



Report To: Manitoulin-Sudbury DSB

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Re: Investment in Affordable Housing (IAH) - Summary Report

REPORT

Purpose

To provide a summary of the newly released Investment in Affordable Housing (IAH) for Ontario Program.

Background

Over the past several years the Federal and Provincial governments have jointly introduced programs to support the development of new rental housing stock, provide assistance to rental households to purchase affordable homes and provide monies to assist low to moderate income homeowners with repairs to their existing residences. The most recent program was called the Canada-Ontario Affordable Housing Program (AHP).

On August 12, 2011 the Manitoulin-Sudbury DSB received notification from the Ministry of Municipal Affairs and Housing that we have been granted an IAH notional allocation. The Investment in Affordable Housing for Ontario (IAH) program is a joint initiative between provincial and the federal government for the creation and repair of affordable housing over four years.

This new initiative offers a wide variety of program components aimed at addressing affordable housing needs across the housing continuum and provides increased flexibility, with accountability, to municipal Service Managers, housing proponents, and other housing partners in delivering affordable housing in their communities.

Manitoulin-Sudbury DSB Notional Allocation

August 12, 2011 the DSB was allocated the following amounts:

Year 2 2012-13	Year 3 2013-14	Year 4 2014-15	Total
\$416,595	\$417,341	\$181,241	\$1,015,176

IAH Highlights

The IAH program will provide \$480.6 million in funding for the creation and repair of affordable housing over four years (2011-12 to 2014-15). The ministry has designated Year 1 (2011-12) as a transitional year and no allocation is being provided for this year.

Timelines and Funding

- The IAH is a four-year program that ends on March 31, 2015.
- Service Managers have been provided with a three-year (2012-13 to 2014-15) notional funding allocation based on the number of households and the number of households in core need in the Service Manager's area.
- Allocations have been broken down by fiscal year.
- Due to federal and provincial budget rules, allocations are provided on a 'use it or lose it' basis. There is no possibility of re-profiling between years.
- Allocations will have to be committed by December 31st of each year or funds may be re-allocated.

Program Components

There are 6 program components and Service Managers may select which components they will deliver each year using their annual allocations. Planned commitments and projected take-up for selected program components must be identified.

1. Rental Housing Component

The Rental Housing component will lead to the creation of affordable rental housing units across Ontario.

- Increase the supply of rental housing for households on, or eligible to be on, social housing waiting lists.
- Ensure that safe, adequate and affordable rental housing is available to Ontario households.

Eligibility Criteria - Projects

To be eligible, a project must be one of the following:

- New construction, including additions and extensions
- Acquisition and, where required, rehabilitation of projects that are in danger of being lost to the rental housing stock
- Conversion of non-residential buildings or units to purpose-built rental buildings/units

Projects that are not eligible include:

- secondary suites in owner-occupied housing
- nursing and retirement homes
- social housing that receives ongoing federal subsidies
- shelters and crisis care facilities
- owner-occupied housing

Funding

- Funding for the Rental Housing component is provided as a forgivable capital loan that is available during the development and construction phase of the project.
- The IAH Rental Housing component will fund up to 75% of the total capital cost per unit or \$150,000 per unit, whichever is less. Total capital costs include land, financing, hard (construction) and soft costs. An example is provided below.

2. Homeownership Component

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:

- Ease the demand for rental housing by assisting renter households across the province to purchase affordable homes
- Provide renter households with an opportunity to move to homeownership
- Encourage developers to build affordable housing by fostering demand

Eligibility Criteria

To be eligible for down payment assistance, prospective purchasers must:

- Be a renter household buying a sole and principal residence
- Have household income at or below the 60th percentile income level for the Service Manager area or the province, whichever is lower
- Meet any additional criteria as established and communicated by the Service Manager

3. Northern Repair Component - Available for Year 1 (2011-12) Only

The Northern Repair Component consists of two sub-components:

- a. Northern Home Repair to assist low to moderate-income home owner households repair their homes to bring them to acceptable standards.
- b. Northern Multi-Unit Repair to assist landlords of eligible rental projects to rehabilitate affordable rental units.

The Northern Repair Component's objectives are to:

- Improve and preserve the quality of affordable housing through the renovation, rehabilitation and repair of existing affordable ownership and rental housing for low-income households.
- Foster safe, independent living by supporting modifications and renovations to affordable housing that provide accommodations for seniors and persons with disabilities.

Eligibility Criteria - Northern Home Repair

Under the Northern Home Repair subcomponent, eligible households must:

- Have a household income at or below the 60th income percentile for the Service Manager area or province, whichever is lower. Service Managers are responsible for homeowner income verification.
- Own a home that is their sole and principal residence with a market value, upon completion of repairs, at or below the average MLS® resale price for the Service Manager area.

Eligibility Criteria - Northern Multi-Unit Repair

Eligible projects under the Northern Multi-Unit Repair subcomponent include renovation of rental properties of two or more units. Units must be modest relative to community norms in terms of floor space and amenities.

Tenant households, at the completion of repairs, must have an income at or below the 60th income percentile for the Service Manager area or province, whichever is lower.

The following projects are not eligible for Northern Repair Component funding:

- Nursing homes, shelters, and crisis care facilities (including hostels)
- Projects receiving capital funding from the Ministry of Health and Long-Term Care or the Ministry of Community and Social Services
- Social Housing, as defined in the Housing Services Act, 2011

4. Ontario Renovates - Available starting in Year 2 (2012-13 to 2014-15)

The Ontario Renovates component is offered to Service Managers beginning in Year 2 of the IAH program - April 1, 2012. This component incorporates the suite of federal rehabilitation programs including the Residential Rehabilitation Assistance Program (RRAP), with aspects of the Northern Repair Component.

Consistent with the Long-Term Affordable Housing Strategy, Ontario Renovates is designed to allow Service Managers throughout Ontario the flexibility to target renovation and rehabilitation projects to address local needs.

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
- 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
- To increase the supply of affordable rental housing by providing assistance to create secondary suites in existing single family homes
- To respect the environment and to realize savings that will improve housing affordability over the long term through the use of energy-saving products or systems

The Ontario Renovates component consists of two sub-components:

a) Home Repair to assist low to moderate income homeowner households:

- Repair their home to bring to acceptable standards while improving the energy-efficiency of the unit.
- Increase accessibility of their unit through modifications and adaptations.

b) Multi-Unit Rehabilitation to assist:

- Landlords of eligible affordable rental projects to rehabilitate units that require essential repairs and/or modify units to increase accessibility.
- Low to moderate income homeowners to create a new affordable rental unit in an existing single family home.
- Existing shelters repair, rehabilitate and improve units that assist victims of family violence.

Ineligible Projects

The following projects are not eligible for Ontario Renovates funding:

- nursing homes, shelters (except those that house victims of family violence) and crisis care facilities (including hostels)
- projects receiving capital support from the Ministry of Health and Long-Term Care or the Ministry of Community and Social Services
- social housing as defined under the Housing Services Act, 2011

5. Rent Supplement Component

The Rent Supplement Component has been designed to help address affordability issues of households in modest rental units across the province. Service Managers can choose to deliver the component for four years, or extend it for up to 10 years, but no later than March 31, 2023.

A “rent supplement” is a subsidy paid to the landlord on behalf of a household in need of rental assistance. It is meant to help bridge the difference between the rent that a household can afford to pay and the actual market rent of a modest unit.

Unit Eligibility

To be eligible, units must be modest (i.e. not exceed Average Market Rent for the area), in satisfactory state of repair and they must be self-contained. Hostel units, group home or congregate living arrangements, nursing and retirement homes are not eligible. Units must meet local occupancy standards.

6. Housing Allowance Component

The Housing Allowance Component has been designed to help address affordability issues of renter households across the province by providing payments directly to clients. Service Managers can choose to deliver the component for four years, or extend it for up to 10 years, but no later than March 31, 2023.

This component offers Service Managers, or their delivery agencies, the flexibility to choose their target clients as well as their benefit amounts. Service Managers will make payments on a monthly basis directly to client households to help offset rental costs.

Administration Agreement and Fees

Administration Agreement

- Service Managers must sign an Administration Agreement with the province to participate in IAH.
- The Administration Agreement outlines:
 - Financial provisions (i.e. administration fees, payment claims, and financial accountability)
 - Eligibility criteria
 - Indemnification and repayment provisions
 - Risk management protocols for projects facing difficulties
 - Reporting, auditing, and other accountability enforcement provisions.
- An Administration Agreement must be signed before Service Manager can receive any IAH funding and agreements must be signed no later than January 31, 2012.

Administration Fees

- Once an Administration Agreement is signed, Service Managers will receive \$100,000 in upfront administration fees in Year 1 (2011-12) for planning and pre-development activities.
- For Years two to four, Service Managers may use up to 5% of their total three-year funding allocation as administration fees. Service Managers are responsible for determining this amount per fiscal year in their Program Delivery and Fiscal Plan.
- Service Managers cannot exceed 5% but may choose to set their administration fee amount at lower than 5% to provide more funding for program components.

Next Steps

Service Managers may select which components they will deliver each year using their annual allocations. Planned commitments and projected take-up for selected program components must be identified.

1. A Program Delivery and Fiscal Plan will be developed
2. The plan will be reviewed for approval by the Manitoulin-Sudbury DSB Board
3. The plan will be submitted to the ministry for approval
4. Once approved, the allocations will be released to the DSB
5. The plan is implemented