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<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND NEIGHBOURHOODS COMMITTEE MEETING ON OCTOBER 18, 2011</b>
<b>FROM:</b>	<b>L. STEVENS DIRECTOR OF MUNICIPAL HOUSING COMMUNITY SERVICES DEPARTMENT</b>
<b>SUBJECT:</b>	<b>INVESTMENT IN AFFORDABLE HOUSING FOR ONTARIO 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 Executive Director of Community Services, the following actions **BE TAKEN** regarding the Investment in Affordable Housing (IAH) program:

- a) The attached proposed by-law **BE INTRODUCED** at the Municipal Council on October 24, 2011, to authorize an Administration Agreement substantially in the form of an agreement appended to the by-law 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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<b>BACKGROUND</b>
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INVESTMENT IN AFFORDABLE HOUSING FOR ONTARIO

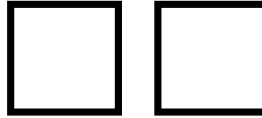
The federal and provincial program for the creation and repair of affordable housing over four years is called Investment in Affordable Housing for Ontario (IAH). The IAH provides extra flexibility, with accountability, to municipal Service Managers to deliver affordable housing in our communities. The City of London is the Service Manager for the city as well as for Middlesex County.

The Ministry of Municipal Affairs and Housing has provided “interim” guidelines for the various components and program requirements under IAH to facilitate participation by Service Managers. There may be adjustments or enhancements to the guidelines and program design based on feedback and further consultation with Service Managers.

ADMINISTRATION AGREEMENT

In order to participate in any component of the IAH, the City of London must sign an Administration Agreement with the province. 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 January 31, 2012.

After signing the Administration Agreement, the Service Manager will receive \$100,000 in upfront administration fees. Service Managers may also 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.

## PROGRAM COMPONENTS

The IAH offers 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 also not 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.

### Rent Supplement and Housing Allowance

The Rent Supplement and the Housing Allowance component are designed to help address affordability issues of households in need. Should a Service Manager wish to deliver this component, the funding is booked one-time with the province and can be extended for up to 10 years, but no later than March 31, 2023.

A Rent Supplement is a subsidy paid to the landlord on behalf of a household in need of rental assistance. Unlike previous programs, this rent supplement component allows in-situ arrangements. Units occupied by applicant households can be eligible. Households in receipt of rent-geared-to-income or housing allowances are not eligible to participate.

A Housing Allowance is paid directly to the client household to help offset rental costs. Households in receipt of rent-geared-to-income or rent supplement are not eligible to participate. 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. Housing allowance payments could impact client's existing benefit programs, causing a claw back in other benefits.

### Ontario Renovates

Ontario Renovates replaces the CMHC Residential Rehabilitation Assistance Program (RRAP) beginning Year 2 of the IAH program. 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: improving the living condition of households in need through financial assistance to repair deficiencies; fostering independent living of seniors and persons with disabilities by providing financial assistance to support modifications and adaptations to increase accessibility; 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 defined under the Housing Services Act 2011 are not eligible for Ontario Renovates funding.

Funding is in the form of a forgivable loan based on approved work items and must not exceed \$25,000 per unit in a Service Manager area. The period of forgiveness is 10 years at an equal rate per year over the affordability period. Funding for accessibility repairs, up to \$3,500 per unit, is in the form of a grant and does not require repayment.

#### PROGRAM DELIVERY AND FISCAL PLAN

Service Managers are required to develop and submit a Council-approved Program Delivery and Fiscal Plan (PDFP) that will outline how their annual funding allocations will be used over the life of the IAH program. The PDFP must be approved by the ministry prior to receiving and IAH funding.

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. The PDFP must be submitted to the ministry for approval no later than February 28, 2012.

**A proposed Program Delivery and Fiscal Plan will be presented to the Council Housing Leadership Committee for review and recommendation to the Community & Neighbourhoods Committee and to Municipal Council.**

#### ONTARIO LONG TERM AFFORDABLE HOUSING STRATEGY AND THE NEW HOUSING SERVICES ACT 2011

As part of Ontario's Long-Term Affordable Housing Strategy, the province introduced the Housing Services Act 2011, which will be proclaimed January 1, 2012.

Under the Housing Services Act, Service Managers will be required to develop local housing and homelessness plans that define and address the unique housing needs of their communities. It is expected that the local plans will provide an overview of each Service Manager's strategy for creating affordable housing in its communities.

The PDFP and the local housing plans are separate but related documents. While the PDFP is a program document that is specific to the IAH program, it is expected that the PDFP will support the goals stated in Service Manager local plans, such as the London Community Housing Strategy. However, the commitments and results stated in the PDFP will be specific to the IAH program.

#### LONDON COMMUNITY HOUSING STRATEGY

The London Community Housing Strategy (LCHS) was approved by Municipal Council in June 2010 and will guide the City up to December 31, 2015.

It was developed through key informant interviews, a local initiatives survey, review of relevant academic and grey literature, analysis of available documentation and data, review of practices in other jurisdictions, open houses and action-oriented consultation sessions have all informed the content of the LCHS. What has been learned through the process has been married to evidence-based and evidence-informed practices and analysis for the LCHS.

London's Community Housing Strategy uses a continuum framework along three dimensions to understand and appreciate the range of needs and responses required. The first dimension is the life cycle: appreciating the differences in housing needs from children and youth straight through to



aging older adults. The second dimension is needs and supports: appreciating the range of potential supports (or lack thereof) required from independent living with no supports straight through to institutional care. The third dimension is the type of housing and shelter accommodation: appreciating that the community needs everything from crash beds and emergency shelters straight through to market rental housing and home ownership – and everything in between.

London’s Community Housing Strategy sets a target for 900 units of affordable housing through new construction, acquisition, affordable homeownership, and rent supplements/subsidies. Of these units, 375 are slated to be new construction or acquisition, 75 are to be affordable homeownership, and the remaining 450 can be a combination of different approaches depending on available resources. Within this target the intent is to develop units that are more affordable – such that someone on social assistance is likely to afford – through deeper subsidy in capital costs, thereby reducing operating costs and rent.

Within the target of 900, there are various sub-targets reflecting a range of community needs. The number of bedrooms per unit, needs of specific populations such as lone-parents, seniors, youth and Aboriginal people, and rent levels – are all examples of sub-targets.

In addition to this target of 900, which the City will assume responsibility for facilitating subject to available resources from other orders of government, a target of 300 supportive and/or alternative housing has been set for other orders of government, especially the Province of Ontario. This reflects the deeper support needs amongst some of the homeless and low-income population. It is within the purview of the Province to develop and provide operating funding for this type of housing.

Collectively, the target is 1,200 units to be committed on or before December 31, 2015.

In order to demonstrate the City’s commitment to a housing continuum and acknowledging the City’s role as a partner with other orders of government, the LCHS recommends that London continue to invest money from the municipal tax base into the creation of new affordable housing, in line with the Community Housing Strategy. This can be accomplished by continuing the investment of \$2M in the Housing Division budget for affordable housing and using the municipal \$2M investment in affordable housing as leverage with other orders of government.

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

The IAH is a 4 year program that will end March 31, 2015. Year 1 (2011-12) is a transitional year. The full program will be delivered in Years 2 to 4 (2012-13 to 2014-15).

Each Service Manager received 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. 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.

The City of London allocation is as follows:

<b>Year 2 2012-2013</b>	<b>Year 3 2013-2014</b>	<b>Year 4 2014-2015</b>	<b>Total Allocation</b>
\$5,611,306	\$5,621,351	\$2,441,213	\$13,673,870

**Year 1**

There is no allocation for Year 1 as it is designed as a transitional year. Instead of providing a specific allocation for this year, Service Managers who have the capacity to commit funds in Year 1 are encouraged to bring forward funding from their overall total notional allocation to be used in this year through a business case process. The City of London does not have any specific projects at the ready at this time.

However, the province has committed to the federal government that it will expend \$47.5M in year 1 and reserves the right to adjust each Service Manager’s funding allocation if the maximum Year 1 funding amount is not reached by December 31, 2011. Should such a situation be imminent, we could advance the Affordable Homeownership component of our plan to assist.

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Also, 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 available for re-allocation where possible.

<b>FINANCIAL IMPACT</b>
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In order to demonstrate the City’s commitment to a housing continuum and acknowledging the City’s role as a partner with other orders of government, the London Community Housing Strategy recommends that London continue to invest money from the municipal tax base into the creation of new affordable housing in line with the Community Housing Strategy. This can be accomplished by continuing the investment of \$2M in the Housing Division budget for affordable housing and using the municipal \$2M investment in affordable housing as leverage with other orders of government.

<b>RECOMMENDED BY:</b>	<b>CONCURRED BY:</b>
<b>LOUISE STEVENS DIRECTOR OF MUNICIPAL HOUSING</b>	<b>ROSS L. FAIR EXECUTIVE DIRECTOR COMMUNITY SERVICES</b>

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

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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; 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;

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 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 \_\_\_\_\_, 2011.

Joe Fontana  
Mayor

Catharine Saunders  
City Clerk

First reading –