SUBJECT: Residential Rehabilitation Assistance Program: 2009-10 Budget Allocation (CS09074) (City Wide)

RECOMMENDATION:

(a) That the 2009-10 Budget Allocation of $1,515,000 for the Residential Rehabilitation Assistance Program (RRAP) from Canada Mortgage and Housing Corporation, as noted below and in the Supplemental Agreement, attached as Appendix A to Report CS09074, be received:

(i) Homeowner RRAP $490,000  
(ii) Disabled RRAP $225,000  
(iii) Rental RRAP $700,000  
(iv) Rooming House RRAP $100,000

(b) That the City of Hamilton continue its role of Residential Rehabilitation Assistance Program Delivery Agent for the 2009-10 delivery year and the Mayor and City Clerk be hereby authorized and directed to execute the Supplemental Agreement (attached as Appendix A to Report CS09074) in a form satisfactory to Corporate Counsel.

(c) That Canada Mortgage and Housing Corporation be requested to allocate an additional $2.5 million for the Rental Residential Rehabilitation Assistance Program to improve the condition of the aging multi-residential housing stock in Hamilton and enhance the quality-of-life of lower-income tenants.
EXECUTIVE SUMMARY:

The City of Hamilton is a Delivery Agent for Canada Mortgage and Housing Corporation (CMHC) for the Residential Rehabilitation Assistance Program (RRAP). RRAP offers financial assistance through a $16,000 per unit forgivable loan to low-income homeowners to enable them to repair their dwellings to a minimum level of health and safety. RRAP also provides financial assistance through a $24,000 per unit forgivable loan to owners of rooming houses and rental properties, housing low-income tenants, to improve substandard units and make necessary repairs to make the units safe and healthier. As a result, low-income households can remain in their housing longer and their quality-of-life is enhanced.

CMHC recently announced the RRAP Budget Allocation for the 2009-10 delivery-year. In total, $1.5 million has been initially allocated to the City of Hamilton. This will result in approximately 96 dwelling units being rehabilitated in the City of Hamilton. In the 2008-09 delivery year, the City of Hamilton delivered approximately $1.6 million in RRAP funding, which resulted in 81 dwelling units being successfully rehabilitated.

The City of Hamilton has successfully delivered the program for the past 35 years since the Federal Government first introduced RRAP in the 1970s. The City, in partnership with CMHC, has successfully provided rehabilitation assistance to over 4,700 Hamilton homeowners during this period and more recently, to rooming houses, lodging homes and private rental buildings.

BACKGROUND:

The RRAP offers financial assistance to low-income homeowners and owners of rooming houses and rental properties, housing low-income tenants, to improve substandard dwellings and make necessary repairs to make homes safe and healthier. CMHC provides the funding and the City of Hamilton is the Delivery Agent of RRAP.

Approximately $1.6 million of RRAP funds was delivered to low-income Hamilton homeowners and owners of rental properties, housing low-income tenants, in 2008-09. A total of 81 dwelling units were rehabilitated. For the 2009-10 delivery year, CMHC provided an initial Budget Allocation of $1.5 million.

RRAP has been successfully utilized for the past 35 years in improving the housing conditions of low-income Hamilton homeowners and tenants. RRAP is an excellent program tool to build community partnerships to rehabilitate and extend the useful life of the existing low-cost housing stock and support the needs of our vulnerable population.

As the housing stock in Hamilton continues to age, there is a clear need for conservation and rehabilitation initiatives. According to the Census of Canada, in 2001, there were approximately 14,400 dwelling units in Hamilton in need of “major repair,” which accounted for 7.7% of the total dwelling stock. In addition, there were a further 48,875 dwelling units in need of “minor repair”. In 2006, there were 14,425 dwelling units in Hamilton in need of “major repair” and 53,160 dwelling units in need of “minor repair.”
repair”. The number of dwellings in need of major repair has remained consistent between 2001 and 2006, at approximately 7% of all dwellings in Hamilton.

Housing Division staff recently met with a number of private-sector landlords that own low-rise and high-rise apartment stock in Hamilton. These landlords are concerned that the level of RRAP rental funding available in Hamilton is inadequate, recognizing the age of the multi-residential housing stock and the increased need for repairs. Staff shares this concern as the quality of rental accommodation directly affects the quality-of-life of tenants. Accordingly, staff believes that CMHC should contribute an additional $2.5 million to the current $700,000 allocation of RRAP rental and take-up of this funding will be quick.

**ALTERNATIVES FOR CONSIDERATION:**

The alternative of not continuing with an agency relationship with CMHC for the 2009-10 delivery-year would result in significantly reduced federal government funding in Hamilton. CMHC would have to make alternative arrangements with existing service agents outside the City or train and develop new local agents. It is very unlikely these alternative arrangements would have the capacity to deliver the entire 2009-10 budget allocation of $1,515,000.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:**

Under the Agency Agreement between the City and CMHC, the City will receive a delivery fee of $931 per unit for homeowner applications, and for multi-unit applications $931 for the first unit and an additional $112 per unit thereafter. These funds are used to cover the administrative aspects of the application processing.

**Staffing:**

Current staffing levels in the CityHousing Hamilton Division of the Community Services Department are sufficient to address the Budget Allocation of $1,515,000 from CMHC for the 2009-10 delivery-year.

**Legal:**

As per the Supplemental Agreement, attached as Appendix A to Report CS09074.

**POLICIES AFFECTING PROPOSAL:**

None.
RELEVANT CONSULTATION:

- Community Services Department, Housing Division;
- Canada Mortgage and Housing Corporation; and,
- Private-sector landlords.

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
Lower-income households are residing in housing that is in a state of good repair that will improve their quality-of-life.

Environmental Well-Being is enhanced.✓ Yes □ No
Consumption of energy is reduced through various home renovation activities.

Economic Well-Being is enhanced.✓ Yes □ No
Improving the condition of dwellings enhances market value of the properties and the overall attractiveness and stability of residential neighbourhoods.

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
2009/2010 Budget Allocation

The following outlines the terms of the existing agency agreement between

CMHC
Community Development - Ontario
Hamilton Office

and

CITY OF HAMILTON

TERMS

A. RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM

1. The delivery term is effective for the fiscal year 2009/2010 delivery and will terminate on March 31, 2010.

2. The agent acknowledges and concurs with, that all RRAP approval packages to fully commit their budget allocations for the 2009/2010 delivery year are to be received in our office by January 15, 2010.

In the event the above date is not met, CMHC will consult with the current Delivery Agent prior to redistribution of those funds to Delivery Agents who have confirmed their need for additional Budget.

3. Delivery Strategies

   i) Delivery Agent must conform to the delivery strategy previously submitted as part of their proposal package to CMHC.

   ii) Delivery Agent must ensure that their responsible territory is serviced in a fair and equitable manner.

   iii) Any advertising must have prior CMHC approval.

4. The Delivery Agent acknowledges that all work items on the work description be completed, inspected, and a requisition for funds be received in our office no later than February 26, 2010.
5. The Delivery Agent is in agreement with the amended Guidelines and Procedures as follows:

**RRAP**

a) The RRAP work must commence within two (2) months of the loan approval date.

b) The RRAP work must be completed no later than **March 31, 2010**.

c) Applications dealing with emergency health and safety problems are considered highest priority, and will be processed immediately.

d) For the purpose of this acknowledgement the Delivery Agent will also obtain an invoice with appropriate documentation from contractors, and forward it to the CMHC Office when requesting payment of RRAP funds. An acceptable invoice will include the contractors' and all sub-contractors' names and addresses, identification numbers (such as a Business number, GST Registration number, corporation number or Social Insurance Number), and the total amount of the contract payment. If an acceptable invoice is not collected and submitted, 15% of each advance on the RRAP loan will be withheld.

6. The Delivery Agent and CMHC agree that upon successful completion of the service by the agent, fees will be paid in accordance with the levels established under the most current program policies.

7. Any changes to the present Municipal structure should be reported to CMHC immediately.

8. The Delivery Agent must be available during core business hours.

9. CMHC has the right to cancel the Agency Agreement immediately, in the event that a proven conflict of interest exists.

10. Budget allocations and commitment information is outlined in this letter.

11. Operational Reviews will be completed by CMHC, once every three (3) years and Monitoring Reviews will be completed annually. Results will be reported to the Delivery Agent as soon as possible following completion.
B. RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP)

Native Targets

The Residential Rehabilitation Assistance Program has a Native content percentage as set out in the annual provincial planning process. It is planned that 11% of the budget will be delivered to Native clients. This targeted percentage is a planned figure only and should be recognized by the Delivery Agent as important in meeting the overall planning objectives of the program. Therefore, the Delivery Agent will give native applicants priority only until the target is met, and will process other applications from the waiting list on a first come, first served basis. Applications dealing with emergency health and safety problems are considered highest priority, and will be processed immediately.

C. EMERGENCY REPAIR PROGRAM (for Delivery Agents who agree to deliver this program)

a) The agent acknowledges and concurs with, that all ERP approval packages to be submitted to CMHC for commitment by February 26, 2010.

b) Repairs under the ERP program must be completed within 90 days from the date of approval or by March 31, 2010, whichever comes first.

**Failure to meet the above conditions may result in cancellation of the ERP loan.**

CMHC requires confirmation in writing as soon as possible for the two following items:

a) Whether there is a need for additional funding in RRAP/RRAP-D/ERP

OR

b) Whether the budget allocation will be surplus to your needs.

Please note that requirements for additional funding must be supported by:

- completed final applications on hand by program line,
- requests for additional funding can only be accommodated if there are surplus funds from other territories.
CAPITAL BUDGET ALLOCATIONS

2009/2010 DELIVERY CAPITAL/FORGIVENESS DOLLAR Budget Allocation for:

<table>
<thead>
<tr>
<th>City of Hamilton</th>
<th>(Capital/Forgivable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner</td>
<td>$ 490,000.00</td>
</tr>
<tr>
<td>For Persons with Disabilities</td>
<td>$ 225,000.00</td>
</tr>
<tr>
<td>Rental</td>
<td>$ 700,000.00</td>
</tr>
<tr>
<td>Rooming House</td>
<td>$ 100,000.00</td>
</tr>
</tbody>
</table>

Should additional Capital dollars be required, please notify our office.

Failure to meet any of the above criteria could result in reduction of allocations, re-testing, service of additional probation time or dismissal of the agent. This decision would be made at the discretion of CMHC upon review of the individual situation.

Per: ___________________________ Date: ________________

Per: ___________________________ Date: ________________

Per: ___________________________ Date: ________________

Community Development-Ontario