

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON JUNE 17, 2019
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	CANADA-ONTARIO COMMUNITY HOUSING INITIATIVE (CHOCI) AND ONTARIO PRIORITIES HOUSING INITIATIVE (OPHI) APPROVAL OF ONTARIO TRANSFER PAYMENT AGREEMENT

RECOMMENDATION

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

- 1) The attached proposed by-law (Appendix "A") BE INTRODUCED at the Municipal Council meeting to be held on June 25, 2019 to:
 - a) Authorize and approve an Agreement between The Corporation of the City of London and Her Majesty the Queen in right of Ontario as represented by The Ministry of Municipal Affairs and Housing substantially in the form attached as (Schedule "1" to the by-law) and satisfactory to the City Solicitor, for the purpose of approving the Ontario Transfer Payment Agreement for the Canada-Ontario Community Housing Initiative and Ontario Priorities Housing Initiative;
 - b) Authorize the Mayor and the City Clerk to execute the Agreement authorized and approved in part a), above;
 - c) Authorize the Managing Director, Housing, Social Services and Dearness Home, or delegate, to execute the Investment Plan and any other document and report in furtherance of this Agreement, as required;
 - d) Authorize and approve a Housing Provider Contribution Agreement, in a form satisfactory to the City Solicitor, between the Corporation of the City of London and Housing Providers;
 - e) 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 d), above.

- 2) The attached proposed by-law (Appendix "B") BE INTRODUCED at the Municipal Council meeting to be held on June 25, 2019 to:
 - a) Delegate to the Housing Development Corporation, London (HDC) the duties and responsibilities of the City as the Service Manager contained in Schedule "A" General Terms and Conditions of the Ontario Transfer Payment Agreement for the Capital "Rental Housing Component" of the Ontario Priorities Housing Initiative (OPHI), as defined in Schedule "D", Appendix "D-1" of the Agreement between the City and the Ministry of Municipal Affairs and Housing approved in section 1.a) above.

It being noted that the City as Service Manager will retain responsibilities for ongoing operational compliance following construction and initial rent-up of the housing projects.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Community & Neighbourhoods Committee – October 18, 2011 – Investment in Affordable Housing for Ontario, Approval of Administration Agreement.

- Community & Protective Services Committee – August 24, 2014 – Recommendations for Proposals Under Investment in Affordable Housing (IAH) Program Year 4 and IAH (2014 Extension).

- Community & Protective Services Committee – September 22, 2014 – Investment in Affordable Housing for Ontario (2014 Extension), Approval of Administration Agreement.
- 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.
- Community & Protective Services Committee – July 19, 2016 – Approval of Service Manager Administration Agreement for the 2016 Social Infrastructure Fund (SIF) and Pending Assignment to HDC.
- Community & Protective Services Committee – July 18, 2017 – Delegation of the Rental Housing Component of the Provincial Service Manager Administration Agreements for the Development of Affordable Housing to the Housing Development Corporation, London (HDC)

BACKGROUND

Link to Corporate Strategic Plan

Administering the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) Agreement links to the Corporate Strategic Plan's key area of focus of Strengthening our Community, specifically:

- Increase Affordable and Quality Housing Options; and
- Reduce the Number of Individuals and Families Experiencing Chronic Homelessness or At Risk of Becoming Homeless

Intent of this Report

1. Provide background on CHOCI and OPHI;
2. Request approval of the Transfer Payment Agreement between the City and the Ministry of Municipal Affairs and Housing to administer funding for the CHOCI and OPHI agreement;
3. Request approval of a Housing Provider Contribution Agreement between the City and Housing Providers to administer allocated funding under the Ontario Transfer Payment Agreement;
4. Request approval for the Managing Director, Housing, Social Services and Deerness or delegate to execute the required Investment Plan; and
5. Request approval to continue the delegation of Service Manager responsibilities to the HDC for the capital "Rental Housing Component" of the Agreement.

Background

The Ontario Transfer Payment Agreement provides flexibility, with accountability, to municipal Service Managers to delivery housing assistance and supports to better meet the community needs, provide safer and well-maintained buildings, assist in finding housing more easily, and providing more opportunities to participate in the economy and their community. 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 the guidelines for the various components and program requirements under the COCHI and OPHI programs for the Service Managers.

Both COCHI and OPHI emerged from the Bilateral Agreement signed between the Province of Ontario and the Government of Canada through the Canada Mortgage and Housing Corporation (CMHC) as part of the National Housing Strategy (NHS) released in November 2017. These programs are successor to existing cost shared programs and currently extend for the first three (3) year phase of the NHS that extends to 2029.

Service Managers have been provided with their confirmed COCHI and OPHI funding allocation for Year 1 and planned allocations for Years 2 and 3 to allow for planning and program implementation.

The City of London's funding allocations are summarized in the table below:

Program	2019-20 Confirmed Allocation	2020-21 Planned Allocation	2021-22 Planned Allocation
Canada-Ontario Community Housing Initiative	\$670,097	\$1,486,750	\$1,958,512
Ontario Priorities Housing Initiative	\$3,927,100	\$2,034,500	\$3,167,300

Role of the Service Manager

The City of London, as Service manager for London and the County of Middlesex is currently undertaking the updating of the local Homeless Prevention and Housing Plan. This updated plan will guide the focused work over the next 5 years and the required resources to implement.

Service Managers are responsible for:

- Entering into a Transfer Payment Agreement with the province;
- Completing and updating an Investment Plan outlining how their confirmed and planning funding allocations will be used under COCHI and OPHI;
- Developing application processes for COCHI and OPHI, if applicable;
- Selecting, recommending, and where applicable, approving projects;
- Entering into funding agreements with housing providers/proponents/landlords/service providers/recipients;
- Advancing payments to proponents, housing providers, service providers or recipients based on agreed upon payment schedules;
- Monitoring projects to ensure timely completion and occupancy;
- Fulfilling reporting requirements as per the Transfer Payment Agreement;
- Adhering to indemnification provisions as per the Transfer Payment Agreement;
- Preventing and resolving issues for projects that encounter difficulties; and
- Participating in communication events pertaining to the National Housing Strategy as per the Communications Protocol Requirements outlined in Schedule F of the Transfer Payment Agreement.

Program Components

Although COCHI and OPHI are separate programs under the Ontario Transfer Payment Agreement, they are designed to share as many common elements as possible and are similar to previous agreements: Rental Housing, Homeownership, Rent Supplement, Housing Allowances, and Ontario Renovates. New elements include: Repairs, Transitional Operating Support and Housing Support Services.

COCHI

COCHI funding represents a re-investment of federal funding that has been declining under the Canada-Ontario Social Housing Agreement. It provides an opportunity for Service Managers and housing providers to protect tenants in projects reaching the end of their operating agreements and/or mortgage maturity and to begin stabilizing the supply of community housing through repairs, renovations and operating support. COCHI funding is intended to support social housing providers that can demonstrate their potential for long-term sustainability.

Consistent with the goals of Ontario's Community Housing Renewal Strategy, COCHI has been designed to provide a flexible approach to help Service Managers address these issues and modernize the community housing system to move towards greater housing provider sustainability and self-sufficiency.

Capital program considerations under COCHI permit funding of social and public housing repairs as well as adding new public housing supply.

Housing providers/projects that receive funding under COCHI Capital Component must remain affordable for a ten-year period after the completion of the funded retrofit work, including a minimum of five (5) years during which it will operate as social housing under the Housing Services Act, 2011. This requirement applies regardless of any operating agreements or mortgage obligations or agreements between a Service Manager and eligible housing provider.

The components of COCHI include:

Repair

Capital repair and renovation project eligibility criteria supports both community housing providers and Local Housing Corporations.

Service Managers are encouraged to utilize COCHI funding for strategic capital repairs which preserve and extend the functional lifespan of the social housing supply, such as investments based on capital needs identified in current building condition audits and that help support ongoing housing provider sustainability.

Eligible work could include:

- Replacing and/or repairing core building systems, and sub-systems (e.g. heating and/or cooling, leaking roof systems, water issues, structural repairs, etc.); and
- Carrying out health and safety repairs (e.g., accessibility renovations).

Rent Supplements

A rent supplement is a subsidy paid to the landlord on behalf of a household in need of rental assistance.

Providing rent supplements is intended to promote housing stability for tenants who would otherwise face affordability challenges.

Transitional Operating Funding

COCHI funding may also be used as a short-term transitional operating subsidy. The expectation is that housing providers would use this funding to address immediate areas of concern with the clear objective of reaching an operational and financial status that does not require an ongoing government subsidy but could transition to a rent subsidy agreement that is not an ongoing subsidy.

OPHI

OPHI focuses on addressing local housing priorities, including affordability, repair and new construction. It is modelled after similar, previous affordable housing programs, with the most recent being the Investment in Affordable Housing Program Extension (IAH-E). There are a number of additional features in this program, including the addition of a support services component and the eligibility of social housing under Ontario Renovates.

The components of OPHI include:

Rental

Project eligibility criteria includes new construction, including additions and renovations; acquisitions and rehabilitation of existing residential buildings and conversion of non-residential buildings or units into purpose-built rental buildings/units. Construction of new rental housing for Social housing redevelopment is also eligible.

Units must be modest in size and amenities relative to other housing in the community. Units are expected to be self-contained. Proponents who wish to develop congregate living buildings (rooms with shared living spaces) for supportive housing may be eligible for program funding and should provide a rationale in order to receive funding.

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 or provide a grant in lieu of the property tax reduction.

Homeownership

The Homeownership component aims to assist low to moderate income renter households to purchase affordable homes by providing down payment assistance in the form of a forgivable loan.

Specific objectives are:

- To provide renter households with an opportunity to move into homeownership;
- To ease the demand for rental housing by assisting renter households to purchase affordable homes; and
- To encourage non-profit affordable homeownership developers to build affordable ownership units.

Ontario Renovates

The Ontario Renovates component provides financial assistance to renovate and/or rehabilitate affordable ownership and rental properties including community housing.

The objectives of Ontario Renovates are:

- To improve the living conditions of households in need through financial assistance to repair deficiencies in affordable ownership and rental properties including community housing;
- To foster independent living of seniors and persons with disabilities by providing financial assistance to support modifications and renovations to increase accessibility of affordable rental and ownership properties; and
- To increase the supply of affordable rental housing by providing assistance to create secondary suites in existing single-family homes.

Rental Assistance

The objective of the Rental Assistance component is to address affordability issues of households in rental units across the province.

The Rental Assistance component consists of three streams:

- Rent Supplement;
- Housing Allowance Direct Delivery; and
- Housing Allowance Shared Delivery.

A Rent Supplement is a subsidy paid to the landlord on behalf of a household in need of rental assistance. A Housing Allowance is a subsidy paid directly to a household in need of rental assistance. Housing Allowance payments may be made directly to landlords where the recipient has chosen this approach and provided written direction and consent.

Housing allowances or rent supplements are intended to promote housing stability for tenants who would otherwise face affordability challenges and potential homelessness.

Housing Support Services

The objective of the Housing Support Services component is to ensure housing retention, greater self-reliance and social inclusion for tenants.

Support services are an important component to tenants who may need extra support, either temporary or permanent, to achieve housing stability. Housing stability translates in to improved health outcomes, less reliance on other emergency services, while promoting social inclusion.

Service Managers may not exceed five percent (5%) of the three-year funding allocation for the Housing Support Services component.

Administrative Funding

Service Managers may use up to 5% of their total funding allocation to assist with administration of the COCHI and OPHI program as established within the Investment Plan.

Summary of Available Use of Funding

Capital Expenditures	COCHI	OPHI
New Supply	<p style="text-align: center;">✓</p> <p style="text-align: center;">Social Housing</p>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> • Affordable Rental New Construction • Affordable Rental Acquisition and/or Rehabilitation • Affordable Rental Conversion • Social Housing • Affordable Homeownership
Repair	<p style="text-align: center;">✓</p> <p style="text-align: center;">Social Housing</p>	<p style="text-align: center;">✓</p> <ul style="list-style-type: none"> • Affordable Ownership Housing • Affordable Rental Housing • Social Housing
Homeownership Down Payment Assistance	✗	✓
Operating Expenditures		
Rent Supplements	✓	✓
Housing Allowances	✗	✓
Support Services*	✗	✓
Transitional Operating Funding for Housing Providers	✓	✗

Investment Plan

Each Service Manager is required to develop and submit an Investment Plan that outlines how the funding allocations will be used over the first three-year funding period (2019-20 to 2021-22) of the program. The Ministry requires the Investment Plan to support the objectives and key outcomes of the program. The Investment Plan is intended to outline the broad activities to be taken, the amount of funding to be used, and the amount requested for administration.

In addition to the Implementation Plan, there is a COCHI Sustainability Plan to illustrate how Housing Providers that receive COCHI funding will support the Community Housing Renewal objective of COCHI. Service Managers are required to list the specific projects they intend to fund with their COCHI allocation to ensure that only housing providers that demonstrate long-term sustainability receive this funding.

The initial 3 Year Investment Plan for 2019-20 to 2021-22 (for COCHI and OPHI) must be submitted to the Ministry for review no later than September 15, 2019. Annual adjustments to the Investment Plan for 2020-21 and 2021-22 must be submitted to the Ministry for review no later than February 15, 2020 and February 15, 2021 respectively.

Proposed Allocation of COCHI and OPHI Funding

The proposed Investment Plan focuses on responding to the housing pressures in the community and within the current housing systems. The Investment Plan allocations are designed to specifically address:

- The lack of affordable housing units;
- Supporting Social Housing Providers that are approaching their end of operating agreements;
- The need for repairs and investments in social housing;
- The need for home modifications and repair for those at risk of losing their existing homes; and
- Support services needed by individuals and families housed or waiting to be housed within Community Housing

The proposed Investment Plan is designed to address these know priority areas. The 2020-21 and 2021-22 proposed allocations are draft as Service Managers have the opportunity to revise and re-allocate funding based emerging local needs.

As the Service Manager, the proposed Investment Plan will be reviewed annual by Housing Services, Homeless Prevention and other stakeholders to ensure alignment with the Homeless Prevention and Housing Plan and other local plans.

The following represents the proposed Investment Plan to support the access to new units and housing stability initiatives:

COCHI Component	Year 1	Year 2	Year 3
Repair	586,592	962,412	1,360,586
Housing Supplements	0	0	150,000
Transitional Operating (EOA Support)	50,000	450,000	350,000
Administration (5% Max)	33,505	74,338	97,926
Total	670,097	1,486,750	1,958,512

OPHI Component	Year 1	Year 2	Year 3
Rental	3,680,745	1,304,552	2,380,712
Ontario Renovates	50,000	200,000	200,000
Housing Supplements	0	200,000	200,000
Housing Support Services (5% Max)	0	228,223	228,223
Administration (5% Max)	196,355	101,725	158,365
Total	3,927,100	2,034,500	3,167,300

Delegation to HDC

In 2015, the City incorporated the HDC to oversee and manage local initiatives to advance affordable housing development, including the administration of related federal and provincial programs and funding. The City has delegated local program authority and funding to HDC to deliver housing development programs.

HDC is a mechanism to enhance and better utilize both municipal incentives and federal, provincial, municipal and investor funding. It brings together governance tools, existing resources and knowledge to support sustainable development.

On September 29, 2015, Municipal Council delegated authority to HDC for municipal programs and agreements related to affordable housing development.

On July 26, 2017, Municipal Council delegated to the HDC the duties and responsibilities of Service Manager for the 2016 Social Infrastructure Fund and the Investment in Affordable Housing for Ontario 2014 Extension related to affordable housing development.

This attached by-law extends these Service Manager delegations for the Rental Housing Component under the Ontario Transfer Payment Agreement to the HDC. This includes the determination of viable projects, authorizing agreements, determining the appropriate financial tools to secure the projects, overseeing the associated rental housing development projects to completion, and other general business including acting on behalf of the Service Manager in these areas.

The City of London's Housing Services will continue to deliver other affordable housing programs and will continue to oversee the annual and ongoing compliance processes defined within the Rental Housing Component upon the completion of the capital component of the project.

Civic Administration received the attached as Schedule "2" May 16, 2019 resolution of the HDC Board requesting continuance of this relationship within the Service Manager functions. Civic Administration will work with HDC on the associated resolutions shared by the HDC Board.

The proposed allocation continues the relationship between Municipal Council (as Service Manager), Civic Administration and HDC noting that the independent Review of Service Delivery for Housing continues and will be presented to Municipal Council in the coming months.

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, eligibility criteria, and obligations for all activities that are supported by this program.

FINANCIAL IMPACT

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

New funding under COCHI and OPHI are required to be used for the year intended (ie. 'use it or lose').

COCHI funding cannot be used to offset municipal social housing subsidies. COCHI funding must be in addition to existing municipal social housing subsidies.

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:
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