




CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	September 18, 2024
SUBJECT/REPORT NO:	Service Manager Consent for Victoria Park Community Homes Inc. (HSC24035) (Wards 5,6,7,14 and 15)
WARD(S) AFFECTED:	Wards 5,6,7,14 and 15
PREPARED BY:	Carin Finch (905) 977-9459 Pilar Homerston (905) 973-1129
SUBMITTED BY:	Al Fletcher Acting Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the General Manager of Healthy and Safe Communities be delegated the authority to provide Service Manager consent under the *Housing Services Act, 2011* to Victoria Park Community Homes Inc. to mortgage the properties municipally known as:
- (i) 1049 Rymal Road
 - (ii) 525 Stonechurch Road
 - (iii) 80 Gilcrest Drive
 - (iv) 831 Queenston Road
 - (v) 1 Hamilton Street S.
- (b) That the General Manager of Healthy and Safe Communities be delegated the authority to provide Service Manager consent under the *Housing Services Act, 2011* to Victoria Park Community Homes Inc. to mortgage other properties owned by Victoria Park Community Homes Inc. as deemed appropriate by the GM and subject to the following conditions:
- (i) The maximum amount of the mortgage for each property shall not exceed 40% of the value of each property at the date of request and;
 - (ii) The properties must not be subject to any other mortgage/charge other than a mortgage/charge securing a grant from Canada Housing and Mortgage Corporation (CHMC) to be used for capital repairs, increasing

energy efficiency, and increasing accessibility in all their current housing stock.

- (c) That the General Manager of Healthy and Safe Communities be authorized to enter and execute any ancillary agreements and documents necessary to give effect to the Service Manager consent for Victoria Park Community Homes Inc.

EXECUTIVE SUMMARY

Victoria Park Community Homes Inc. has been offered a grant from Canada Mortgage and Housing Corporation in the amount of \$20M through the National Housing Co-investment Fund. To qualify for the grant, Victoria Park Community Homes Inc. must contribute \$30M of equity. All the funds must be used for capital repairs, energy efficiency and increased accessibility within the buildings and units. This will result in \$50M worth of capital upgrades to buildings within Hamilton, Halton, Brantford, and Waterloo.

Report HSC24035 recommends Service Manager consent to mortgage the properties, up to 40% of their value, listed in recommendation (a) for an approximate total of \$14.3M. The remaining contribution of \$15.7M has been provided through an equity contribution from other portfolio properties and surpluses.

The report recommends General Manager delegated authority to provide Service Manager consent, to mortgage additional properties that meet the criteria set out in recommendation (b), to allow Victoria Park to seize future funding opportunities in a timely manner. Under the *Housing Services Act, 2011*, Service Manager consent is required to encumber housing projects transferred as social housing by the Province to municipalities.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications with Report HSC24035

Staffing: There are no staffing implications with Report HSC24035

Legal: The *Housing Services Act, 2011* requires the consent of the Service Manager before Victoria Park Community Homes Inc. can encumber the assets.

HISTORICAL BACKGROUND

Victoria Park Community Homes Inc. has been a non-profit housing provider since 1974. and have community housing units in five Service Manager areas. In Hamilton, Victoria Park Community Homes Inc provides 1,557 units and received conditional

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.

funding approval, communicated publicly on July 23, 2024 for \$20M through the Co-Investment Repair and Renewal Stream to support capital repairs.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Under the *Housing Services Act, 2011*, Service Manager consent is required to encumber housing projects transferred as part of the devolution of social housing by the Province to Municipalities.

On July 14, 2023, City Council approved to delegate to the General Manager of the Healthy and Safe Communities Department or designate, the authority to provide consent pursuant to section 161 of the *Housing Services Act, 2011* for housing projects designated under the *Housing Services Act, 2011* to mortgage or develop a designated housing project or the land when the following circumstances are met:

- (i) The encumbrance does not relate to additional debt for the project in question, except for debt owed to the City of Hamilton through a loan or grant; and;
- (ii) For any proposed development of the property it does not temporarily or permanently reduce the overall number of units in the project.

As this encumbrance request will relate to additional debt for their project, Council approval is required.

RELEVANT CONSULTATION

Victoria Park Community Homes Inc. has provided a business case, as well as all the relevant supporting documentation.

Legal Services has reviewed this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Victoria Park Community Homes Inc. (Victoria Park) has been a consistent partner in affordable housing for many years with a strong mission and vision.

Service Manager consent for Victoria Park is requested to encumber five properties, of which three have reached end of mortgage to secure Canada Housing and Mortgage Corporation financing. To support the end of mortgage negotiations and allow for realistic five-to-ten-year financial viability projections, delegated authority for other properties owned by Victoria Park is recommended.

Victoria Park has ten properties that will be reaching end of mortgage by 2027. They have projected a multi-year approach that relies on encumbering specific projects as they reach end of mortgage to leverage Canada Housing and Mortgage Corporation funding. Obtaining General Manager delegated authority to provide consent for future encumbrances, removes the need to return to Council for approval, streamlining the process and allowing them to seize funding opportunities in a timely manner.

Victoria Park has not signed a new end of mortgage service agreement with the City of Hamilton. Negotiations continue; however, end of mortgage units remain as community housing, and continue to be filled from the waitlist. Victoria Park is committed to expanding in Hamilton. They are currently involved in the 60 Caledon project and have earmarked a minimum of 10% of their surplus to development in Hamilton.

Victoria Park has presented a sound business case to the City of Hamilton detailing their proposal. The City also conducted its own financial analysis of the properties at end of mortgage. Our analysis, along with the excellent governance demonstrated by Victoria Park, supports the business case presented.

Each project will only be mortgaged to a maximum amount of 40% of the total value of the asset to ensure that the mortgage payment can be sustained with the revenue from that building. Given \$13M of equity has already been contributed, the remaining \$37M (\$20M Canada Housing and Mortgage Corporation and \$17M Victoria Park) will go directly to repair, renewal, and regeneration of units in the Hamilton and surrounding area in the next three years.

For all of Victoria Parks end of mortgage projects, they are requesting only the Rent-Geared-to-Income Subsidy in the Service Agreement. This plan will address the capital needs of the properties, and they will be able to service this debt within their existing revenues. They will not require any operating subsidy, or capital grants, which will leave more funding available for other housing providers.

This represents an opportunity to leverage Victoria Park's equity in their end of mortgage properties, as well as Canada Mortgage and Housing Corporation's funding programs to improve aging housing stock.

ALTERNATIVES FOR CONSIDERATION

None

APPENDICES AND SCHEDULES ATTACHED

None