

Request for Decision

Investment in Affordable Housing for Ontario 2014 Extension (IAH-E)

Presented To: Community Services
Committee

Presented: Tuesday, Feb 03, 2015

Report Date Tuesday, Jan 20, 2015

Type: Managers' Reports

Recommendation

WHEREAS at the September 9, 2014 Council meeting, the City of Greater Sudbury endorsed the municipality's participation in the Investment in Affordable Housing for Ontario Program Extension (IAH-E), and;

WHEREAS the City of Greater Sudbury further directed that the Manager, Housing Services prepare, for Council review and endorsement, the City's Program Delivery and Fiscal Plan (PDFP) outlining the anticipated funding expenditures for the IAH-E final five years;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury endorse the Program Delivery and Fiscal Plan (PDFP) outlined in this report, and;

THAT the City of Greater Sudbury authorize the Manager, Housing Services to forward the City's PDFP to the Ministry of Municipal Affairs and Housing for funding approval, and;

THAT the City of Greater Sudbury authorize the Manager, Housing Services to adjust the PDFP to reflect any further changes and/or recommendations required by the Ministry of Municipal Affairs and Housing.

Signed By

Report Prepared By

Denis Desmeules
Director of Housing services
Digitally Signed Jan 21, 15

Health Impact Review

Denis Desmeules
Director of Housing services
Digitally Signed Jan 21, 15

Recommended by the Department

Catherine Matheson
General Manager of Community
Development
Digitally Signed Jan 21, 15

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Jan 21, 15

Finance Implications

Senior government program funding will be utilized to offset all program costs & initial administration costs associated with the implementation of the new housing program.

Health Impact Assessment

The IAH-E Program is designed to allow municipalities to address affordable housing needs within their communities. The City's PDFP is structured to allow the implementation of IAH-E initiatives which will help low income households to access safe, suitable and affordable housing.

Background

Since 2007, the municipality has participated in various Canada-Ontario Affordable Housing Programs (AHP). The AHP components have included the building of new affordable housing projects, a homeowner repair initiative, a homeownership assistance program, social housing repair initiatives and housing allowance components.

The community has benefitted from these initiatives. Of note, five (5) new affordable housing projects received \$25.3 million resulting in the creation of 280 affordable housing units. In addition, program funding of \$2.7 million was directed to 242 local low income homeowners to repair their homes and 34 low income renter households received loans totaling \$361,000 to help them purchase homes. The programs provided \$507,000 which allowed 47 low income renter households to receive rental assistance to make their rents affordable. Under the social housing project renovation component, funding of \$11.2 million was distributed to local non-profit housing providers to renovate their projects and make them more energy efficient. In total the CGS received and distributed over \$40.1 million in program funding over the 7 year period.

Funding from all these programs has come to an end and has been fully committed.

Investment in Affordable Housing for Ontario Program Extension (IAH-E)

In late August 2014, the CMHC and the Ministry of Municipal Affairs and Housing jointly announced the IAH-E. This program extension is to run until March 31, 2020.

Like its predecessors, the IAH-E will allow the service manager flexibility in targeting the program dollars to those initiatives which best address local needs.

The IAH-E has retained many of the components of the previous AHP/IAH programs. These include a rental component for new construction, a home repair component, a down payment assistance initiative and a rent supplement/housing allowance assistance program. It should be noted that the IAH-E does not have an initiative which would see funding available to repair/renovate existing social housing projects.

Shortly after the IAH-E announcement, the Ministry provided the CGS with its Year 1 (2014-15) notional allocation of \$896,200. The Ministry advised that the allocation for the remaining 5 years would be announced at a later date.

The annual IAH-E notational allocation must be committed within the established deadlines of each program year. Funding that is not committed by these deadlines may not be carried forward and will be re-allocated to other Service Managers in the province.

Given the very short commitment deadlines for the Year 1 funding, Council elected at its September 9th, 2014 meeting to allocate the full Year 1 amount under the IAH-E Rent Supplement/Housing Allowance initiative. This component will provide rental assistance to approximately 57 low income households making their rents more affordable over a 5 year period. The Ministry has since approved this program selection.

On December 18, 2014, the Province provided the notional allocations for the final 5 years of the program. The annual allocations are listed below:

Year 2 (2015-16)	Year 3 (2016-17)	Year 4 (2017-18)	Year 5 (2018-19)	Year 6 (2019-20)
\$1,765,200	\$1,764,100	\$1,763,000	\$1,758,700	\$838,300

As previously stated, the annual funding is provided on a use it or lose it basis. Unused program dollars in any given year will be clawed back by the Province.

Included in the above is a nominal amount to help offset municipal administrative costs related to program delivery. These funds will help Housing Services secure the resources it needs to design and deliver the various program options. The actual costs attributed to these tasks will vary depending on the actual program initiatives delivered and the actual number of program participants.

As in the previous versions of the AHP/IAH programs, there are no on-going admin dollars provided by the Province beyond 2020. The CGS is expected to absorb any on-going program admin expenditures. Based on our previous AHP program delivery experience, it is not anticipated that these costs will be significant.

Program Delivery and Fiscal Plan (PDFP)

In order to proceed with IAH-E funding over Years 2 to 6, Service Managers are required to submit a Program Delivery and Fiscal Plan (PDFP). The PDFP is a tool developed by the Province to help identify which of the IAH-E components will be selected by the municipality and when they anticipate flowing the funds.

One of the objectives of the IAH-E is to provide municipalities with programs which enable them to meet the local needs and priorities identified in their 10 Year Housing & Homelessness Plan (H & H Plan). In preparing the City's PDFP, Housing Services has based the plan on past AHP program results along with the priorities and recommendations identified in the City's H & H Plan.

The H & H Plan supports the City's approach of working with the community to achieve local affordable housing goals. Housing Services will therefore play the role of overall IAH-E program administrator, facilitator and funder. This is a similar role to that performed by Housing Services in the delivery of the previous affordable housing program initiatives. Housing Services will also be responsible for ensuring that projects and program participants meet the full program requirements over the life of the programs. This will minimize the City's risk associated with the program loans and rental assistance.

The H & H Plan identified a need to improve access and affordability for low income households. In order to achieve this, the H & H Plan recommended that the CGS devote the majority of future senior government affordable funding allocations for new affordable housing projects.

In reviewing the Province's notional allocation schedule, we note that it proposes to spread the remaining funding over 5 years. There is a concern that this funding approach may hamper the City's ability to encourage the development of new affordable housing units. The annual allocations are too small to provide enough incentive for developers to come forward with viable project proposals.

A similar situation occurred in the allocation process for the previous IAH initiative. At that time, the CGS received a total allocation of \$4.7 million to be dispersed over a 5 year period. Based on community need, the municipality wanted to fund the development of a seniors housing project. Unfortunately, the individual annual allocations on their own would be insufficient to bring the project to fruition. In response, the CGS requested that the Province permit the pooling of the CGS allocation so that it could be fully committed in a specific year. Under this scheme, the project would be able to proceed. The Province reviewed the CGS

request and granted its approval. The 32 unit seniors housing project was able to proceed.

We will therefore once again recommend the pooling of funding envelope. The creation of a \$6 million envelope will permit the development of a minimum of 40 affordable housing units. This recommendation is consistent with the H & H recommendation that the majority of senior government funding be utilized to develop new housing projects.

The IAH-E Rental component would be used to develop new affordable housing units. That component provides interest free forgivable loans to proponents in exchange for the project rents to be set by the program over the 20 year program term. The program also requires that the funded units be targeted specifically to low income households. The tenant selection process must be designed to allocate program units only to households whose income meets the program parameters.

This Rental component is similar to ones previously offered under the AHP/IAH programs. Local developers are familiar with those initiatives and are therefore likely to respond.

The H & H Plan also recommended that the CGS devote a portion of future senior government affordable housing funding towards Housing Allowance/Rent Supplement programs. To that end, the CGS has approved the expenditure of the Year 1 IAH-E funding in this regard. The funding will provide rental assistance for approximately 57 households making their rent affordable for 5 years. It is recommended that an amount similar to the Year 1 funding (\$894,885) be allocated in the final year of the IAH-E. This will extend the rental assistance for another 5 years thus covering the full 10 year time frame of the H & H Plan

The H & H Plan also indicated that the CGS devote a portion of future senior government affordable housing funding towards initiatives incorporating unit accessibility and energy efficiency modifications. The current IAH-E allocation is sufficient to allow the CGS to address accessibility and energy efficiency modifications. Both of these will be requirements in the Rental component.

In addition, it is recommended that \$600,000 be allocated towards the Ontario Renovates component of the IAH-E. This component provides interest free forgivable loans to eligible low income homeowners so that they can address accessibility and energy efficiency issues in their homes. The program loans will make their home more liveable, more energy efficient and therefore, more affordable. The dollars can also help eligible homeowners deal with structural deficiencies in their homes.

A similar home repair initiative was delivered in the past and was well received. It is anticipated that the funding would be able to assist at least 30 low income homeowners.

PDFP Summary

The Provincial notional allocation model needs to be revised to meet our local needs. The revised schedule and rationale is listed below.

The majority of the IAH-E funding (\$6M) is to be committed under the Rental component in Year 3 (2016). The \$6M represents the combination of Year 2, 3, 4 and some of the Year 5 funding envelope. This approach is being selected to allow the Ministry of Municipal Affairs time to review the program's provincial commitments and determine its ability to redistribute funding among the 47 Service Managers. This time frame would provide Housing Services time to ramp up for program delivery and allow local developers sufficient time to prepare viable proposals which meet the program requirements.

The dollars for the Home Repair (\$600,000) would be awarded from the Year 5 (2018) of the program. Again, the Ministry has to reallocate dollars among Service Managers and it was felt that this time line would provide sufficient time for the provincial remix to occur. Housing Services would market the program to allow low income homeowners requiring assistance time to review the program parameters and come forward.

The final program year (2019) would see the remainder of our IAH-E funding allocation (\$894,835) committed to the Housing Allowance/Rent Supplement component. This would allow the rental assistance to continue for an additional 5 years, matching the 10 Year H & H Plan.

Program admin dollars will begin flowing this year to help the CGS deliver the Year 1 Housing Allowance initiative. Funds will also be used to ramp up for the delivery of the above noted IAH-E components.

Next Steps

The IAH-E is seen as a key component in the CGS's housing strategy for dealing with local housing needs.

Approval is being requested allowing Housing Services to complete the PDFP in accordance with the recommendations in this report. The PDFP will identify the selected program components while reflecting the above noted IAH-E pooling of program dollars.

The PDFP will reflect the recommendations of the H & H Plan and be consistent with Official Plan policies.

Once approval is given, Housing Services will forward the PDFP to the Ministry of Municipal Affairs and Housing for review and final approval. The deadline for submission is February 28, 2015.

Though the Ministry is open to the pooling approach, it cannot guarantee that it will be able to exactly match our request. Should the Ministry be unable to meet our request, approval is being requested to allow Housing Services to make the necessary PDFP adjustments having regard to the H & H Plan recommendations. Any changes will be incorporated into the PDFP to ensure that full funding allocation is properly utilized. Housing Services will then resubmit the PDFP to the Ministry for final approval.

Once approval is received, Housing Services will proceed to operationalize the various program initiatives in accordance with the PDFP and Ministry requirements.