

Request for Recommendation Priorities Committee



Type of Decision									
Meeting	July 12, 2006			Report Date	May 31, 2006				
Decision Requested	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only			Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed	

Report Title
Update on the Canada-Ontario Affordable Housing Program

Budget Impact / Policy Implication	Recommendation
<input checked="" type="checkbox"/> This report has been reviewed by the Finance Division	

<p>Option One: 2006 - no budget impact as provincial funding will be sufficient to cover program cost. 2007 - 2008 - a temporary increase in the Housing Services budget to cover 2 temporary positions. 2009 and beyond - an increase in the Housing Services base budget to cover 1 permanent position will be required to cover the shortfall in provincial program admin funding. The CGS is expected to provide admin services for 20 years. This will be brought forward as a budget option in the 2009 budget process.</p> <p>Option Two: 2006 - no budget impact as provincial funding will be sufficient to cover program cost. 2007 - 2008 - a temporary increase in the Housing Services budget to cover 3 temporary positions. 2009 and beyond - an increase in the Housing Services base budget to cover 1.5 permanent positions will be required to cover the shortfall in provincial program admin funding. The CGS is expected to provide admin services for 20 years. This will be brought forward as a budget option in the 2009 budget process.</p>	<p>That Housing Services proceed with the implementation of the Canada-Ontario Affordable Housing Program (AHP) as per Option One outlined in this report; and</p> <p>That Council approve the submission of the Option One Delivery Plan attached to this report to the Ministry of Municipal Affairs and Housing for approval; and</p> <p>That Council authorize the Manager, Housing Services to sign such administration agreements, contribution agreements and such other agreements with the Ministry of Municipal Affairs and Housing and approved participants as may be required to participate and implement the AHP, and allocate funding under the AHP in accordance with the AHP requirements and guidelines.</p>
<input checked="" type="checkbox"/> Background Attached	Recommendation Continued

Recommended by the Department	Recommended by the C.A.O.
 Catherine Matheson General Manager, Community Development	 Mark Mieto Chief Administrative Officer

For the design and delivery of the **Housing Allowance and Northern and the Home Ownership** components of the program, the following estimate is provided:

- 2006: with Ministry program approvals expected later this year, a portion of the funding is to be advanced with the approvals. We anticipate no CGS costs in 2006.
- 2007: anticipated temporary increase in Housing Services budget of \$225,000 (3 temporary staff and office expenditures)
- 2008: maintain temporary increase in Housing Services budget of \$225,000 (3 temporary staff and office expenditures)
- 2009: anticipated increase in Housing Services base budget of \$125,000 (1.5 permanent staff and office expenditures)

The estimate does not include an amount for additional corporate costs such as legal, I.T. services, supplies etc. which will be required to facilitate program delivery.

The above does not account for the Ministry admin funding. Depending on the number of units delivered, the actual CGS costs may be reduced in 2007 and 2008. Maximum Ministry funding for the period mid-2006 to 2008 is approximately \$180,000.

Options:

Option 1 - Deliver Only the Housing Allowance and Northern Remote Components

Advantages:

- the CGS is assured direct access to \$5,064,000 for needed affordable housing programs
- 290 affordable housing units will be available to the community
- 210 newly constructed affordable housing units will generate local employment
- the new property tax revenue generated by the new units will help offset future program costs
- the CGS may have indirect access to the Home Ownership thru Provincial delivery
- admin funding is provided by the Province to help offset some of the upfront program costs
- the municipal resource contribution i.e. staffing, supplies etc. will be less as the Province will assume delivery of the labour intensive Home Ownership component
- the AHP client group is very broad providing assistance to those in need and to households who would not be able to find affordable housing on their own
- households from the Registry wait list will benefit from the programs and therefore potentially reduce the wait list
- participation in the program is consistent with recommendations found in both the Official Plan and the Affordable Housing Strategy
- new Northern component units must remain affordable for a 20 year period

Disadvantages:

- municipal financial contribution in terms of resources, increased staffing is required (another provincial download)
- no guarantee that Province will deliver the Home Ownership component in our area therefore potential loss of \$324,000 in funding (35 units)
- municipal resource contribution is required for 20 years while provincial admin funding only helps offset initial municipal program costs
- market conditions may make program take-up difficult potentially resulting in municipal costs incurred with few units being realized

- the Northern component of the program does not produce rent-geared-to-income units and therefore will not impact our Registry wait list

Option 2 - Proceed with ALL allocated AHP components

Advantages:

- the CGS gains access to the full \$5,388,000 in senior government funding
- 335 units of affordable housing will be available to the community
- 210 newly constructed affordable housing units will generate local employment
- the new property tax revenue generated by the new units will help offset future program costs
- Provincial admin funding is provided to help offset some of the initial program delivery costs
- the AHP client group is very broad providing assistance to those in need and to households who would not be able to find affordable housing on their own
- participation in the program is consistent with recommendations found in both the Official Plan and the Affordable Housing Strategy
- units must remain affordable for a 20 year period

Disadvantages:

- municipal financial contribution in terms of resources, increased staffing is required (another provincial download)
- larger municipal resource contribution is required for 20 years as the Home ownership program is very labour intensive
- market conditions may make program take-up difficult potentially resulting in municipal costs incurred with few units being realized
- Home Ownership market is already very active. The program may create additional demand further pushing up prices
- Home Ownership component is not expected to have any impact on Registry wait list
- no mechanism in Home Ownership component to ensure that the rental unit vacated by purchaser will be available to low income households or that the rent will be affordable
- municipal resource contribution is required for 20 years while provincial admin funding only helps offset initial municipal program costs
- the Home Ownership and Northern components of the program do not produce rent-geared-to-income units and therefore will not impact our Registry wait list

Option 3 - Decline to participate in the Affordable Housing Program

Advantages:

- municipality incurs no short or long term cost for program delivery and admin
- the community may still get indirect access to program funding through program components delivered in the community by the Province
- municipality takes a stand that funding of housing should not be a municipal responsibility as the property tax base cannot support it. If all municipalities say no, the Province will have to deliver the program (no more downloads)
- the municipality doesn't take on a new line of business in the housing market
- the local construction market is already very active and doesn't need more stimulation
- non-participation in the program avoids creating more potential market cost pressures further increasing prices to the consumer

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- it doesn't raise false expectations of those households waiting for rent-geared-to-income housing as the program doesn't create more geared-to-income units

Disadvantages:

- the CGS loses direct access to \$5,388,000 in senior government funding
- 335 units of affordable housing are not available to the community
- potential construction and related employment is lost
- new property assessment related to newly constructed units is not created
- the CGS must rely on the good will of the Province for local housing program delivery
- local households who need assistance to obtain affordable housing in the market may not receive assistance

Housing Development Plan

- the Ministry requires the completion of a Delivery Plan for the Northern and the Home Ownership components of the program.
- the Ministry identified its requirements of each plan.
- attached are Delivery Plans for each of the AHP components.
- depending on which Option is selected by Council, the appropriate Plan will be submitted to the Ministry for approval.

Recommendation:

Based on Council's October 2005 resolution and recommendations found in both the Official Plan and the Affordable Housing Strategy, Option 1 is recommended. This approach supports the community based delivery of housing.

With Council approval, the Option One Housing Delivery Plan which details the delivery of the AHP Northern component will be submitted to the Ministry of Municipal Affairs and Housing for approval.

CANADA - ONTARIO AFFORDABLE HOUSING PROGRAM HOUSING DELIVERY PLAN - NORTHERN COMPONENT CITY OF GREATER SUDBURY

INTRODUCTION

The Ministry of Municipal Affairs and Housing (MMAH) defines the Housing Delivery Plan (HDP) as:

“... a statement of intentions prepared by municipalities that communicates program priorities to the community, the Province and project proponents on the proposed implementation of the Canada-Ontario Affordable Housing Program.”

Municipalities wishing to participate in the Affordable Housing Program (AHP) are required to submit a Council recommended HDP to the Ministry for approval.

The HDP must identify which of the Program components the municipality has chosen to deliver i.e. Northern, Rental and Supportive, Home Ownership. The Plan is to indicate if any extra local priorities and housing needs are being met in addition to the targets identified by the Province. The HDP must also provide a multi-year forecast on funding commitments, project construction starts (by units) and project completion (by unit count).

This plan contains the required HDP content as outlined in the Ministry guidelines.

PROGRAM COMPONENT

The HDP applies to the **Northern** component of the AHP.

The Program defines affordable rental housing as units whose rent is at or below the CMHC average rent for the community. The Program does not create rent-gear-to-income housing. Program Funded units are required to remain affordable for the 20 year life of the Program.

The City of Greater Sudbury received a Northern allocation of \$4.2 million to develop 210 affordable housing units.

COMPONENT DELIVERY STRATEGY

- The program will be utilized to create new affordable housing units throughout the City of Greater Sudbury.
- Program units are to be created through new construction or through the conversion of non-residential space into residential units.

- All units created under the Program are to be self-contained, minimum one bedroom units.
- The Program has identified that nursing homes, retirement homes, emergency shelters, shelters, group homes, crisis care facilities are not eligible for Program funding.
- The CGS Northern Program allocation will initially be split evenly between the private and the non-profit sector. The final split may vary depending on the actual proposals received and approved.

COMPONENT STRATEGY RATIONALE

- The CGS is experiencing a very low vacancy rate with the latest CMHC rate sitting at 1.6%. A 3% vacancy rate is considered to represent a balanced market.
- There has been little private sector or non-profit rental construction in the community since 1995.
- The current home owner housing market is very active with the number of new homes being built expected to reach their highest levels in recent years. The resale housing market is also seeing increased demand which is pushing house prices higher.
- The community is experiencing some growth led by the increased demand for nickel and other rare minerals.
- The CGS Registry wait list is growing with demand for one and two bedroom units showing the largest increases.

PROPONENT ELIGIBILITY

- The proponents must demonstrate the project's financial viability and provide evidence of their construction and property management experience to undertake the project.
- The projects must demonstrate that they will be affordable to the target population for the Program's 20 year life.
- Private sector proponents are required to provide a minimum of 10% of the lending value of the project. Private and non-profit partnerships must provide 4% of the lending value. Non-profit developers are not required to provide equity though they are encouraged to do so where possible.
- no project condo registration will be permitted

- Proponents will be encouraged to incorporate energy efficiency measures into their project designs.
- The proponent must be willing to give the Registry first right of refusal to 50% of the units available within a project (50% of tenants housed in the projects could come from the Registry list).
- The proponent must be willing to participate in any Rent Supplement Program offered by the CGS. The CGS will have first right of refusal to 25% of the units for rent supplement purposes. Actual take up will be dependent on availability of rent supplement program funding.
- All projects must meet all municipal planning and building code approvals in a timely manner.

PROCUREMENT PROCEDURES

- A Request For Proposal process will be followed in accordance to CGS procurement policies and best practices.

PROJECT SELECTION CRITERIA

- The selection criteria will follow CGS procurement policies and best practices.
- Only proposals meeting the Program requirements will be considered.
- Preference will be given to Proposals:
 - exceeding Program requirements
 - incorporating energy efficiency measures
 - which offer an earlier completion date

PROJECT UNIT SIZES

- Program established unit sizes will apply.

Unit Type	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Apartment	60.4 m2	79.0 m2	92.9 m2	111.5 m2
Townhouse (Row houses)	65.0 m2	83.6 m2	102.2 m2	120.8 m2

PROJECT MARKET RENT

- The Program requires that the unit rent is equal to or less than the posted CMHC average market rent for that size of unit.
- As CMHC rents can be inclusive or exclusive of utilities, the CGS will review the proposed project rents and determine if adjustments may be appropriate.
- On-going rent increases, including those for vacant units, will be limited to the annual TPA or other provincially legislated limit providing that the resulting rent does not exceed the CMHC average market rent.

MUNICIPAL CONTRIBUTION

- The CGS will provide staffing and other resources to ensure program delivery and administration over the 20 year life of the Program.
- The CGS has adopted a multi-residential tax class with a tax rate equivalent to the single family residential tax rate for all new multi-residential construction.
- The CGS will consider making city lands available at a nominal charge to Program participants where appropriate.

COMPONENT TARGET GROUPS

- The target groups identified by the Province will be served by the new units. These target groups include (listed in no priority order):
 - households that are eligible to be on or are already on the social housing wait list
 - victims of domestic violence
 - the working poor
 - seniors
 - persons with disabilities
 - aboriginals
 - people with mental illness
- All households housed through the Program must be able to live independently, with or without support services
- All target households are currently represented on the CGS Registry wait list.
- Households considered eligible must have an income at or below the Household Income Limits (HILs) published annually by CMHC. Household income must be such that the household can afford the CMHC average market rent for the unit being selected (unit rent does not exceed 30% of their gross income).

APPROACH TO INCOME VERIFICATION

The Ministry requires for the full 20 year term of the Program that all in-coming project tenant households be evaluated prior to occupancy to ensure that:

- they are eligible to be on the social housing wait list and
- their income doesn't exceed the Program's guidelines.
- Only applicants meeting the criteria are to be housed.
- The CGS Registry will complete the Program applicant household verification. The Registry may contract this task with a third party (i.e. landlord) if satisfied that the third party is capable of satisfactorily performing this work. If the work is contracted out the Registry will, no less than annually, review the work completed by the third party to ensure proper program compliance.
- All project applicants will be required to provide the necessary eligibility and income information to the CGS Registry prior to being accepted for tenancy by the landlord.
- Upon unit turnover of a Program funded unit, the landlord will notify the Registry requesting a new applicant review or referral.
- Once a household's initial eligibility and income has been verified and they have moved into the project, there will not be any further review of eligibility and/or income so long as there is no change in household composition. Prior to approving additions to tenant households, the landlord will be required to refer the new applicants to the Registry for evaluation. No additions or sub-lets are to take place without the prior consent of the Registry.
- The normal landlord - tenant relationship will apply with the CGS having no role or part in this on-going relationship.

PROGRAM WORKPLAN/FORECAST

It will not be possible to provide a detailed project/unit take-up forecast until the Program has been officially rolled out into the community. As of June 2006, several local developers had expressed interest in participating in the Program. Once the final Program guidelines are released, interested applicants will be able to properly evaluate the impact of the Program on their projects. A revised schedule will be completed as details become available.

The schedule below provides an overview of the delivery time line. The times are subject to change pending community response to the initial RFP.

2006

- Final Municipal Approvals (Program, HDP) June - September
- Ministry Approvals (HDP, Admin Agreement, Admin \$) September - October
- Program Start-Up (i.e. staffing, public info sessions) November - December
- Program reporting On-going

2007

- Request For Proposal January - March
- Proposal Evaluation April - May
- Municipal Recommendations/Ministry Approvals June
- Negotiations of Contribution Agreements July - August
- Construction Starts July - On-going
- Household eligibility review & selection July - On-going
- Project Completion/Occupancy July - On-going
- Project troubleshooting/monitoring/issue resolution July - On-going
- Program reporting On-going

2008

- Household eligibility review & selection On-going
- Construction Completion/Project Occupancy On-going
- Project troubleshooting/monitoring/issue resolution On-going
- Program reporting On-going

2009

- Household eligibility review & selection On-going
- Construction Completion/Project Occupancy On-going
- Allocation fully committed March 2009
- Project troubleshooting/monitoring/issue resolution On-going
- Program reporting On-going

2009 - 2026

- Household eligibility review & selection On-going
- Project troubleshooting/monitoring/issue resolution On-going
- Program reporting On-going

CANADA - ONTARIO AFFORDABLE HOUSING PROGRAM HOUSING DELIVERY PLAN - HOME OWNERSHIP COMPONENT CITY OF GREATER SUDBURY

INTRODUCTION

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Municipalities wishing to participate in the Affordable Housing Program (AHP) are required to submit a Council recommended HDP to the Ministry for approval.

The HDP must identify which of the Program components the municipality has chosen to deliver i.e. Northern, Rental and Supportive, Home Ownership. The Plan is to indicate if any extra local priorities and housing needs are being met in addition to the targets identified by the Province. The HDP must also provide a multi-year forecast on funding commitments, project construction starts (by units) and project completion (by unit count).

This plan contains the required HDP content as outlined in the Ministry guidelines.

PROGRAM COMPONENT

The HDP applies to the **Home Ownership** component of the AHP.

The Program defines affordable homes as those whose selling price is at or below \$165,000. Households wishing to participate in the program must have incomes at or below \$49,700. The Program does not create rent-geared-to-income housing. Program funded units are required to remain affordable for the 20 year life of the Program.

The City of Greater Sudbury received a Home Ownership allocation of \$324,000 to help eligible households purchase a minimum of 45 affordable housing homes.

COMPONENT DELIVERY STRATEGY

- The program will be utilized to assist eligible households purchase affordable homes throughout the City of Greater Sudbury.
- Homes can be purchased through new construction, the conversion of non-residential space into residential homes or the purchase of resale homes.

- All units purchased must be the principal residence of the homeowner.
- The Program will first be targeted to households living in social housing projects. This will increase the likelihood of creating an affordable rental units and even perhaps a rent-geared-to-income unit for households on the CGS Registry.
- Housing Services will approach landlords who may have tenants participate in the program to determine the landlord's willingness to participate in Rent Supplement Programs. This may create additional affordable rental units for households on the CGS Registry.
- The City may partner with non-profit agencies and the private sector in identifying eligible households and/or homes.
- The City may partner with local lenders to operate the program's Revolving Fund.

COMPONENT STRATEGY RATIONALE

- The CGS is experiencing a very low vacancy rate with the latest CMHC rate sitting at 1.6%. A 3% vacancy rate is considered to represent a balanced market.
- The Program may provide an incentive for renters to participate in the home ownership market. This may free up rental units for Rent Supplement Programs or other households seeking rental accommodations.
- Interest rates are currently at low levels. This helps make home ownership more affordable to lower income households.
- Renters traditionally have lower incomes and less equity than homeowners. The Program may provide low income households with instant equity to help them participate in the home ownership market.
- The community is experiencing some growth led by the increased demand for nickel and other rare minerals. This is attracting new households to the community thus adding to the already strong demand for rental housing.
- The CGS Registry wait list is growing and the low vacancy rate is making it difficult to acquire more units in the community for Rent Supplement Programs.

PROPONENT ELIGIBILITY

- Program applicants must be renter households whose income is at or below the Program's income threshold.
- Homes being purchased must have a price at or below the program's price threshold.

- Homes purchased under the program must be the principal residence of the purchaser for the full term of the program.
- Homeowners must repay the program loan plus 5% of the earned capital if the homeowner ceases to reside in the unit or the home is sold.
- Homes purchased under the program may be detached, semi-detached, row housing, stacked homes or apartments.

PROGRAM DELIVERY PROCESS

- The Program will first be marketed to households currently renting in non-profit housing projects and rent supplement program units.
- The Program will then be offered to rental households on the CGS wait list who meet the Program's eligibility criteria.
- Depending on the take-up, the Program may then be offered to renter households throughout the community.
- The CGS may partner with non-profit and/or private sector groups to assist in the selection of eligible households and/or units.
- Depending on unit take-up, the CGS may partner with private sector lender(s) in the selecting of households and the operations of the Program Revolving Fund.

HOUSEHOLD AND UNIT SELECTION CRITERIA

- Interested households must apply under the program and provide all necessary documentation before being considered.
- Only households and units which meet the Program's requirements will be considered.
- Eligible households must meet all program requirements.
- Preference will be given to eligible households:
 - who reside in existing social housing units
 - who require less than maximum subsidy provided by the program
 - whose landlord has agreed to make the vacated unit available under CGS rent supplement programs
 - who have the earliest closing date on the purchase of their home
- Within the above categories, eligible households will be selected on a first come, first serve basis.

MUNICIPAL CONTRIBUTION

- The CGS will provide staffing and other resources to ensure program delivery and administration over the 20 year life of the Program.

COMPONENT TARGET GROUPS

- The Program will target households whose income is at or below \$49,700.

APPROACH TO INCOME VERIFICATION AND ON-GOING ELIGIBILITY

- Only applicants meeting the program income criteria will be eligible for a program loan.
- The CGS will complete the Program applicant household verification. The CGS may contract this task with a third party if satisfied that the third party is capable of satisfactorily performing this work. If the work is contracted out the CGS will, no less than annually, review the work completed by the third party to ensure proper program compliance.
- All program applicants will be required to provide the necessary eligibility and income information prior to being accepted for a program loan.
- Participating home owners will be required annually to confirm that the funded home is their principal residence.

PROGRAM WORKPLAN/FORECAST

It will not be possible to provide a detailed project/unit take-up forecast until the Program has been officially rolled out into the community. Once the final Program guidelines are released, interested applicants will be able to properly evaluate the impact of the Program on their circumstances. A revised schedule will be completed as details become available.

The schedule below provides an overview of the delivery time line. The times are subject to change pending community response to the initial RFP.

2006

- | | |
|--|---------------------|
| • Final Municipal Approvals (Program, HDP) | June - September |
| • Ministry Approvals (HDP, Admin Agreement, Admin \$) | September - October |
| • Program Start-Up (i.e. staffing, public info sessions) | November - December |
| • Program reporting | On-going |

2007

- Establishment of Revolving Fund January - March
- Request For Applications February - March
- Applicant Evaluation April - May
- Applicant Municipal Recommendations/Ministry Approvals June - Ongoing
- Negotiations of applicant agreements July - August
- Negotiation of rent supplement agreements July - On-going
- Home Occupancy July - On-going
- Application troubleshooting/monitoring/issue resolution July - On-going
- Managing the Revolving Fund July - On-going
- Program reporting On-going

2008

- Household eligibility review & selection On-going
- Negotiations of applicant agreements On-going
- Negotiation of rent supplement agreements On-going
- Home Occupancy On-going
- Application troubleshooting/monitoring/issue resolution On-going
- Managing the Revolving Fund On-going
- Program reporting On-going

2009

- Household eligibility review & selection On-going
- Negotiations of applicant agreements On-going
- Negotiation of rent supplement agreements On-going
- Home Occupancy On-going
- Application troubleshooting/monitoring/issue resolution On-going
- Managing the Revolving Fund On-going
- Program reporting On-going
- Allocation fully committed March 2009

2009 - 2026

- Household eligibility review & selection On-going
- Negotiations of applicant agreements On-going
- Negotiation of rent supplement agreements On-going
- Home Occupancy On-going
- Application troubleshooting/monitoring/issue resolution On-going
- Managing the Revolving Fund On-going
- Program reporting On-going