



Date: December 13, 2022

Report to: Board of Directors
CityHousing Hamilton Corporation

Submitted by: Adam Sweedland, Chief Executive Officer/Secretary
Prepared by: Sean Botham, Manager, Development;
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Subject: Rapid Housing Initiative - 263 Main St E (#20024(a))

RECOMMENDATION:

That the Board of Directors approve the following resolution:

WHEREAS CITYHOUSING HAMILTON CORPORATION has completed a conversion of underutilized commercial space at 350 King St E into 15 deeply affordable apartments through funding from the Rapid Housing Initiative (RHI) and Canada-Ontario Community Housing Initiative (COCHI);

AND WHEREAS the original project budget was \$3.1M and due to supply chain constraints, construction cost escalation, and project enhancements, \$182k in additional funding is required;

AND WHEREAS the City of Hamilton is required to provide funding to cover project shortfalls on RHI projects and requires a resolution of support from the Board to receive the funding through report HSC22028;

THEREFORE be it resolved that:

- (l) That the Board of Directors authorize and direct staff to enter into an agreement with the City of Hamilton as recommended by City Legal to receive \$182,000 in additional funds for 263 Main St. E, with terms and conditions to the satisfaction of the General Manger of the Healthy and Safe Communities Department, and in a form agreeable to the City Solicitor and the CityHousing Hamilton's legal representation.

Adam Sweedland
Chief Executive Officer/Secretary



EXECUTIVE SUMMARY:

In February 2020, the federal government, through the Canada Mortgage and Housing Corporation (CMHC), created the Rapid Housing Initiative (RHI) to fund projects that could be constructed quickly. CityHousing Hamilton (CHH) applied for RHI funding to convert underutilized commercial space at 350 King St E into 15 new residential housing units.

In March 2021, CHH was awarded funding of \$2.25M towards the original \$3.1M budget for this project. CHH received confirmation of an additional award of \$846k in Canada-Ontario Community Housing Initiatives (COCHI) funding by the City to cover the remaining budget requirement.

As a result of supply chain constraints, escalating cost of construction, and minor project enhancements, the project surpassed the original \$3.1M budget and required \$182K in additional funding. Under the Agreement with CMHC the City of Hamilton is obligated to make up any shortfalls in funding and the City has confirmed it will provide the additional funding.

The City has requested that CHH enter into an agreement with the City of Hamilton for the additional \$182K in funding for the 263 Main St E. development. Report #20024(a) provides the authority to enter into the required agreement.

BACKGROUND:

On October 27, 2020, the Federal Government publicly announced an investment of \$1B through the RHI to fund production of affordable housing across Canada. The City of Hamilton received an allocation of \$10.8M under the RHI Major Cities Stream to support projects selected by the City.

On December 22, 2020 CityHousing Hamilton (CHH) applied to the federal RHI Major Projects Stream, to convert 15 commercial units to residential units at our 350 King St E building. In March 2021, CHH received confirmation that the 350 King St E project was selected. This funding provided \$2.25M of the \$3.1M budgeted for this project. Under the RHI funding, the City of Hamilton was responsible for funding shortages for this project.

CHH staff identified funding sources to fill the project gap. On February 8, 2022, CHH's Board approved the Canada-Ontario Community Housing Initiative (COCHI) application through which CHH received \$846,414 in Year 3 COCHI funding.



On July 8, 2022, Council of the City of Hamilton approved Item 4 of the Emergency & Community Services Report 22-011, specifically City of Hamilton Recommendation HSC22028 requesting approval to provide the additional \$182K to CHH to cover the overages for the new 15-units at 263 Main St. E.

This conversion was substantially completed on July 8, 2022 and is now fully occupied and/or leased.

DISCUSSION:

Construction costs have escalated considerably, driving up the price of new housing development. CHH worked with its construction manager to address supply chain issues and identify alternatives. In consultation with the project manager it was estimated the project would require \$182K in additional funding.

Through the agreement with Canada Mortgage and Housing Corporation (CMHC) for Rapid Housing Initiative funding, the City of Hamilton agreed to cover any expected overages. Table 1 highlights the funding sources and cost of the completed project cost.

Table 1

263 Main St. E Funding and Costs					
	Funding			Cost	
Units	RHI	COCHI	City of Hamilton (Social Housing Funding reserve)	Total Project Budget	Per Unit Cost
15 Units	\$2,250,000	\$846,414	\$182,000	\$3,278,414	\$218,561

CONCLUSION

With the supply chain constraints, construction cost escalations, and project enhancements, the 263 Main St E commercial conversion project surpassed the \$3.1M budget by \$182k. Housing Services has obtained approval from the City of Hamilton to provide the additional \$182K required and has requested CHH likewise seek approval from the Board to enter into an agreement with the City of Hamilton to receive the funds.



ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:

This report implements:

Clean and Green

CityHousing Hamilton strives to be an environmental steward by minimizing our environment footprint by implementing sustainable water and energy efficiencies in our housing stock.

Built Environment and Social Infrastructure

CityHousing Hamilton is committed to finding new ways to be innovative that will contribute to a dynamic City characterized by unique infrastructure, buildings, and public spaces. The maintenance, renewal and new development of our housing stock will ensure that the quality of life, well-being and enjoyment of our residents', influences the design and planning of our homes.

Mission: We provide affordable housing that is safe, well maintained and cost effective and that supports the diverse needs of our many communities.