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TO:	CHAIR AND MEMBERS COMMUNITY & PROTECTIVE SERVICES COMMITTEE MEETING ON JULY 19, 2016
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR HOUSING, SOCIAL SERVICES & DEARNESS HOME
SUBJECT:	APPROVAL OF THE SERVICE MANAGER ADMINISTRATION AGREEMENT FOR THE 2016 SOCIAL INFRASTRUCTURE FUND (SIF) AND PENDING ASSIGNMENT TO HDC

RECOMMENDATION

That, on the recommendation of the Managing Director of Housing and Social Services and Dearness Home and with the concurrence of the Housing Development Corporation, London, the attached proposed By-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting of July 27, 2016:

- (a) **TO APPROVE** the Service Manager Administration Agreement for the 2016 Social Infrastructure Fund (SIF) between The Corporation of the City of London and the Minister of Housing attached as Schedule "1" of the By-law; and
- (b) **TO AUTHORIZE** the Mayor and City Clerk to execute the Agreement substantially in the form in (a) above and to the satisfaction of the Managing Director of Housing and Social Services and Dearness Home and the City Solicitor.

It being noted that a report authorizing Council to assign the 2016 Social Infrastructure Fund Agreement and the existing Investment in Affordable Housing (2014 Extension) Service Manager Administration Agreements to the Housing Development Corporation, London is being prepared for the August 23, 2016 Community and Protective Services Committee Meeting.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Strategic Priorities and Policy Committee

October 26, 2015 Housing Development Corporation, London Incorporation and Initial Corporate Organization

Community & Protective Services Committee

September 22, 2015 Assignment of Rental Component of Administration Agreement for the Investment in Affordable Housing for Ontario (2014 Extension) to the Housing Development Corporation, London.

February 18, 2015 Investment in Affordable Housing (IAH) Program (2014 Extension Years 2 to 6 and Recommendation for Additional Proposal Under RFP 14-36

September 22, 2014 Investment in Affordable Housing for Ontario (2014 Extension) Approval of Administrative Agreement

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

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BACKGROUND

Intent of this Report:

1. Approval to Participate in the 2016 Social Infrastructure Fund (SIF) inclusive of the Social Housing Improvement Program (SHIP)

This report recommends that the City of London Municipal Council enter into an agreement with the Minister of Housing for the 2016 Social Infrastructure Fund (SIF). SIF also encompasses a separate Social Housing Improvement Program (SHIP). This is in similar form to other federal/provincial affordable housing agreements, including the existing Investment in Affordable Housing (IAH) Program (2014 Extension) (2014 to 2020).

2016 SIF extends additional funding for investments in affordable housing for the years of 2016 and 2017 beyond existing allocations. There are additional parameters and conditions related to 2016 SIF that can be met by the City of London and its affordable housing delivery agent, the Housing Development Corporation (HDC).

By-law Appendix A provides this Council's approval to participate in 2016 SIF and SHIP.

2. Information Regarding the Assignment of Affordable Housing Agreements to HDC

On October 28, 2015, Municipal Council approved the assignment of the Rental Component of Administration Agreement for the Investment in Affordable Housing for Ontario (2014 Extension) to the Housing Development Corporation.

A report is being prepared for August 2016, for Council to authorize a separate agreement between the City and the Province to assign the 2016 SIF as well as the existing Investment in Affordable Housing for Ontario (2014 Extension) Program agreements to HDC.

The assignment of these agreements will allow the City's Housing Services office to continue directly delivering those components that remain with the Service Manager; including the new SHIP and the SIF Supplement (Operating Fund) program.

Program Descriptions and Terms:

Housing Service Management

The City of London is the Service Manager for the city as well as for Middlesex County. The Ministry of Housing provides regulations and guidelines for various program requirements. Social Housing programs are legislated and regulated activities of Service Managers. More recent affordable housing programs require Service Managers to choose to participate within the guidelines and parameters of the program.

On October 27, 2015, Municipal Council incorporated HDC to be the mechanism by which affordable housing would be developed and advanced in London and Middlesex.

Investment in Affordable Housing for Ontario

Investment in Affordable Housing for Ontario (IAH) was the federal and provincial program for the creation and repair of affordable housing. IAH provides flexibility, with accountability, to municipal Service Managers to deliver affordable housing.

On August 11, 2014 the Province announced the current IAH program, now known as IAH (2014 Extension) (IAH-E) which began on April 1, 2014 and ends March 31, 2020. IAH-E is being further extended through the 2016 Social Infrastructure Fund (SIF). Additional funds for social housing are also included in 2016 SIF.

2016 Social Infrastructure Fund (SIF)

On June 21, 2016, Mayor Brown received formal correspondence from the Minister of Housing inviting the City of London as Service Manager to participate in the SIF program.



SIF is a federal and provincial government additional investment in affordable housing providing over \$641 million in funding over three years to improve the quality. The 2016 Federal Budget established SIF to improve the quantity, and increase the supply of, affordable housing, and to stimulate economic growth and reflect an interim approach to housing funding while the federal government works with the provinces and territories over the next 12-18 months on a National Housing Strategy. The federal Budget proposed more than \$1.45 billion nationally over two years for housing. The province cost-matched the federal IAH funding while retaining a portion of their funding for other provincially managed housing initiatives.

Relevant 2016 SIF Program Components

SIF contains 2 key components of applicability to the City as Housing Service Manager:

1. A “core SIF component” related to increased IAH funding with a focus on seniors and other key federal and provincial priorities; and
2. A separate Social Housing Improvement Program (SHIP).

1. Core SIF Funding: (Increase to IAH, Seniors, etc.)

Allocations to Service Managers consist of the remaining IAH Doubling funding and Seniors’ funding using an allocation model that is consistent with the model under the current IAH (2014 Extension).

Service Managers have been asked to prioritize support to a number of groups. These populations are already identified and aligned with local needs and priorities, and include:

- Seniors;
- Social housing with expired or expiring agreements/federal subsidies;
- Persons with disabilities, including adults with developmental disabilities; and
- Provincial homelessness prevention priorities (indigenous persons, chronically homeless, youth, and homelessness following transitions from provincially-funded institutions and service systems).

The province also asked Service Managers to consider projects supporting transit corridor intensification and/or community hubs. This request aligns with Council’s Strategic Priorities and the London Plan and is consistent with best practices of creating new affordable housing, noting that London’s new affordable rental housing priorities continue to focus on the greatest need - Single bedroom new affordable housing units to accommodate a variety of populations requiring of this occupancy standard.

2. Social Housing Improvement Program (SHIP)

The Social Housing Improvement Program (SHIP) aims to improve and preserve the quality of existing social housing. A total of \$209.3 million in federal funding is available for commitment in 2016-17. The federal government requires that:

- Funding be committed no later than March 31, 2017;
- Projects start within three months of commitment; and
- Projects be completed within two years of the commitment date.

Funding has been allocated to Service Managers and other regulated housing managers (in other sectors) based on the proportional share of housing units in Ontario. Funded social housing projects must remain affordable for a ten (10) year period after the completed of the funded repair/retrofit or regeneration activities, including a minimum of five (5) years during which it will operate as social housing under the *Housing Services Act, 2011*.

SHIP funding is not intended for regular maintenance work. Renovation/retrofit activities eligible to receive SHIP funding include the following:

- Replacement or reconstruction of worn out or obsolete major building or site components, major building systems or services, basic facilities and equipment, kitchen and bathroom facilities, safety features, parking facilities and walkways;
- Work that improves energy efficiency or water conservation;
- Regeneration within the portfolio of existing eligible social housing including conversion of units and demolition and reconstruction of all or part of a project; and
- Substantial modifications to provide or improve accessibility for persons with disabilities.

A request for project funding has been sent to all local social housing providers for expressions of interest in the SHIP Funding.



Funding and Service Agreement:

Local Investment Funding:

The Ministry of Housing (MoH) provided the notional funding allocations for the additional funding as follows:

Program:	2016/17	2017/18
SIF Core (IAH/Seniors, etc.)	\$6,006,100	\$4,341,200
SHIP	\$6,169,300	\$0
Combined Allocation:	\$12,175,400	\$4,341,200
TOTAL FUNDING:	\$16,516,600	

In order to access and participate in 2016 SIF (and SHIP), the City of London must sign an agreement with the Province, ensuring the conditions of funding are met.

Program Delivery and Fiscal Plan (Proposed Expenditures)

Schedule G of the Administration Agreement contains the Program Delivery and Fiscal Plan (PDFP). The proposed PDFP framework is outlined below reflecting the proposed allocation of the funds in accordance with the provincial requirements, the local Homeless Prevention and Housing Plan, and HDC Business Plan.

As per the 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.

Similar to the existing IAH (2014 Extension), a Program Delivery and Fiscal Plan (PDFP) must be completed and submitted for the 2016 SIF program identifying how the annual funding allocations will be used over the two-year funding period (2016-17 and 2017-18).

The Ministry requires the PDFP to support the goals and address the needs outlined in the Service Manager’s Housing and Homelessness Plans, and be consistent with the provincial priorities identified in the Minister’s letter.

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).

Proposed PDFP for SIF Core Funding	2016/17	2017/18
Administration (5% to HDC)	\$300,305	\$217,060
Supplements (Operating Funds) *	\$600,000 *	
New Build Rental (Capital)	\$5,105,795	\$4,124,140 **

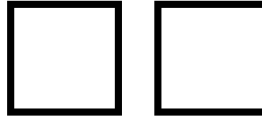
* Operating Funds will support a supplement program to include (but not be limited) to tenants and members of federal social housing with ended operating agreements. This will be delivered by the City’s Housing Services office.

** These 2017 funds will be combined with existing IAH-E allocations for 2017/18 of \$5,936,280.

PDFP for SHIP Funding

Administration (5% to Housing Division)	\$308,465
Allocations to Social Housing Providers	\$5,860,835***

*** Applications for needed repairs to social housing projects were recently received as part of the March 30, 2016 allocation of Social Housing Electricity Efficiency Program (SHEEP) and the Social Housing Apartment Retrofit Program. These will be reviewed along with additional requests for funding that are being pursued through an SHIP expression of interest. This program will be delivered by the City’s Housing Services office.



Service Manager Administration Agreement:

This 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 Service Manager Administration Agreement must be signed before the Service Manager can receive funding and no later than September 1, 2016.

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. Project activities conducted under this funding will be reported to Council through updates from HDC and the Civic Administration.

Assignment of Agreement to HDC and Delegation of Authority to the Service Manager:

Since Municipal Council’s direction of October 28, 2015 to assign of the Rental Component of Administration Agreement for the Investment in Affordable Housing for Ontario (2014 Extension) to the Housing Development Corporation, the City Solicitor and HDC Executive Lead have had conversations with the province.

The assignment of the 2016 SIF and the IAH (2014 Extension) Agreements are permitted within the respective programs and will be formalized through a direction from Council. The final form of this assignment agreement is being prepared for final Council approval in August 2016.

HDC will administer the agreement and directly manage the capital build components while the City’s Housing Services will continue to administer the operating (supplement) component, the existing Ontario Renovates program, and programs related to social housing.

Approval of the PDFP is also a delegated authority within the assignment of the agreement to allow adjustments to be made within the capital program component and therefore ensure funding is maximized. In the case of this proposed PDFP, there will be limited flexibility given the time constraints and local priority program elements.

RFP 16-38

At the time of authoring this report, Request for Proposal (RFP) 16-38 is being prepared to be issued by the City of London’s Purchasing Office on behalf of the City and HDC. This RFP will ensure new rental projects are ready and able to be aligned to the related new capital funding.

HDC is also finalizing a new HDC Procurement Policy that will establish the enhanced process for engaging proponents interested in affordable housing development. This new approach, combined with the interests and proposals submitted to RFP 16-38, will support funded developments aligned with the SIF requirements and existing IAH-E funding requirements.

FINANCIAL IMPACT

There are no direct impacts associated with the SHIP and SIF allocations. Civic Administration and HDC will work together to assess capital capacity within the City’s HDC Affordable Housing capital allocation to ensure the maximum capacity to leverage funding.

SIF allocations that are not fully committed within the program guidelines by December 31 in each year may be re-allocated to another Service Manager. 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. The 2016 SHIP allocation must be committed by March 31, 2017.

The City and HDC will also advise the province of the interest in accessing additional funds, should any become available through re-allocation.

Neither the moving of funds between fiscal years nor the moving funds between operating (supplements) and capital (new build) programs is not permitted under this program.

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RECOMMENDED BY:	CONCURRED BY:
STEPHEN GIUSTIZIA EXECUTIVE LEAD, HDC	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING SOCIAL SERVICES AND DEARNESS HOME

- C. D. Mounteer, City Solicitor's Office
- J. Smout, City Solicitor's Office
- J. Wills, Risk Management Office
- K. Murray, Financial Services
- N. Watson, Housing Development Consultant
- City of London Housing Champions Table
- Tony Brutto, Ministry of Housing (Municipal Services Office)

Attachment: Appendix "A" By-law to Approve 2016 SIF Service Manager Administration Agreement including the appended (Schedule 1) 2016 SIF Agreement

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Appendix A

Bill No.
20

By-law No.

A By-law to approve the Service Manager Administration Agreement for the 2016 Social Infrastructure Fund (SIF) with the Minister of Housing and to authorize the Mayor and the City Clerk to execute the Agreement.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by by-law;

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

1. The agreement between The Corporation of the City of London and the Minister of Housing attached as Schedule "1" to administer the 2016 Social Infrastructure Fund (SIF) is approved.
2. The Mayor and the City Clerk are authorized to execute the agreement approved in section 1 above substantially in the form attached to this by-law and to the satisfaction of the Managing Director of Housing and Social Services and Dearness Home and the City Solicitor.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

, 2016

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -