Item Number:

Subject: Canada Mortgage and Housing Corporation - Rapid Housing Initiative – Round 3 Cities Stream Allocation – Housing Projects

Reference:

Date to Council: March 20, 2023
Author: Sonia Bajaj
Email: sbajaj@citywindsor.ca
Department: Housing and Children's Services
Report Date: March 14, 2023

To: Mayor and Members of City Council

Recommendation:

THAT City Council **APPROVE** the proposed designated housing project of Windsor Essex Community Housing Corporation ("CHC"), located on Bloomfield Road in the City of Windsor, and the proposed designated housing project of Can-Am Urban Native Non-Profit Homes (Windsor) Inc.'s ("Can-Am"), located on Windsor Avenue in the City of Windsor, both of which will be funded though the Rapid Housing Initiative, and further;

THAT City Council **PRE-COMMIT** the annual operating budget funding required, currently estimated at $165,000, in each of the post-construction operating years to a minimum of 20 years through the affordability period, to support the City based projects detailed in this report, subject to refinement of the annual budget estimate as the developments are finalized, and further;

THAT City Council **APPROVE** the transfer of up to a maximum of $2,827,671 from the City Housing Reserve (Fund 216) for use towards the capital construction costs of City based projects, which such Reserve Fund only to be drawn upon to the maximum should:

a) the Ministry of Municipal Affairs and Housing ("MMAH") not approve funding under the Community Housing Renewal Strategy ("CHRS"); and
b) Can-Am not receive capital contribution funding through Ontario Aboriginal Housing Services ("OAHS"), and further;

THAT the Commissioner, Human and Health Services, or his designate, **BE AUTHORIZED** to execute, sign, amend, and terminate agreements with Purchase of Service agencies on behalf of the City, provided such agreements and documents comply with the governing program requirements and are in a form satisfactory to the City Solicitor; satisfactory in financial content to the City Treasurer, and satisfactory in

technical content to the Executive Director of Housing and Children's Services; and further,

THAT for any agreements above $1 million dollars, that in addition to the Commissioner, Human & Health Services, the Chief Administrative Officer **BE REQUIRED** to sign as a secondary authority; and further,

THAT the Executive Director of Housing and Children's Services **BE AUTHORIZED** to take any such actions as required bringing effect to these resolutions, including but not limited to, submitting any reports and documents in a form and format required by the respective upper levels of government for the duration of the funding, satisfactory in financial content to the City Treasurer as applicable.

Executive Summary:

N/A

Background:

On November 10, 2022, the City of Windsor received a priority allocation of $7,818,788 to create a minimum of 29 units of new permanent affordable housing as part Canada Mortgage and Housing Corporation's ("CMHC") Rapid Housing Initiative ("RHI") Round 3 Cities Stream allocation in the Windsor and Essex County. These housing units will support Canadians who are in uncertain housing situations, experiencing or at risk of homelessness, or living in temporary shelters because of the pandemic

City Council approved during its in-camera session held on February 13, 2023 (CR71/2023) Administration's recommendations contained in the "Canada Mortgage and Housing Corporation - Rapid Housing Initiative – Round 3 Cities Stream Allocation" for the City of Windsor to accept the terms of the priority allocation ($7,818,788 to create a minimum of 29 permanent affordable housing units) by entering to the CMHC Agreement. In addition, Administration committed to present to City Council with housing project recommendations for the RHI allocation that are due to CMHC by March 15, 2023.

Discussion:

On January 24th, through the City's Purchasing Department, an Expression of Interest #29-23 was issued to solicit project proposals that meet RHI program requirements and 5 project proposals were submitted. The Housing Services team evaluated all of the 5 project proposals based on RHI program criteria and recommended 2 housing projects to be delivered by CHC for Windsor based projects and Augustine Villas Retirement Home and Assisted Living ("AV") for a project located in Kingsville.

After consultation with the CMHC RHI team, the AV project was deemed ineligible due to an encumbrance identified through a title search. Housing Services contacted the Clerk at the County of Essex to pursue a replacement housing project in the County, after much discussion; there were no shovel ready projects to deliver RHI.

SHS Consultants working with Can-Am contacted Purchasing to see if submissions were still being accepted through the EOI process, Purchasing confirmed no objections. Housing Services evaluated the Can-Am proposal and deemed it eligible.

Housing Services is recommending the creation of 30 permanent affordable housing units at a total capital cost of $11,646,459, after factoring in an RHI allocation of $7,818,788, and $1 million from a confirmed private donation, the remaining unfunded balance is $2,827,671. Administration is recommending that the remaining balance of up to a maximum of $2,827,671 be funded by the City Housing Reserve Fund.

Project #1 - Can-Am Urban Native Non-Profit Homes (Windsor) Inc.

The RHI proposed project located at a vacant lot at (1517-1521 Windsor Avenue) would create 12 two-bedroom units, including 10 accessible units at a cost of $5,242,617. As part of the application package, Can-Am identified the trustee of the Radlett Foundation, James A. Richardson, confirmed that the foundation will donate $1,000,000 towards the capital project, subject to CMHC's approval of the project. In addition, an application has been submitted to the Ontario Aboriginal Housing Services (OAHS) to access the Indigenous Supportive Housing Program (ISHP) for a capital contribution in the range of $300,000 to $600,000. If Can-Am is not successful in receiving the OAHS contribution, Administration is requesting to access $600,000 from the City's Housing Reserve Fund 216 to fund the capital shortfall for this project.

All 12 permanent affordable housing units will be dedicated to Indigenous Peoples who are considered vulnerable and targeted under the National Housing Strategy (NHS). In addition, many of the Can-Am Indigenous applicants are women with children. Therefore, the project helps the need of multiple vulnerable groups who are in severe housing need and are experiencing or at risk of homelessness. All 12 units would be deeply affordable for people who receive their income from Ontario Works (OW) or the Ontario Disability Support Program (ODSP). At this time, there is no operating subsidy request from Can-Am.

Project #2 - Windsor Essex Community Housing Corporation (CHC)

As part of Round 2 of the RHI program, CHC received an allocation of $5,128,004 to construct 12 new townhomes located at Bloomfield Road Phase I that are anticipated to be occupied by fall 2023. The RHI Round 3 proposed project is to continue this development as part of Bloomfield Phase II with 18 permanent housing units, 12 two-bedroom units and 6 one-bedroom units including 1 barrier free unit at a total cost of $6,403,842. To offset the capital cost, Housing services will approach Ministry of Municipal Affairs and Housing (MMAH) for potential funding through Community Housing Renewal Strategy funding. If MMAH funding is not available, Housing Services will require authorization to draw the necessary funds from the City Housing Reserve (Fund 216) in order to cover the balance of the shortfall.

The estimated annual Operating Budget requirements for the 18 City based units is $165,000 upon anticipated occupancy in the first quarter of 2025. This amount includes utilities, maintenance, and taxes to maintain this property for a minimum of 20 years per the RHI program.

CHC & the City of Windsor

The City of Windsor has a dual role with respect to CHC's allocation of funding:

- The Corporation of the City of Windsor is the Consolidated Municipal Service Manager (CMSM) for the delivery of housing and homelessness programs in Windsor and Essex County. As the Service Manager, the Housing Services department allocates Federal and Provincial subsidies to social and affordable housing providers, including CHC, in accordance with legislation and the guidelines of the Housing Services Act.

- The Corporation of the City of Windsor is also the sole legal and beneficial shareholder of CHC and is required to consent to any proposed development, property disposals, and also consent to the issuance of debt as necessary whether by way of a mortgage, loan or other sector related financing.

A separate report will seek approval from City Council, in its capacity as sole shareholder of CHC, authorizing CHC to enter the RHI Agreement to deliver the affordable housing units. In accordance with CHC, being wholly owned by the City, must comply with the Declaration of the Sole Shareholder, which among other items, CHC must seek City Council approval and consent to the issuance of debt as necessary whether by way of a mortgage, loan or other sector related financing.

Risk Analysis:

There is a significant financial risk that the RHI Round 3 Cities Stream allocation of $7.8M and the opportunity to create 30 permanent affordable housing units will be lost if the recommended Capital and Operating funding is not approved by City Council. This could jeopardize future funding allocations.

As reported in the February 13th in-camera report, there was a financial risk that the capital allocation of $269K/unit would not be sufficient to pay for new construction of permanent housing given the current market construction rates. Based on the proposals received, administration can now confirm that there is a capital funding shortfall of up to $2,827,671. This funding gap would require one-time dollars through provincial or municipal sources (i.e. Housing Reserve Funds).

As reported in the February 13th in-camera report, there was a high probability that operating dollars would be required as annual operating funding was not provided. Based on the proposals received, administration estimates that the City of Windsor annual funding requirement will be an additional $165,000 in annual operating funding for the CHC project only. A request is being made to pre-commit operating funding required in 2025. The actual amount required in each future year is subject to refinement as the annual operating budgets are finalized. The annual operating impact was partially mitigated by having Can-Am agree to fund the operating costs/subsidies. However it should be noted that the City of Windsor has the contractual obligations under the RHI program to ensure that the asset and subsidy is maintained for a minimum of 20 years and remains in compliance. Housing Services continues to monitor the financial viability of all RHI housing projects.

Climate Change Risks:

Climate Change Mitigation:

N/A

Climate Change Adaptation:

N/A

Financial Matters:

The City of Windsor, as the designated Consolidated Municipal Service Manager for Windsor and Essex County, has received a priority allocation of $7,818,788 through the Rapid Housing Initiative (RHI) to create a minimum of 29 new permanent affordable housing units. The City is required to submit project proposals to CMHC for approval in order to receive the funding. Details of the proposed projects are outlined in the body of the report, and are summarized below:

Recommended Projects	# Units	Total Capital Cost per EOI	Capital Cost Per Unit	Other Confirmed Funding	RHI $ Allocation	Max. Municipal Capital Request
Can Am Windsor Avenue, Windsor Modular Construction	12	$ 5,242,617	$ 436,885	$ 1,000,000	$ 3,642,617	$ 600,000
Windsor Essex Community Housing Corporation Bloomfield Road Phase II, Windsor Traditional New Construction	18	$ 6,403,842	$ 355,769		$ 4,176,171	$ 2,227,671
Total Recommended Projects	**30**	**$ 11,646,459**		**$ 1,000,000**	**$ 7,818,788**	**$ 2,827,671**

Capital Funding

As indicated in the chart above, the $7.8 million in RHI funding is not sufficient to cover the full cost of the new construction leading to a capital shortfall. Council approval is requested to draw up to $2,827,671 from the City Housing Reserve - Fund 216, which currently has a balance of $2,978,969.

Affordable Housing projects are not mandated and therefore any operating funding or potential future capital funding needs would be borne by the municipality in which the project is located. In an effort to reduce the cost to the municipality, Administration is requesting MMAH capital funding through the Community Housing Renewal Strategy. MMAH approval of the CHRS funding request would reduce the projected capital shortfall by $1,670,753. In addition, should the Can-Am be successful in receiving the OAHS contribution, the capital shortfall could be further reduced by up to $600,000.

Operating Funding

Under the RHI requirements, Affordable housing units must serve and be affordable (household is paying less than 30% of gross income on housing costs) to targeted people and populations who are vulnerable and who are at high risk of homelessness. Affordability must be maintained for a minimum of 20 years. Based on this operating

model, it is anticipated that rent revenues will not be sufficient to cover operating costs. The amount of the annual operating shortfall will vary depending on the income of the tenants, as the rent calculations of the current tenants drive the revenues.

CHC has projected that all 18 units together would require approximately $165,000 of annual operating funding from the City, conditional on CMHC approving the project applications. It is estimated that this funding will be required in 2025, and as such, Council is being asked to pre-commit these funds as no other program funding is currently available to address these costs.

Administration will make every effort to reduce the operating budget request by exploring all options for increasing revenues from upper levels of government or from other existing funding sources. It is noted that this is the best estimate at this time. The actual amount required will be requested through the annual operating budget development process.

Consultations:

Diane Wilson, Manager, Social and Affordable Housing
Linda Higgins, Manager of Intergovernmental Funding, Human Services Integration
Kate Tracey, Senior Legal Counsel
Alex Vucinic, Purchasing Manager

Conclusion:

The Rapid Housing Initiative allocation of $7.8 million in capital funding, and corresponding capital and operating funding, will create 30 permanent affordable housing units to help vulnerable residents attain and retain housing for the long term. This investment will also support the goals and strategies under the Council approved Home, Together: Windsor Essex 10 Year Housing and Homelessness Master Plan.

Planning Act Matters:

N/A

Approvals:

Sonia Bajaj	Coordinator, Housing Development and Administration
Kirk Whittal	Executive Director, Housing and Children's Services
Andrew Daher	Commissioner, Human and Health Services
Shelby Askin Hager	Commissioner, Legal and Legislative Services
Joe Mancina	Commissioner, Corporate Services and Chief Financial Officer/City Treasurer
Onorio Colucci	Chief Administrative Officer

Notifications:

Name	Address	Email

Appendices:

Appendix A – In-Camera Council Report Regarding: Canada Mortgage and Housing Corporation - Rapid Housing Initiative – Round 3 Cities Stream Allocation (February 13, 2023)