SUBJECT: Residential Rehabilitation Assistance Program (RRAP): 2006-07 Budget Allocation and the New Two-Year Program Extension (ECS07003) (City Wide)

RECOMMENDATION:

(a) That the City of Hamilton continue its role of Residential Rehabilitation and Assistance Program (RRAP) Delivery Agent for the 2006-07 delivery year.

(b) That the Mayor and City Clerk be authorized and directed to execute all necessary documents in a form satisfactory to the City Solicitor.

(c) That the Mayor send a letter, on behalf of City Council, to the Honourable Monte Solberg, Minister of Human Resources and Social Development and Minister responsible for Canada Mortgage and Housing Corporation with a copy to all local Members of Provincial Parliament to:

(i) Express the City of Hamilton’s gratitude for receiving additional RRAP funding in the amount of $414,000 for the 2006-07 delivery years, and for the announcement on December 19, 2006, respecting the extension of the RRAP for an additional two-year period; and,

(ii) Request that an annual RRAP Budget Allocation of $3.0 million be provided to the City of Hamilton; in order that the City may positively respond to the hardship faced by low-income homeowners and tenants in our community.

Joe-Anne Priel,
General Manager
Community Services Department
EXECUTIVE SUMMARY:

The City of Hamilton is a Delivery Agent for Canada Mortgage and Housing Corporation (CMHC) for the Residential Rehabilitation Assistance Program (RRAP). The 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 standards. The RRAP also provides financial assistance, through a $24,000 per unit, forgivable loan, to owners of rooming houses and rental properties, which house low-income tenants, to improve substandard units and complete the 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 previously announced the RRAP budget allocation for the 2006-07 delivery years. In total, $1.18 million had been initially allocated to the City of Hamilton. Based on the evident need in the City of Hamilton and the capacity of staff to deliver the funds, an additional $414,000 was provided to the City from CMHC for the RRAP; for a total of $1,593,000. This will result in approximately 96 dwelling units being rehabilitated in the City of Hamilton. In the 2005-06 delivery years, the City of Hamilton delivered approximately $1.45 million in RRAP funding, which resulted in 94 dwelling units being successfully rehabilitated.

This is very encouraging and positive news for low-income homeowners and tenants in Hamilton. As part of the same announcement, the Federal Minister indicated that $300 million would be made available for a new “Homelessness Partnering Strategy” aimed at combating homelessness in communities across Canada.

The City of Hamilton has successfully delivered the program for the past 32 years since the Federal Government first introduced the RRAP in 1974. The City, in partnership with CMHC, has successfully provided rehabilitation assistance to over 4,600 homeowners during this period, and more recently to rooming houses, lodging homes and private rental buildings.

On December 19, 2006, the Federal Minister of Human Resources and Social Development announced a $256 million, two-year extension of CMHC’s renovation programs including the RRAP for low income households across Canada. This is very positive news as there continues to be a strong need for housing rehabilitation programs in Hamilton. The two-year extension for the RRAP will allow low-income households to remain independent in their homes and preserve housing for people who are at risk of homelessness.

The Federal Government has not yet indicated the extent of the $256 million that will be specifically allocated to the City of Hamilton for the RRAP delivery. Recognizing the City of Hamilton’s long-term commitment to the RRAP and its successful program delivery record, Housing, Program and Policy Section staff believes that an annual budget allocation of $3.0 million is appropriate and warranted, in order to continue to respond to the dwelling repair needs of low-income households in Hamilton.
BACKGROUND:

The Residential Rehabilitation Assistance Program (RRAP) offers financial assistance to low-income homeowners and owners of rooming houses and rental properties that house low-income tenants to improve substandard dwellings and make necessary the repairs to make homes safe and healthier. Canada Mortgage and Housing Corporation (CMHC) provides the funding and the City of Hamilton through the Housing Division of the Community Services Department is a Delivery Agent of RRAP.

The RRAP was first introduced in 1974 and is widely recognized as a highly effective and cost efficient housing program. The RRAP not only enhances the condition of a community’s housing stock and adds market value, but it also enhances the quality-of-life of low-income households and allows people, particularly seniors, to stay longer in their current residence and neighbourhood.

Approximately $1.45 million of RRAP funds was delivered to low-income Hamilton homeowners and owners of rental properties housing low-income tenants in 2005-06. A total of 94 dwelling units were rehabilitated with this funding. For the 2006-07 delivery year, CMHC provided an initial Budget Allocation of $1.18 million. Staff believed the $1.18 million initial funding amount provided for the Homeowner, Disabled, Rental/Rooming House and Conversion components of RRAP was inadequate in the City of Hamilton context and advised CMHC staff of this concern. As a result, CMHC provided an additional $414,000 to meet the needs in the community for a total RRAP Budget Allocation of $1,593,000 that will result in approximately 96 dwelling units being rehabilitated in the City of Hamilton.

The RRAP has been successfully utilized for the past 32 years in improving the housing conditions of low-income homeowners and tenants within the city of Hamilton. The RRAP is an excellent tool, which can be utilized to build community partnerships that rehabilitate and extend the useful life of the existing, low-cost housing stock, support the needs of our vulnerable population and reduce the risk of homelessness. The City of Hamilton has been an active and committed partner with CMHC in delivering RRAP for over three decades. In fact, the City of Hamilton’s long-term positive partnership with CMHC is recognized as a significant success story of the RRAP in Canada.

As the housing stock in Hamilton continues to age, there is a clear need for conservation and rehabilitation initiatives. According to the 2001 Census of Canada, 42.6 percent of all residential dwellings in the City of Hamilton were constructed in 1960 or before. In addition, there were approximately 14,400 dwelling units in the city in need of “major repair”, which accounts for 7.7% of the total dwelling stock, and a further 48,875 dwelling units in need of “minor repair”.

In a community, such as Hamilton, with an older housing stock, and in particular a large number of older, low-income, senior citizen households, the RRAP has been critical in improving the lives of our vulnerable citizens and promoting neighbourhood stability and revitalization. On December 19, 2006, the Federal Minister of Human Resources and Social Development and Minister Responsible for Canada Mortgage and Housing
Corporation announced that effective April 1, 2007, $256 million would be made available for a two-year extension of CMHC’s renovation programs including RRAP. This was very encouraging and positive news for low-income homeowners and tenants in Hamilton. (As part of the same announcement, the Federal Minister indicated that $300 million would be made available for a new “Homelessness Partnering Strategy” aimed at combating homelessness in communities across Canada.

The City of Hamilton’s RRAP budget allocation for the next two years has not been announced by CMHC. Housing Division staff believe an appropriate annual RRAP Budget Allocation would be $3.0 million. This proposed funding amount reflects the continued strong demand for housing rehabilitation programs by low-income homeowners in our community, particularly senior citizen households, and the need for funding to improve Hamilton’s aging dwelling stock.

**ALTERNATIVES FOR CONSIDERATION:**

Alternatively, Council may choose not to continue with an agency relationship between the City and CMHC for the 2006-07 delivery years, which 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 2006-07 budget allocation of $1,593,000.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:**

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

**Staffing:**

Currently, there is 1.0 FTE in the Housing Branch that oversees the budget allocation of $1,593,000, from CMHC, for the 2006-07 delivery years. The current staffing level is sufficient to deliver the $1,593,000 Budget Allocation.

**Legal:**

There are no legal implications associated with the recommendations contained within ECS07003).
POLICIES AFFECTING PROPOSAL:

There are no current policies that will be affected.

RELEVANT CONSULTATION:

Housing, Policy & Programs Section staff has consulted with CMHC staff on the extent of the 2006-07 budget allocation and delivery fees.

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
Low-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