

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON FEBRUARY 21, 2018
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	SOCIAL HOUSING APARTMENT IMPROVEMENT PROGRAM (SHAIP)

RECOMMENDATION

That, on the recommendation of the Managing Director, Housing, Social Services and Dearness Home;

- 1) The proposed by-law attached as Appendix "A" BE INTRODUCED at the Municipal Council meeting to be held on March 6, 2018 to:
 - a) **authorize** and **approve** an Agreement substantially in the form attached as (Schedule 1 to the by-law) between The Corporation of the City of London and Her Majesty the Queen in right of Ontario as represented by The Ministry of Housing for the purpose of approving a Transfer Payment Agreement for the Social Housing Apartment Improvement Program;
 - b) **authorize** the Mayor and the City Clerk to execute the Agreement authorized and approved in part a), above;
 - c) **authorize** the Mayor and City Clerk to execute future SHAIIP Transfer Payment Agreements for the years 2018/2019 to 2020/2021, in a form satisfactory to the City Solicitor, upon the approval of funding by the Ministry of Housing;
 - d) **authorize** the Managing Director, Housing, Social Services and Dearness Home, or delegate, to execute the Program Delivery and Fiscal Plan (PDFP) submission requirements.

- 2) The proposed by-law attached as Appendix "B" BE INTRODUCED as the Municipal Council meeting to be held on March 6, 2018 to:
 - a) **authorize** and **approve** an Agreement substantially in the form attached as (Schedule 2 to the by-law) between the Corporation of the City of London and Housing Providers;
 - b) **authorize** the Managing Director of Housing, Social Services and Dearness Home, or designate, to execute the Housing Provider Contribution Agreements authorized and approved in part c), above;.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Link to Corporate Strategic Plan

Administering the Social Housing Apartment Improvement Program links to the Corporate Strategic Plan's key area of focus of Strengthening our Community and the strategy of providing Caring and Compassionate Services, specifically:

3C "Reduce and Prevent Homelessness"

BACKGROUND

Intent of this Report

1. Provide background on SHAIIP;

2. Request approval of the Transfer Payment Agreement between the City and the Ministry of Housing to administer funding for the Social Housing Apartment Improvement Program;
3. Request approval of the Housing Provider Contribution Agreement between the City and Housing Providers to administer allocated funding under the Social Housing Apartment Improvement Program Transfer Payment Agreement;
4. Request approval for the Mayor and City Clerk to execute future Social Housing Apartment Improvement Program Agreements between the City and the Ministry of Housing.
5. Request for approval for the Managing Director, Housing, Social Services and Deerness or delegate to execute the Ministry required PDFP submissions.

Background

On August 24, 2017, supporting the implementation of the province's Climate Change Action Plan, the Ministry of Housing (MHO) announced the Social Housing Apartment Improvement Program (SHAIP) for eligible high-rise apartment buildings across Ontario. The program funding is for four years (2017/2018 – 2020/2021) based on carbon market proceeds and will support retrofits for social housing apartment buildings.

The majority of Ontario's high-rise apartment buildings were developed in the 1960s and 1970s – when little attention was paid to energy-efficient design. Many of these buildings are now at a period of their life-cycles where major building systems must be replaced. Investing in energy efficiency upgrades in high-rise apartment buildings will help reduce greenhouse gas (GHG) emissions, improve the quality and sustainability of social housing stock in Ontario and enhance the quality-of-life of tenant households.

Building on the success and rollout of Ontario's Social Housing Apartment Retrofit Program (SHARP) under the Green Investment Fund, SHAIP will continue to fund retrofit activities that reduce GHG emissions. The scope of retrofit activities under SHAIP is being expanded to include the latest low-carbon and carbon-free energy technologies/systems.

Key outcomes expected from the program include:

- Reduced GHG emissions;
- Enhanced living accommodations for Ontario's low-income and vulnerable tenants to modern standards;
- Reduced operating costs for social housing providers through savings derived from the retrofit activities, thereby strengthening the viability and sustainability of the current social housing stock; and
- Support the GHG retrofit sector and create local jobs in communities across Ontario.

The objective of SHAIP is to fund eligible retrofits, including those that utilize the latest low-carbon and carbon-free energy technologies/systems, in social housing apartment buildings to reduce GHG emissions.

The "Housing Provider Contribution Agreement" template has been reviewed by the Corporation of the City of London's Legal Services, as well as Risk Management and Financial and Business Services.

Housing Project Eligibility

Projects are eligible to receive funding if they meet the following eligibility criteria:

- Must be a single high-rise social housing apartment building;
- Must contain 150 or more units for Year 1 (2017-18) and 100 or more units for Funding Year 2 (2018-19) to Funding Year 4 (2020-21) unless otherwise approved through a business case;
- Must be elevator-serviced; and
- Must be social housing as defined under the *Housing Services Act, 2011*.

Eligible Building Retrofits

To support the program objectives, the following retrofit activities are eligible to be funded:

- Replacing building heating and/or cooling systems, equipment, and associated sub-components including items such as mechanical insulation;
- Upgrading exterior or interior building insulation;
- Solar walls;
- Upgrading building windows and/or exterior doors;
- Upgrading building lighting systems including converting to light-emitting diode (LED) lighting systems, lighting controls, and sensors;
- Re-cladding or upgrading building envelopes;
- Retrofits that utilize latest low-carbon and carbon-free energy technologies /systems;
- The costs of required building energy audit reports;
- Focus on retrofits that target building heating and/or cooling equipment; and
- Applications that seek to combine several retrofits – new and/or pre-existing retrofits – in order to achieve higher emission reductions in the buildings.

Funding Requests

Eligible Service Managers were invited to submit a business case to the Ministry of Housing by Friday December 15, 2017 for consideration towards SHAIIP funding. The business case was a tool to help Service Managers and the Ministry to plan and implement the program and to help ensure that any SHAIIP funding allocated can be effectively and efficiently utilized.

Business case submissions were evaluated based on the program's parameters and the proposed goal of the program to maximize greenhouse gas reductions.

As a result, a total of \$3,360,996 has been confirmed to be received by the City of London for 2017/2018.

The Ministry has also communicated the conditional allocation eligible for the City of London for each of the remaining 3 years of the program. The City of London's conditional allocation for the years 2018/2019 – 2020/2021 is \$8,096,591 or \$2,698,864 annually. Since confirmed allocations are dependent upon the actual proceeds from the carbon market auctions that would occur several times each year, confirmed allocations will be subsequently communicated to the Service Manager as they are made known to the Ministry.

As funding is dependent on the actual proceeds from the carbon market auctions, the total confirmed allocation for a Service Manager may be equal to, greater or less than the conditional allocation that was initially communicated.

Service Manager Roles and Responsibilities

Service Managers are responsible for the administration and delivery of SHAIIP. This includes, but is not limited to: approving eligible housing projects and the eligible work to be carried out in each project, making payments to Eligible Housing Providers, monitoring the progress of repair and retrofit activities associated with the work, and reporting back to the Ministry on the progress of the program.

Program Delivery and Fiscal Plan

Each Service Manager is required to develop and submit a Program Delivery and Fiscal Plan (PDFP) that outlines how the funding allocations will be used each year of the program. The Ministry requires the PDFP to support the objectives and key outcomes of the program. The PDFP must outline the broad activities to be taken, projected quarterly disbursements based on the conditional allocation, and the amount of funding to be used for administration fees.

Key Milestones

The eligible work in a project must be completed no later than the following:

Funding Year 1 (2017-18): March 31, 2020
 Funding Year 2 (2018-19): March 31, 2021
 Funding Year 3 (2019-20): March 31, 2022
 Funding Year 4 (2020-21): March 31, 2023

Transfer Payment Agreements must be executed by no later than March 16, 2018.

Risk Management

Although Risk Management has identified the indemnity provisions within the Ministry of Housing Transfer Payment Agreement exposes the Corporation to unlimited liability, Risk Management concludes that the indemnity clause should not prevent the City of London from entering in to the Transfer Payment Agreement as the benefit of the funds outweigh the associated risk from the indemnity provision.

More clearly, the City of London will mitigate risks associated with the Transfer Payment Agreement by using the optimum level of oversight and control, enabling the City of London to manage risk and ensure objectives are met. This will be done using clearly defined expectations of the objectives, functions, and eligibility criteria for all activities that are supported by this program.

FINANCIAL IMPACT

Funding for SHAIIP is funded 100% by the Province and is not subject to any cost sharing requirements by the City.

Service Managers may use up to 5% of their full year confirmed allocation in each Funding Year to assist with the administration cost of the program.

PREPARED BY:	RECOMMENDED BY:
DAVE PURDY MANAGER, HOUSING SERVICES HOUSING, SOCIAL SERVICES AND DEARNESS HOME	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME

C: David Munteer, Solicitor II
Kyle Murray, Senior Financial Business Administrator
Jason Wills, Manager III, Risk Management