

## CITY OF HAMILTON

### **COMMUNITY SERVICES DEPARTMENT** *Housing Services Division*

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| <b>TO:</b> Chair and Members<br>Emergency & Community Services<br>Committee   | <b>WARD(S) AFFECTED:</b> 2, 3, and 7   |
| <b>COMMITTEE DATE:</b> March 25, 2013   |  |
| <b>SUBJECT/REPORT NO:</b><br>Expenditures from Social Housing Reserve Fund (Account #112248) (CS13004) (Wards 2, 3 & 7) |  |
| <b>SUBMITTED BY:</b><br>Joe-Anne Priel<br>General Manager<br>Community Services Department                              | <b>PREPARED BY:</b><br>Tammy Morasse 905-546-2424 Ext. 3727<br>Robert McKnight 905-546-2424 Ext. 3728<br>Gillian Hendry 905-546-2424 Ext. 4818 |
| <b>SIGNATURE:</b>   |  |

### RECOMMENDATION

- (a) That the General Manager, Community Services Department be authorized and directed to enter into a funding agreement with Halam Park Co-operative Homes Inc. for a total of \$500,000 to create eight accessible, single semi-detached units at 85 Halam Avenue, Hamilton from the Social Housing Reserve Fund (#112248); and,
- (b) That the General Manager, Community Services Department be authorized and directed to enter into a funding agreement with McGivney Community Homes Inc. for a total of \$300,000, for repairs and renovations to four units in Hamilton at 59 Arthur Avenue North; 200 Grosvenor Avenue North; 204 Wentworth Street North; and 460 Charlton Avenue from the Social Housing Reserve Fund (#112248).

## **EXECUTIVE SUMMARY**

In Hamilton, there is a growing unmet need for social housing units with more than four bedrooms. The City, in its role as Service Manager for social housing, is taking steps to increase the number of multi-bedroom units either through new construction or the renovation of the existing social housing stock.

Social housing waitlist data supports the need for units with four or more bedrooms. Of Hamilton's 14,600 social housing units, 547 units have four or more bedrooms. In January 2013, there were 5,477 households on the social housing wait list, including 431 households with five or more members who require larger units. The wait time for a unit with several bedrooms can range from one to three or more years. Not only are there fewer large units within the social housing stock, they have a low turnover rate.

Hamilton's demographics are changing and the type of social housing units must be modified to meet the needs of our current population. The demand for larger units with four or more bedrooms often comes from newcomer households with bigger families. More than two-thirds applied for three or more bedrooms and nearly one-third applied for five or more bedrooms.

At present, the available source of funding for capital work in social housing is limited to the Social Housing Reserve Fund (#112248) and the 2013 capital budget allocation. The purpose of the Social Housing Funding Reserve Fund (#112248) is for emergency capital costs or in exceptional capital expenditure situations when there are insufficient replacement reserves for social housing providers to cover the costs. The reserve is to be used at the discretion of the municipality for building condition audits, capital repairs and other social housing purposes including additions to existing capital assets.

In November 2012 the Housing Services Division sent a communication to all of Hamilton's Social Housing Providers regarding the need to create large units of three or more bedrooms. (Communiqué 2012-10 - Appendix A to Report CS13004). Social housing providers were asked to submit a business case with estimated costs for projects. Two social housing providers submitted proposals in response to the request:

- Halam Park Housing Co-operative Inc.; and,
- McGivney Community Homes Inc.

Halam Park Housing Co-operative Inc. submitted a request for partial funding to build eight one-bedroom units. The funding request is for \$500,000 of a total cost of \$1,198,254. There are a number of households at Halam Park Housing Co-operative Inc. that are overhoused which means the household no longer requires as many bedrooms as they once did. A typical profile of an over-housed situation is a single woman who is over 50 years of age and has occupied her unit (often two, three or four

**SUBJECT: Expenditures from Social Housing Reserve Fund (Account #112248)  
(CS13004) (Wards 2, 3, & 7) - Page 3 of 8**

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bedrooms) for a number of years. Her children have grown up and left home which has left her in an over-housed situation. Moving an over-housed household into a new, smaller unit in the same community will free-up multi-bedroom units for families on the social housing wait list.

Halam Park Co-Operative Homes Inc. has 94 multi-bedroom units. It does not currently have any one bedroom units. It will be stipulated in an agreement that in building eight one-bedroom units for single and two person households, the units for large families will be made available for households on the social housing wait list. It is expected that at minimum seven – three bedroom units and one - four bedroom unit will be freed up.

McGivney Community Homes Inc. submitted a \$300,000 request for funding for repairs to four single detached units which have been vacant for an extended time due to the need for essential repairs. Two of the four units can be renovated into five bedroom units. This social housing provider does not have adequate funding in their replacement reserve fund to complete these repairs.

It is recommended that Halam Park Housing Co-operative Inc. and McGivney Community Homes Inc. receive funding through the Social Housing Funding Reserve Fund (#112248).

| Provider                             | Type of Unit            | Number   | Cost/ Unit | Total Cost |
|--------------------------------------|-------------------------|----------|------------|------------|
| Halam Park Housing Co-operative Inc. | Accessible one bedrooms | 8 units  | \$62,500   | \$500,000  |
| McGivney Community Homes Inc.        | 3 and 5 bedrooms        | 4 units  | \$75,000   | \$300,000  |
| TOTALS                               | n/a                     | 12 units | n/a        | \$800,000  |

The recommendations in this report link to the outcomes and strategies of the City of Hamilton's 10-year Housing and Homelessness Action Plan. They also link to Strategic Priority 1.5 (xi.) of the Corporate Strategic Plan, which is to support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

***Alternatives for Consideration – Not Applicable***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:**

The current balance of the Social Housing Reserve Fund is \$3,224,450 including interest. The approval of \$800,000 will leave a balance of \$2,424,450 for future social housing capital projects.

|                                    |                    |
|------------------------------------|--------------------|
| <b>Social Housing Reserve Fund</b> | <b>\$3,224,450</b> |
| Halam Park Co-operative Homes Inc. | \$500,000          |
| McGivney Community Homes Inc.      | \$300,000          |
| <b>Remaining balance</b>           | <b>\$2,424,450</b> |

**Staffing:**

There are no staffing implications associated with Report CS13004.

**Legal:**

There are no legal implications associated with Report CS13004.

**HISTORICAL BACKGROUND**

With the devolution of social housing to the municipalities in 2001, the Province provided a capital reserve funding to the City. This reserve was to be used at the discretion of the municipality for social housing purposes. Expenditures from the Social Housing Reserve Fund (#112248) are distributed in accordance with both the Ministry of Municipal Affairs and Housing requirements and the City of Hamilton's corporate policies and procedures for reserve funds. All emergency and capital repairs drawn from this reserve must be social housing related. The current balance in this reserve is \$3,224,450.

The social housing providers are required to enter into an agreement with the City of Hamilton for the capital funds. In addition, the housing provider's Board of Directors must have approved a conflict of interest policy, which includes industry best practices regarding competitive bidding on tenders.

In 2009, the Social Housing Renovation and Retrofit Program (SHRRP) was introduced to municipalities as a component of the Canada-Ontario Affordable Housing Program. This was a capital grant program which provided the City with an allocation of \$37,122,231 which included \$33,747,633 for the repair and regeneration of eligible social housing projects and \$3,224,450 to be used toward renewal energy initiatives. This program expired on March 31, 2012 and this funding is no longer available to housing providers.

Without the SHRRP funding, social housing providers have limited options to assist with the cost of capital and emergency repairs. Social housing providers may access funding through the Social Housing Reserve Fund (#112248) for emergency capital costs when there are insufficient replacement reserves. The Social Housing Reserve Fund may also be used for exceptional circumstances such as modifications for the creation of larger units.

With the need for social housing units with three or more bedrooms, the City asked all social housing providers to review their housing stock to determine if they have units which could cost effectively be modified to meet this need. By the end of January 2013, four social housing providers submitted proposals for capital projects.

Halam Park Housing Co-operative Inc. and McGivney Community Homes Inc. meet the Social Housing Reserve Fund (#112248) criteria. Housing Services Division staff completed a review of the proposed projects and deemed the estimated costs acceptable. Final costs will be subject to tender and review.

#### **POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

There are no policy implications for Report CS13004.

#### **RELEVANT CONSULTATION**

Over 800 people were engaged in the development of the action-oriented and person-centred 10-year Housing and Homelessness Action Plan. Two outcomes contained in the plan support this investment in increasing the number of multi-unit social housing units:

- Outcome 1: There is More Affordable Housing in Hamilton to Help Meet the Need and Demand; and,
- Outcome 2: Increase People's Housing Affordability, Stability and Choice.

A meeting was held on November 14, 2012 with social housing providers to discuss the need for larger units. At the meeting and later through the Communique, providers were asked to review their stock to identify projects in need of repair and regeneration.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

**Halam Park Housing Co-operative Inc.**

Established in 1992, Halam Park Housing Co-operative Inc. operates a 94 unit townhouse project consisting of two, three and four bedroom townhouses. The proposed one-bedroom units will have universal design features to ensure that members with many different physical challenges are able to live independently in their home and to age-in-place. As such, this development will also support the Ontario Local Health Integration Network's Aging at Home Strategy and Hamilton's Age-Friendly Initiative.

Halam Park Housing Co-operative Inc. has a number of households that, due to changes in household size, are over-housed. Over-housing occurs when a household no longer requires as many bedrooms in a unit as they once did (e.g., children grow-up and leave home). There are no one bedroom units in the co-op for single persons or couples who want to remain in affordable housing within the Halam Park co-op community.

The budget for Halam Park Housing Co-operative Inc.'s project includes \$120,000 in equity from their operating surplus, an HST rebate of \$70,530, a Canada Mortgage and Housing Corporation Project Development Funding loan of \$50,000 and lastly, a modest mortgage of \$255,000 from the Community Forward Fund (CFF). The Community Forward Fund (CFF) makes loans and/or arranges financing for Canadian nonprofits and charities.

Building eight one-bedroom units will allow single and two person households, including seniors, who need smaller units to move, while at the same time free-up larger units for large families on the social housing wait list. It is expected that seven of the three bedroom units and one of the four bedroom units will be freed up.

**McGivney Community Homes Inc.**

McGivney Community Homes Inc. submitted a request for funding for repairs to four single detached units which have been vacant for an extended period of time due to the need for essential repairs. Repairs and retrofits are required to ensure the units are habitable by meeting safety and building code standards.

The units that McGivney Community Homes Inc. intends to repair are located at: 59 Arthur Avenue North; 200 Grosvenor Avenue North; 204 Wentworth Street North; and 460 Charlton Avenue. McGivney Community Homes Inc. proposes to renovate two of the four houses into five bedroom units: 59 Arthur Avenue North and 200 Grosvenor

Avenue North. Families on the social housing wait list who need larger units will be able to move into one of these units.

Threshold School of Building will donate the labour for the work at 460 Charlton Avenue; therefore the cost of the repairs and renovations for that address will only be the actual cost of materials.

### **Social Housing Stock and Waitlist**

Hamilton has 14,600 social housing units. A breakdown in numbers for large family units follows:

- 462 four bedroom units;
- 82 five bedroom units; and,
- 3 six bedroom units.

Not only are there fewer large units within the social housing stock, large units have a low turnover rate. In January 2013, there were 5,477 applicants on the social housing wait list, including 431 households with five or more members who require larger units. The wait time for a unit with several bedrooms can range from one to three or more years. Consequently, large families sometimes accept units with fewer bedrooms in an effort to become housed.

Hamilton's demographics are changing and the type of social housing units must be modified to meet the needs of our current population. The demand for larger units with three or more bedrooms often comes from newcomer households with bigger families. Newcomers make up 8.7%, of the social housing wait list. Most newcomers that apply for social housing need sizable units ie more than two-thirds applied for three or more bedrooms and nearly one-third applied for five or more bedrooms.

The housing providers are ready to proceed with the construction or repairs/renovations as outlined in their business cases. Without confirmation of the funding, Halam Park Co-operative Housing Inc. will not be able to build the eight accessible units. The four units with McGivney Community Homes Inc. will remain vacant.

|                                       |
|---------------------------------------|
| <b>ALTERNATIVES FOR CONSIDERATION</b> |
|---------------------------------------|

None

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**APPENDICES / SCHEDULES**

Appendix A to Report CS13004:      Communiqué City of Hamilton Housing Services  
Division 2012-10, November 6, 2012



# Communiqué

Issue

November 6, 2012

2012-10

*The Requirements, Recommendations and Guidelines in this Communiqué are applicable to the social housing providers administered by the City of Hamilton.*

**SUBJECT:**

The need and creation of large units (3 or more bedrooms)

**BACKGROUND:**

This is a re-issue of **Communiqué 2010-3, Accessible Units and Large Units (4 or more bedrooms)**. After the release of the Communiqué we were successful in creating 36 accessible units, but only one large unit.

The City of Hamilton, as the Service Manager, recognizes the need for larger units with three or more bedrooms. All social housing providers are asked to review their housing stock to determine if they have units which could cost effectively be modified to meet this need.

This initiative also supports the Housing and Homelessness Action Plan. The City of Hamilton in partnership with a multi-stakeholder Planning Group and the Affordable Housing Flagship is developing a 10-year person-centered action plan for Hamilton that will identify priorities and strategies to address housing and homelessness in Hamilton.

## **Housing and Homelessness Action Plan – Strategy 1.2 and 4.6 - Units for larger families/New Supply of Affordable Housing**

**Rationale:**

Households in need of larger units (3+ bedrooms) make up approximately 34% of the waitlist for social housing in Hamilton. Newcomers can face significant housing challenges. While newcomer households make up a small portion of the social housing waitlist (8.7%), the majority of newcomer households seeking social housing (70%) are looking for larger units (3+ bedrooms) to accommodate larger family sizes. Furthermore, nearly one-third of newcomer households applied for 5+ bedroom units.

Supply of larger units is very limited. Larger units (3+ bedrooms) make up only 7.3% of the apartment building stock in Hamilton. While we do not have data on the secondary rental market (apartments in houses, plexes etc.), it is likely that most of those units are smaller in size. No new apartment buildings are being built without government assistance. Most of the units built under the COAHP new rental program were smaller units.

The number of households in social housing that are "over-housed" is growing. A typical profile of an over-housed situation is a single woman or a couple over 50 years of age that have occupied their unit (often 2, 3 or 4 bedrooms) for a number of years. They have seen their children grow and leave home and are now left in an over-housed situation. Addressing the over-housed situation in a sensitive way by relocating the over-housed household to a mutually acceptable and more suitable home would free up the larger unit for a larger family.

This supports implementation of the Housing & Homelessness Action Plan and links to Strategic Priority 1.5 XI of the Corporate Strategic Plan.



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Phone: 905.546.2424 Fax: 905.546.3271

## **Social Housing Capital Reserve Fund**

### **Business Case Template**

A Business Case should be prepared when approval is being sought for an emergency capital or exceptional situation.

Supporting documentation must be attached – for example, copies of a technical audit, legal opinions or letters and reports received from professionals.

The Business Case and supporting documentation must be submitted to the Social Housing Provider's assigned Housing Officer, Housing Services Division.

| <b>Housing Provider and Project Information</b>              |
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| <b>Name of Social Housing Provider:</b>                      |
| <b>Name of Project:</b>                                      |
| <b>Location:</b>   |
| <b>Type of Units:</b> (housing, elevated apartment building) |
| <b>Age of Project:</b>                                       |
| <b>Number of Units:</b>                                      |



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| <b>Identify the Situation</b>   |
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| a) Describe the situation (provide diagrams and drawings if available)  |
| b) Is this a health & safety issue? Is there a Municipal Work Order or Office of the Fire Marshal Order? Is it a major capital expenditure? Is it a preventative maintenance problem? |
| c) Describe the events leading up to the situation  |
| d) Reference any technical or legal opinions (with supporting documentation).   |
| e) Describe actions/steps to remedy the situation.  |
| f) Describe liability measures (Contractor or manufacturer warranty, insurance coverage, etc.)  |



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### Analysis and Solutions

**Describe possible options to address the situation. For each option explain:**

- Advantages
- Disadvantages
- Estimated cost
- Consequences of inaction or delay and associated costs, if applicable
- Whether the project should be completed at one time or phased in
- How the solution meets the City of Hamilton's objectives of accessibility and environmental sustainability.

**Option 1:**

**Option 2:**



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**Financial Analysis**

Provide a financial analysis for each option. The following table is provided as a reference. For funding requests over \$50,000 provide a detailed cost breakout.

|    | <b><u>Balance of funds available</u></b>  | <b><u>Amount</u></b> |
|----|---|----------------------|
| 1. | <ul style="list-style-type: none"> <li>- replacement reserves</li> <li>- surpluses</li> <li>- escrow account (if any)</li> <li>- other</li> </ul> |                      |
|    | <b>Sub-total</b>  |                      |
| 2. | Estimated cost including all professional fee and contingency costs   |                      |
| 3. | Funds available for the project   |                      |
| 4. | <b>Total Funds required</b>   |                      |