

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON AUGUST 12, 2020
FROM:	KEVIN DICKINS ACTING MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	CAPITAL REPAIR AND IMPROVEMENT PROGRAM APPROVAL OF LOAN AGREEMENT

RECOMMENDATION

- 1) That, on the recommendation of the Acting Managing Director, Housing, Social Services and Dearness Home, the attached proposed by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on August 25, 2020 to:
- a) **TO AUTHORIZE AND APPROVE** the Capital Repair and Improvement Loan Agreement for the Capital Repairs and Improvement Program for non-profit and co-op housing providers, substantially in the form attached as Schedule 1 to the by-law and satisfactory to the City Solicitor, for the Capital Repairs and Improvement Program between the City of London and eligible housing providers; and
 - b) **AUTHORIZE** the Acting Managing Director, Housing, Social Services and Dearness Home or delegate, to execute the Capital Repair and Improvement Loan Agreement authorized and approved in part 1 a), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Request for Proposal 18-05 Social Housing Building Inventory – Building Condition Assessment and Reserve Fund Studies (CPSC: June 18, 2018)
- Municipal Council Approval of Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI), Approval of Ontario Transfer Payment Agreement (CPSC: June 17, 2019)
- Municipal Council Approval of The Housing Stability Plan 2019 to 2024, as Required Under The Housing Services Act, 2011 (CPSC: December 3, 2019)

BACKGROUND

Link to Corporate Strategic Plan

Administering the Capital Repair and Improvement Program links to the Corporate Strategic Plan’s key area of focus of “Strengthening our Community”, specifically:

- Reduce the Number of Individuals and Families Experiencing Chronic Homelessness or At Risk of Becoming Homeless

Link to Housing Stability Action Plan

Administering the Capital Repair and Improvement Program links to the Housing Stability Action Plan Strategic Initiative 2.2.c “Support long-term capital planning for social housing providers to address renovation and repair needs”.

Intent of this Report

1. Provide background on the Capital Repairs and Improvement Program;
2. Request approval of the standard form Capital Repair and Improvement Loan Agreement; and
3. Request approval for the Acting Managing Director, Housing Social Services and Dearness Home, or his/her designate, to execute on behalf of the City, Capital Repair and Improvement

Loan Agreements between the City and eligible housing providers in a form satisfactory to the City Solicitor.

Background

Under the *Housing Services Act, 2011*, the City of London is identified as the Service Manager responsible for administering the delivery of social housing in the City of London and the County of Middlesex.

As the social/community housing sector faces the challenge of aging infrastructures and longer lead time for capital project execution, the intent of the Capital Repairs and Improvement Program (“Program”) is to provide additional funding mechanisms that allow greater support and flexibility for housing providers.

The Program will provide non-profit and co-op housing providers the opportunity to access capital funding through a centralized application process. All approved requests through the Program will be funded in the form of either a grant, an interest-free loan with a repayment plan, or a combination of both.

Within London and Middlesex County, there are 63 Social Housing Providers (excluding London Middlesex Community Housing) who manage approximately 3,300 rent-geared-to-income units. Through the recent completion of the Building Condition Assessment and Reserve Fund Studies which analyzed capital requirements for those 63 Social Housing Providers which identified a forecasted infrastructure gap of \$63,842,095 over the next 30 years.

Funding Sources and Eligibility

Funding will be available through the Canada-Ontario Community Housing Initiative (COCHI) as well as the City of London’s Social Housing Major Repairs and Upgrades Stabilization Reserve Fund.

Under the COCHI funding, the City of London, within its capacity as Service Manager for the City of London and Middlesex County, has allocated COCHI Capital Repair funding as the primary funding source for grants. As a result of the Community and Protective Service Committee on June 17, 2019, Council approved the COCHI Investment Plan that allocated capital repairs for \$962,412 for 2020/21 and \$1,360,586 for 2021/22. To be eligible for this funding, Housing Providers must be a social housing provider as defined under the *Housing Services Act, 2011*. In addition, all projects are required to adhere to commitment and completion deadlines as per the provincial COCHI guidelines.

Loan Funding will be supported by the City’s Social Housing Major Repairs and Upgrades Stabilization Reserve Fund. The reserve fund was established to provide funding for major capital repairs and upgrades to maintain existing social housing units managed by non-profit and co-op housing providers. The loan will be interest-free with a repayment period not to exceed ten (10) years.

The City’s Social Housing Major Repairs and Upgrades Stabilization Reserve Fund may also be a source of funding for capital projects that are supported for grant funding when COCHI Capital Repair funding is exhausted.

Priorities

Funding request submissions will be reviewed and evaluated by the Housing Division through an internal Capital Request Evaluation Assessment tool that uses a weighted average approach to assess local priorities. Priority will be given to the following types of proposals:

- **Life Safety, Structural Integrity, or Legislative Requirement Concerns**
 - Life Safety: Hazardous conditions which can lead to loss of life, critical or extremely severe injury and must be corrected and/or removed.
 - Structural Integrity: Conditions which if left uncorrected can reasonably be expected to lead to the deterioration of structural elements of a building.
 - Legislative Requirements: Conditions which are not in compliance with legislative requirements.

- **Long-Term Financial Sustainability:** Repairs or improvements that will generate positive financial savings and offset the initial capital investment within a reasonable payback period.
- **Accessibility:** Major modification to a building (i.e. accessible ramps, lifts, or multiple units conversions) to meet current accessibility needs.
- **Energy Saving and Long-Term Resiliency:** Repairs or replacements that generate utility savings (i.e., electricity, water, natural gas), reduce GHG emission, and improve building resiliency against environmental risks supported through supporting documentation (example energy audit, etc).

Funding Request Process

Applications for capital funding will be accepted starting on April 1st of each year and closes on October 1st of that same year. As part of the process, eligible housing providers are requested to submit Capital Repair and Improvement Funding Request submissions which includes a three-year capital plan, financial statements, and supporting documents such as cost estimates. The recommendation and/or decision on funding of grant and/or loan will be based on an assessment of the proposed capital project(s), alignment to housing provider's building condition assessment study, provider's financial state, and past compliance to social housing program requirements.

For grant funding, no repayment is required. However, the social housing provider will be required to continue to operate as a social housing project under the *Housing Services Act, 2011* for a minimum of ten (10) years from the date of agreement or any other prior extension from previous housing capital funding programs, whichever is later regardless of any expiry of Project Operating Agreement.

For loan funding, the housing provider will commence loan repayment following the completion of capital works based on an established payment schedule. As part of the Capital Repairs and Improvement Loan Agreement, the housing provider will have ongoing compliance requirements, such as annual financial updates, maintenance of property and assets in good state of repair, and the requirement to seek approval from the City for any asset or property disposal.

In all cases, funding approvals will be subject to the availability of funding through the COCHI program or the Social Housing Major Repairs and Upgrades Stabilization Reserve Fund.

FINANCIAL IMPACT

Capital Repairs and Improvement projects utilizing the COCHI funding is funded 100% by the Province and are not subject to any cost sharing requirements by the City.

Capital Repair and Improvement projects utilizing the Social Housing Major Repairs and Upgrades Stabilization Reserve Fund will be approved based on By-law No. A.-7519-79 (Schedule 2), where:

- Monies with a value of less \$100,000 for each occurrence shall be approved by Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, or designate; and
- Monies with a value of \$100,000 or greater for each occurrence shall be approved by Municipal Council.

It should be noted that, as a component of this program is intended to provide no-interest loans, the Social Housing Major Repairs & Upgrades Stabilization Reserve Fund will earn a reduced amount of interest on the funds advanced to social housing providers for projects with a loan component.

PREPARED BY:	SUBMITTED BY:
MENG LIU MANAGER, HOUSING ADMINISTRATION AND SUPPORT	DAVE PURDY MANAGER, HOUSING SERVICES
RECOMMENDED BY:	
KEVIN DICKINS ACTING MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME	

- C: David Munteer, Solicitor II
Annette Ripepi, Financial Business Administrator
Bryan Baar, Senior Financial Business Administrator
Jason Wills, Manager III, Risk Management
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