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<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY &amp; PROTECTIVE SERVICES COMMITTEE MEETING ON SEPTEMBER 22, 2014</b>
<b>FROM:</b>	<b>SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES &amp; DEARNESS HOME</b>
<b>SUBJECT:</b>	<b>INVESTMENT IN AFFORDABLE HOUSING FOR ONTARIO (2014 EXTENSION) APPROVAL OF ADMINISTRATION AGREEMENT</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Director of Municipal Housing, with the concurrence of the Managing Director, Housing, Social Services & Dearness Home, the following actions **BE TAKEN** regarding the participation of the City of London in the Investment in Affordable Housing (IAH) Program (2014 Extension):

- a) The attached proposed by-law Appendix "A" **BE INTRODUCED** at the Municipal Council on September 30, 2014, to authorize an Administration Agreement substantially in the form of an agreement appended to the by-law attached as Appendix "B" and to the satisfaction of the City Solicitor; and
- b) The Mayor and the City Clerk **BE AUTHORIZED** to execute the said Agreement.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Community & Neighbourhoods Committee

October 18, 2011 - Investment in Affordable Housing for Ontario, Approval of Administration Agreement

Community & Protective Services Committee

August 25, 2014 – Recommendations for Proposals Under Investment in Affordable Housing (IAH) Program Year 4 and IAH (2014 Extension)

<b>BACKGROUND</b>
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INVESTMENT IN AFFORDABLE HOUSING FOR ONTARIO

Investment in Affordable Housing for Ontario (IAH) is the federal and provincial program for the creation and repair of affordable housing. The IAH provides flexibility, with accountability, to municipal Service Managers to deliver affordable housing in our communities. The City of London is the Service Manager for the city as well as for Middlesex County. The Ministry of Municipal Affairs and Housing provides guidelines for the various components and program requirements under IAH to facilitate participation by Service Managers.

On August 11, 2014 the Province announced the latest IAH program, now known as IAH (2014 Extension) which begins April 1, 2014 and ends March 31, 2020.

ADMINISTRATION AGREEMENT

In order to participate in any component of the IAH (2014 Extension), the City of London must sign an Administration Agreement with the Province (Appendix B). The Administration Agreement outlines financial provisions, eligibility criteria, indemnification and repayment provisions, risk management protocols for projects facing difficulties and reporting, auditing and other accountability



enforcement provisions. The Administration Agreement must be signed before the Service Manager can receive funding and no later than November 30, 2014.

Service Managers may use up to 5%, or less, of their total funding allocation to assist with administration of the IAH. The amount selected must be requested through a Program Delivery and Fiscal Plan (PDFP) (see below).

As per the Administration Agreement and Canada Mortgage and Housing Corporation (CMHC) reporting requirements, Service Managers are required to report quarterly on the outcomes of the program components they elect to participate in and their financial commitments as set out in the PDFP.

The IAH (2014 Extension) is essentially the same as the previous iteration, with the following additional requirements:

- provision of services to the public in French;
- promotion and support of the use of apprentices and the training of skilled labour;
- Ontario Renovates accessibility repair grant maximum increase from \$3,500 to \$5,000; and
- a new quarterly payment process to Service Managers under Ontario Renovates.

**PROGRAM COMPONENTS:**

The IAH (2014 Extension) continues to offer the following program components to Service Managers: Rental Housing; Homeownership; Rent Supplement; Housing Allowance and Ontario Renovates. Service Managers may select which components to deliver each year using the annual funding allocation.

RENTAL HOUSING

Project eligibility criteria include new construction, including additions and renovations; acquisition and rehabilitation and conversion of non-residential buildings or units into purpose-built rental buildings/units. Construction of new rental housing on social housing lands may also be eligible provided that the appropriate consent is acquired and that it does not receive any on-going federal subsidies. Projects that are not IAH eligible include: secondary suites in owner-occupied housing, nursing or retirement homes, shelter and crisis care facilities and owner-occupied housing.

Units must be modest in size and amenities relative to other housing in the community and must be self contained to receive full funding per unit. Rents for the units must be affordable at or below 80% of the CMHC Average Market Rent at the time of occupancy.

Projects must start within 120 days of signing a Municipal Contribution Agreement and municipalities are required to reduce the property tax rate for rental housing projects at a rate equivalent to or below the single residential rate for the area.

HOMEOWNERSHIP

The requirements of the Homeownership component remain the same as previous programs. This component is intended to support renters, who meet a low income eligibility test, move to affordable homeownership through assistance with down payment and closing costs on a modest home. Affordability levels are retained for the 20 years of the mortgage agreements and are protected in the event of a sale.

OPERATING COMPONENT

The operating component consists of Rent Supplement and Housing Allowance. Should a Service Manager wish to deliver this component, the funding is booked one-time with the Province

Rent Supplement is a subsidy paid to the landlord on behalf of a household in need of rental assistance. Households in receipt of rent-geared-to-income or housing allowances are not eligible to participate and vice versa. Housing Allowance is paid directly to the client household to help offset rental costs. Housing allowance payments will impact client's existing benefit programs, causing a claw back in other benefits.

Households must be on, or eligible to be on, social housing waiting lists or have a gross household



income that falls below the Household Income Limits published by CMHC. Income testing is required for continued eligibility.

### ONTARIO RENOVATES

Ontario Renovates allows Service Managers the flexibility to target renovation and rehabilitation projects to address local needs in affordable ownership and rental properties. Some of the objectives of this component include: fostering independent living of seniors and persons with disabilities by providing financial assistance to support modifications and adaptations to increase accessibility; and to increase the supply of affordable rental housing by providing assistance to create secondary suites in existing single family homes.

Nursing homes, shelters (except those that house victims of family violence), crisis care facilities (including hostels), projects receiving capital support from the Ministry of Health & Long-Term Care or the Ministry of Community & Social Services and Social Housing providers, defined under the *Housing Services Act* 2011, are not eligible for Ontario Renovates funding.

### PROGRAM DELIVERY AND FISCAL PLAN

Service Managers are required to develop and submit a Program Delivery and Fiscal Plan (PDFP) that will outline how their annual funding allocations will be used over Years 2 to 6 of the IAH (2014 Extension) program. The Years 2 to 6 PDFP requires Council approval and must be submitted to the ministry for approval no later than February 27, 2015.

The PDFP will identify the following, for each year of the program:

- The IAH components that the Service Manager will deliver
- The number of units that are expected to be delivered under the selected components
- The number of households that are expected to be assisted under the selected components
- The client groups that will be targeted under the selected components
- The amount of funding from each year's funding allocation that will be used for the selected components; and
- The amount of funding that will be used for administration fees.

The ministry will use the PDFP to track Service Manager's progress against its allocation and will use this information to report back to CMHC.

### HOMELESS PREVENTION AND HOUSING PLAN

The *Housing Services Act* 2011 (HSA) required Service Managers to have a ten-year local consolidated housing and homelessness plan, to be effective January 1, 2014.

The 2010-2024 Homeless Prevention & Housing Plan, which was adopted by Municipal Council in December 2013, was developed by building upon the guiding principles and strategies outlined in the London Community Housing Strategy and Community Plan on Homelessness (both approved by Municipal Council in June 2010).

The Plan was informed by other planning and service activities including The London Plan (Re-Think), Age Friendly London, London CARES, Strengthening Neighbourhoods Strategy, Middlesex County plans, and other related initiatives, and met all local plan requirements as set out by the Ministry of Municipal Affairs and Housing.

### ALLOCATION OF IAH FUNDING TO CITY OF LONDON AS SERVICE MANAGER

The Year-1 allocation of the IAH (2014 Extension) to the City of London is \$2,661,100. Allocation for the final five years of the program (2015-20) will be based on the new census data and will be provided once this data becomes available.

The Rental Component allocation for Year-1 was approved by Municipal Council, under RFP 14-36 on September 2, 2014. In order to ensure that the Year-1 funding is committed by the end of 2014, the balance is to be allocated to the Homeownership Assistance Program.

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IAH Component	\$ Allocation	# of units	Client Group
Rental	2,500,000	73	Singles/seniors/persons with disabilities
Homeownership	161,100	11	Working poor

Each Service Manager receives a notional funding allocation based on its share of the province’s households and the number of households in core need in its area. The funding allocation is broken down by fiscal year and is provided on a “use it or lose it” basis.

Funding that is not committed by December 31 in each year may be re-allocated to another Service Manager. Any funding that is re-allocated from a Service Manager will be deducted from that Service Manager’s total overall allocation, but conversely, any Service Manager receiving re-allocated funding will have that funding added to their overall allocation. We are anticipating that our local processes will enable us to request funds, should any become available for re-allocation, where possible.

Funds that are not committed by a contract by December 31 of each year will lapse; there is no moving of funds between fiscal years permitted under IAH (2014 Extension).

<b>FINANCIAL IMPACT</b>
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The financial impacts associated with the Investment in Affordable Housing Program (2014 Extension) are addressed through the municipal budget process. There are no financial impacts related to this report.

<b>RECOMMENDED BY:</b>	<b>CONCURRED BY:</b>
<b>LOUISE STEVENS DIRECTOR OF MUNICIPAL HOUSING</b>	<b>SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING SOCIAL SERVICES AND DEARNESS HOME</b>

- C. D. Mounteer, City Solicitor’s Office
- N. Watson, Housing Development Consultant
- S. Giustizia, Manager, Housing Services

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Appendix A

By-law No.

A by-law to approve an agreement between The Corporation of the City of London (the City) and the Minister of Municipal Affairs and Housing for the City to administer the Investment in Affordable Housing Program (2014 Extension); and to authorize the Mayor and the City Clerk to execute the agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS The Corporation of the City of London (the City) is responsible for the delivery of affordable housing initiatives including convert-to-rent programs, affordable rental housing programs and other initiatives;

AND WHEREAS it is deemed expedient for the City to enter into an agreement with the Minister of Municipal Affairs and Housing to administer the Investment in Affordable Housing Program (2014 Extension);

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. An agreement between the City and the Minister of Municipal Affairs and Housing to administer the Investment in Affordable Housing Program (2014 Extension) be hereby approved.
2. The Mayor and the City Clerk be hereby authorized to execute the agreement approved in section 1, above, substantially in the form of agreement attached to this by-law and to the satisfaction of the City Solicitor.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on \_\_\_\_\_, 2014.

J. Baechler  
Mayor

Catharine Saunders  
City Clerk

First reading –