



Report To: Manitoulin-Sudbury District Services Board

From: Connie Morphet, Director of Finance & Administration
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Date: October 23, 2014

Re: **Investment in Affordable Housing (IAH) – Issue Report**

Purpose

To provide an update regarding the Investment in Affordable Housing (IAH) Extension for Ontario Program - Year 1 and recommend that the DSB consider managing the complete administration of the program for year two through six. Another recommendation is to include the Home Ownership component to the suite of components currently offered by the Manitoulin-Sudbury DSB.

Background

Over the past several years the Manitoulin-Sudbury DSB has been providing assistance to rental households through the Housing Allowance component. The Manitoulin-Sudbury DSB also provides funding to assist low to moderate income homeowners with repairs to their existing residences through the Ontario Renovates component. The IAH program had come to an end with the final year's funding being allocated by March of 2015. This August, DSB staff received [notification](#) from the Ministry of Municipal Affairs and Housing that the program has been extended. This initiative continues to offer the wide variety of program components aimed at addressing affordable housing needs across the housing continuum.

IAH Extension Highlights

The IAH program will provide \$160,100 in funding for the creation and repair of affordable housing for 2014 and additional funding to be determined for the remaining five years (2015 to 2020).

Program Components

The same six program components are available to Service Managers for delivery each year using the annual allocation. Planned commitments and projected take-up for selected program components must be identified.

Rental Housing Component

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

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.

Ontario Renovates Component

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.

Rent Supplement Component

The Rent Supplement Component has been designed to help address affordability issues of households in modest rental units across the province. 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.

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. This component offers Service Managers 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

Service Managers must sign an Administration Agreement with the province to participate in IAH. An Administration Agreement must be signed before Service Manager can receive any IAH funding and agreements must be signed no later than November 31, 2014.

Administration Fees

Service Managers may use up to 5% of their total funding allocation as administration fees. Service Managers are responsible for determining this amount per fiscal year in their Program Delivery and Fiscal Plan.

Timelines and Funding

- The IAH is a six-year program that ends March 31, 2020.
- Service Managers have been provided with the year one notional funding allocation based on the number of households and the number of households in core need in the Service Manager's area. The year two to six budgets will be provided by MMAH to the Manitoulin-Sudbury DSB in the near future.
- Due to federal and provincial budget rules there is no option to transfer funds between years.
- Allocations for the initial funding will have to be committed by **January 31st of 2015** or funds may be re-allocated to other DSB's/Service Areas.

DSB Plan

The funding allocated for year one is \$160,100 for the IAH Extension and will be allocated similar to the past program:

| Distribution | Allocation Amount |
|-----------------------------|--------------------------|
| Ontario Renovates | \$142,100 |
| Housing Allowance | \$10,000 |
| Administration | \$8,000 |
| Total 2014 IAH Funds | \$160,100 |

DSB staff have managed this program through the assistance of a subcontracted private agent who completed the inspections, administration and advertising of the Ontario Renovates Component. DSB staff complete the review of the documentation to confirm that MMAH guidelines are being met and finalize the legal agreements.

Proposed Changes to Administration and Component Delivery

The Ministry of Municipal Affairs and Housing has not released the 2015-2020 allocations for the IAH Extension at this time. That said, the DSB staff recommend the following changes once the allocations are provided.

- Moving forward, the DSB staff recommend contracting out inspection services but taking on the full responsibility of the administration and advertising of the IAH program. This will improve the response time for applications as well as improve customer service. The intention is to have the DSB's Integrated Program Assistants, located in each DSB office, serve as the primary IAH administration and communication hub.
- The second proposed change is to add the Home Ownership Component to the repertoire starting in year 2 (2015-16). MMAH has completed a review of the success of this component and the reduction in pressure on social housing. This program will require financial education for prospective homeowners about the true costs of homeownership to facilitate successful program delivery.

Recommendation

The Manitoulin-Sudbury DSB staff recommend continuing to provide the Ontario Renovates component of the IAH program with the assistance of the subcontractor agent for the 2014-2015 allocation of \$160,100.

The Manitoulin-Sudbury DSB staff recommend the following changes to the administration of the IAH program for the 2015-2020 IAH Extension allocations:

- The DSB take on the complete responsibility for administration and advertising of the IAH program beginning in April 2015 with the exception of the inspection services, which will be contracted out to an appropriate agent.
- The DSB begin allocating funding for and administering the Home Ownership Component in year 2 (2015) based on the IAH provincial guidelines.