accelerator

Fund (HAF) surplus (determined at the time of the next HAF payment) allocated to the Affordable Housing Funding Program to support capital investment in the development of new non-profit led affordable housing developments. It is expected that the next Project Stream intake will benefit from the Housing Accelerator Fund surplus.

Staff are coordinating with the Planning and Economic Development Department to approve and waive the Planning Application Fees for eligible non-profit housing developers, as previously approved by Council Report PED16098 as well as providing additional municipal support for these projects where possible. The Housing Secretariat continues to work with the Planning and Economic Development Department to ensure a coordinated approach to support projects with all available City-led housing incentives, such as any municipal programs offered through Invest in Hamilton. Additionally, staff are coordinating with the Climate Change Initiatives team to apply for a \$1 million reserve fund to support projects meeting the 2024 Climate Change Reserve guidelines.

The Housing Secretariat continues to seek out new funding opportunities to support these developments as well as continue to advocate to other orders of government for additional/new funding. The Hamilton Community Foundation has announced \$50 million over the next ten years to be invested in affordable housing in Hamilton. Staff are 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.

Construction and operation of new affordable and supportive housing units require active investments from municipal, provincial, and federal governments. Traditionally, municipalities are one of the last funders to the table, covering the construction shortfall, issuing grants to a particular project, donating property, waiving fees, etc. The Project Stream provides an opportunity for the municipality to be one of the first funders at the table and to continue supporting projects through to the close-out phase of the project lifecycle.

The Project Stream provides a transparent intake process for affordable and supportive housing projects enabling the City to identify projects that meet the City's objectives. This allows for strategic planning and implementation of these projects throughout the term of Council. This streamlined process will accelerate construction once capital build funding becomes available and enhances the capacity for non-profit organizations to leverage additional funding from other orders of government and funders.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Q1 2024 Affordable Housing Development Project Stream Results
(Confidential)