SUBJECT: Site-Specific Municipal Capital Facility By-law for the Hamilton HomeStart Program: The Bank of Nova Scotia (ECS07071) (City Wide)

RECOMMENDATION:

That, in accordance with the City of Hamilton’s role in the delivery of the HomeStart Program, a site-specific Municipal Capital Facility By-law for Affordable Housing with The Bank of Nova Scotia (attached as Appendix A to Report ECS07071), be approved and enacted.

Joe-Anne Priel
General Manager,
Community Services Department

EXECUTIVE SUMMARY:

Through Report SSC06012, “The Hamilton HomeStart Program: Promoting First-Time Homeownership for CityHousing Hamilton Social Housing Tenants”, on May 24, 2006, City Council approved By-law #06-142 that amended Municipal Capital Facilities By-law #03-148 in order to incorporate affordable homeownership projects.

Report ECS07071 recommends enactment of a site-specific Municipal Capital Facility By-Law to protect the City’s financial and legal interests in disbursing funds under the Hamilton HomeStart Program and to give full effect of Council’s previous recommendations.
BACKGROUND:

A site-specific Municipal Capital Facility By-Law allows a municipality to offer concessions to private and non-profit corporations for affordable housing purposes that would otherwise not be permitted under the Municipal Act. These concessions can include:

- Low interest loans or grants;
- Giving, selling or leasing municipal land at less than market value;
- Guaranteed borrowing; and,
- Services of Municipal employees.

A site-specific Municipal Capital Facility By-law is required for an affordable homeownership program, such as Hamilton HomeStart, because the City is providing a beneficial financial interest to an outside private corporation, The Bank of Nova Scotia. This is because The Bank of Nova Scotia will be holding the mortgage for the properties that the Hamilton HomeStart participants will purchase. Through Report SSC06012, “The Hamilton HomeStart Program: Promoting First-Time Homeownership for CityHousing Hamilton Social Housing Tenants”, on May 24, 2006, City Council approved “that the Municipal Capital Facility By-law #03-148 be amended to incorporate homeownership… and that the amended By-law, which has been prepared in a form satisfactory to Corporate Counsel, be introduced for approval by City Council” – By-law #06-142 incorporates affordable homeownership. City Council also approved, “That the Mayor and City Clerk be authorized to execute any further documentation which, in the opinion of the City Solicitor, may be required to implement the above recommendations.”

Through the Hamilton HomeStart Program, the City of Hamilton will be assisting up to approximately 55 social housing tenant households to become first-time homeowners by providing down-payment assistance in the form of a matching grant of up to $4,500 per household and training and education on the home buying process. To date, 45 households have enrolled and it is anticipated some households will be in a position to purchase a dwelling in early 2008. (An update report will be provided to Committee prior to year-end 2007.) A number of benefits will result from the Hamilton HomeStart Program:

- Social housing units are made available by households moving into homeownership for other households on the social housing waiting list;
- Households are empowered to build long-term personal wealth;
- There is an increase in demand for lower cost ownership housing options in Hamilton;
- It re-emphasizes the original intent of social housing as a transitional phase for households moving along the housing continuum;
- It increases citizen engagement and participation in the community; and,
- It demonstrates City leadership by focusing on pragmatic, cost-effective initiatives that make a tangible difference in addressing affordable housing concerns.
When a Hamilton HomeStart participant is ready to purchase a home, on the date of closing, the City of Hamilton will transfer the eligible amount of down-payment assistance to the lawyer acting on The Bank of Nova Scotia’s mortgage (typically the participant’s real estate lawyer) “in trust”. The solicitor will then transfer the down-payment assistance to The Bank of Nova Scotia that will lessen the overall mortgage amount associated with a participant’s eligible dwelling purchase.

Accordingly, enacting a site-specific Municipal Capital Facility By-law for The Bank of Nova Scotia will allow the City of Hamilton to legally transfer funds to the homeowner to purchase their home and move out of social housing.

**ANALYSIS/RATIONALE:**

The City is authorized to provide such financial assistance for affordable homeownership as Council has previously established a “Municipal Housing Facility By-law” June 11, 2003, (#03-148) as amended on May 24, 2006, (#06-142). This By-law notes that as part of a site-specific Municipal Capital Facility Agreement, the City may “provide financial assistance at less than fair market value or at no cost to the housing provider, which assistance may include… giving or lending money…”.

**ALTERNATIVES FOR CONSIDERATION:**

None. Without the passing of the attached by-law, the City would not be legally allowed to transfer the down-payment assistance to the Hamilton HomeStart participants.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:**

Funding for the Hamilton HomeStart Program, in the amount of $255,039.14, was approved by City Council through Report SSC06012 on May 24, 2006. This funding is intended to assist up to 55 CityHousing Hamilton social housing tenant families through cost-matching on down-payment savings.

**Staffing:**

There are no staffing implications associated with the recommendation of Report ECS07071 as the promotion and delivery of the Hamilton HomeStart Program is being accommodated within the existing staff complement of the Housing Division.
Legal:

Legal Services staff has reviewed the proposed site-specific Municipal Capital Facility By-law, attached as Appendix A to Report ECS07071, and indicated and there are no concerns. In addition, Legal Services staff have previously reviewed and endorsed site-specific Municipal Capital Facility By-laws and agreements, for affordable rental housing projects, that received Hamilton Affordable Housing Partnership Initiative – Housing Partnership Fund Monies.

POLICIES AFFECTING PROPOSAL:

None.

RELEVANT CONSULTATION:

Staff from the City of Hamilton’s Legal Services Division has reviewed Report ECS07071.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes  ☐ No
Transitioning households into homeownership provides long-term financial sustainability for low and moderate-income households and reduces poverty.

Environmental Well-Being is enhanced.  ☐ Yes  ☑ No

Economic Well-Being is enhanced.  ☑ Yes  ☐ No
Housing demand for moderate-priced dwellings in the City of Hamilton enhances neighbourhood investment and stability.

Does the option you are recommending create value across all three bottom lines?  ☐ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes  ☐ No
Hamilton continues to be a leader in cost-effective and pragmatic initiatives that move households along the housing continuum. These initiatives are professionally rewarding and attract high performing public servants with an interest in improving community life.
CITY OF HAMILTON

By-law No. 07- XXX

To Authorize a Site Specific Municipal Capital Facility for Affordable Housing with the Bank of Nova Scotia

WHEREAS subsection 110(1) of the Municipal Act, 2001, S.O. 2001, c. 25, as amended, provides that the council of a municipality may enter into agreements for the provision of municipal capital facilities by any person;

AND WHEREAS subsection 2(18) of Ontario Regulation 603/06, as amended, prescribes municipal housing project facilities as eligible municipal capital facilities;

AND WHEREAS Section 2 of City of Hamilton By-law 03-148, as amended by City of Hamilton By-law 06-142, authorizes the City of Hamilton to enter into municipal housing project facilities agreements with housing providers;

AND WHEREAS municipal housing project facilities may include ownership housing units;

AND WHEREAS at its meeting of May 24, 2006, the Council of the City of Hamilton declared by resolution that it endorsed the Hamilton HomeStart Program, and authorized the City of Hamilton entering into an agreement for the provision of a municipal housing project facility with The Bank of Nova Scotia, operating as Scotiabank as the housing provider.

AND WHEREAS the City of Hamilton and Scotiabank are desirous of entering into an agreement for the provision of these municipal housing project facilities by Scotiabank;

NOW THEREFORE the Council of the City of Hamilton ENACTS as follows:

1. The City of Hamilton is authorized to enter into an agreement under section 110(1) of the Municipal Act, 2001 with Scotiabank for the provision of a municipal capital facility, namely an affordable municipal housing project facility consisting of at least 55 ownership housing units.

2. The Mayor and City Clerk, are authorized to execute the said agreement and the General Manager of Community Services or his/her delegate are authorized to execute any other documentation required, in the opinion of the City Solicitor, to implement the agreement and to give effect to Section 1 hereof.
3. This By-law shall come into effect on the date of its enactment.

PASSED AND ENACTED this _____ day of ______________, 2007

__________________________________________  ________________________________
FRED EISENBERGER               KEVIN C. CHRISTENSON
MAYOR                        CITY CLERK