

MAY 23, 2006

REPORT TO THE COMMUNITY AND SOCIAL SERVICES SUB-COMMITTEE

MAY 29, 2006

**CANADA ONTARIO AFFORDABLE
HOUSING PROGRAM (AHP)**

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SOCIAL SERVICES**

RECOMMENDATION

1. **THAT** the United Counties of Leeds and Grenville enter into an agreement with the Ministry of Municipal Affairs and Housing (MMAH) for the delivery of the Housing Allowance Program; and
- 2.i. **THAT** staff develop a Housing Delivery Plan (HDP) outlining local targets, strategies and conditions to participation in the AHP; and
- 2.ii. **THAT** staff present the HDP to the Joint Services Committee at its regular June meeting for consideration; and
- 2.iii. **THAT** participation in the Rental and Supportive Housing Program and the Home Ownership component of the AHP be subject to the approval by the MMAH of the Housing Delivery Plan (HDP); and
3. **THAT** the above recommendations be subject to the results of a review by staff of the MMAH Administrative Agreement.

INTRODUCTION

The Affordable Housing Program (AHP) was announced in April, 2005 as a partnership between the governments of Canada and Ontario. The new agreement builds on the 2002 agreement and sees contributions of \$301 million by both levels of government towards affordable housing. The AHP is intended to create 15,000 new affordable housing units in Ontario including new supportive housing for persons living with mental illness and victims of domestic violence. The program will also provide up to 5,000 housing allowances for low-income families.

In the absence of complete program guidelines, the required analysis by staff was not possible until this time. The guidelines in their entirety have been slow in coming and staff have just received the most recent package earlier this month. A very important component / document of the program (i.e. Administrative Agreement) has yet to be issued by the MMAH. Without this, staff cannot finalize a

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

recommendation. The Administrative Agreement lays out roles, responsibility and the accountability framework and is a critical document. Consequently, staff recommend that our participation in the AHP be subject to a satisfactory review by staff of this document upon its release.

The following report will provide the background detail to support the aforementioned staff recommendations based upon our analysis of the AHP guidelines.

The Affordable Housing program is welcomed from the perspective that it is a multi-faceted approach to social housing and will provide a significant infusion of capital dollars for new construction. That being said, staff have some concerns regarding the potential long-term impacts of the program upon the CMSM. The areas of concern regarding the relevant program component will be explained further in the report.

Participation in the AHP is discretionary, however, should a CMSM not participate the Ministry will assume responsibility for the allocated units. The Ministry will exercise discretion as to the delivery of the program and the location of the reallocated units. Discussions with the MMAH confirm that no decisions have been made as to what delivery option will be used to administer units that have not been accepted by CMSMs. Consequently, the CMSMs' future role, if any, in newly developed units under this scenario is unknown at this time.

Staff are aware of several groups currently active in various stages of planning projects in Leeds and Grenville. If UCLG chooses to not opt into the program these groups may or may not be able to access the AHP funding. If this were the case, projects currently being planned in Leeds and Grenville could not proceed any further.

Balancing these concerns against the growing need for affordable housing in this community is at the very least challenging. Staff have attempted to develop recommendations that strike a balance between meeting the need for affordable housing while protecting the long-term financial interests of the Counties. The following report provides an overview of the program and an analysis of the current and future impacts and strategies to address such based upon the information staff have today.

Staff support participation in the program but believe that this should be contingent upon the MMAH agreeing to conditions that would mitigate or reduce any potential future risk to the Counties.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

PROGRAM OVERVIEW

There are four program components under the AHP umbrella. CMSMs can choose to participate in one or several components. These four components are:

- Strong Start (early initiative)
- Housing Allowances (rent supplement agreements)
- Rental and Supportive Housing (capital funding)
- Homeownership

A. Strong Start

The Strong Start component of the AHP was an early initiative aimed at projects that were ready to begin construction. Agreements for this component had to be signed by March, 2006, and were subject to building permits and mortgage financing being in place. There were no projects in this state of readiness in Leeds and Grenville at the time that this program component was implemented; therefore, Strong Start will not be discussed further in this report.

B. Housing Allowance / Rent Supplement

The Housing Allowance component is a supplement that is paid to a landlord on behalf of households in need of assistance. Agreements are also negotiated between the CMSM and landlords.

This allowance is intended to bridge the gap between the market rent and the amount that a household is able to pay. Household Income Limits (HILs) have been established by the Ministry for determining eligibility for the housing allowance. These HIL's are as follows:

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
\$19,000	\$24,500	\$29,500	\$34,500	\$44,500

Program Criteria

- Ten percent (10%) of the total allocation for each CMSM is designated for Victims of Domestic Violence; units are to be filled by a sanctioned referral agency by MCSS (e.g. Leeds and Grenville Interval House);
- Interested landlords will be required to complete an application developed by the CMSM;
- Prospective units must be inspected by the CMSM to ensure compliance with all applicable legislation (i.e. Building Code, Fire Code, etc.); units must be habitable, fit for habitation etc.;

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

- The housing allowance is attached to the unit not the individual tenant (i.e. if the family moves the allowance does not go with them);
- Eligibility testing for the units are to be completed on an annual basis by the CMSM;
- Marketing the program to the public, landlords and the broader community is required;

Funding / Allocation and Term of Agreement

The UCLG has been allocated 30 units with an accompanying \$288,000 in funding. The maximum term for a housing allowance agreement cannot exceed five (5) years. The funding spans the five-year term. As of March 31, 2008, no new agreements can be initiated and as of March 31, 2013, the agreement ends.

Administrative Fee

An administrative fee of \$15.60 per unit, or \$28,080 over the life of the program, is provided by the Ministry to UCLG in recognition of the costs of administering the program.

Should Council support this component of the program, there will be a requirement for additional administrative supports as capacity does not exist to support this program at this time. This will further be addressed later in the report.

Concerns and Strategies

The time limit on the term of the agreement is somewhat of a concern and raises the question as to what happens at the end of the five (5) years to tenants still in need of rent supplement assistance. Staff believe that there are a number of strategies to address this issue. Options for consideration that have been adopted by other CMSMs include:

- Linking allowances to other rent supplement programs currently in place;
- Targeting clients that are well suited to the programs (i.e. in need of a shelter subsidy);
- Varying the terms of the agreement and subsidy levels

The communication strategy for this element of the program will be key in light of the time limit of the agreement. It would be staff's goal to adopt some of the above best practices should Council accept the recommendation to "opt into" this program component. MMAH has indicated their commitment to facilitating opportunities to share best practices (i.e. teleconferences, etc.) regarding this program component.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

Summary of Housing Allowance Program

Rent supplement programs can be very beneficial in that:

- They can assist in reducing high vacancies rates, thereby, stimulating the local housing market;
- CMSM involvement is limited to the administration of the program, therefore, the program allows us to support affordable housing through a more “arms length” approach without incurring capital and operating costs;
- It is a means to address the growing need for social housing in communities;
- It provides an integrated approach to affordable housing, without stigma

Of the 47 CMSMs across the province only 3 have indicated that they are not participating in this component of the program. In October, 2005, Joint Services passed a resolution (JSC 2005-111) expressing Leeds and Grenville’s interest in participating in this component of the program subject to final guidelines being received.

THAT the United Counties of Leeds and Grenville submit an expression of interest to the Province of Ontario to take up the Affordable Rental and Supportive Housing allocation of twenty-five (25) units with funding from the province in the amount of \$1,750,000.00, and

THAT the United Counties of Leeds and Grenville submit an expression of interest to the Province of Ontario to take up the Housing Allowance Program allocation of 30 units with funding of \$288,000.00; and

THAT these expressions of interest be subject to final program development by the Ministry of Municipal Affairs and Housing; and

THAT program criteria be acceptable to the service manager prior to proceeding; and

THAT expressions of interest be submitted by October 31, 2005 to meet the provincial deadline.

Staff support participation in the Housing Allowance component of AHP and believe that any potential challenges are relatively easy to address. CMSMs can choose to deliver only this component of the program.

C. Rental and Supportive Housing Component

The Rental and Supportive Housing component of AHP is intended to increase the supply of affordable housing through new construction, acquisition of existing rental stock and conversion of non-residential buildings. This component of the program raises the most questions and concerns for staff.

Social housing units that receive federal operating subsidies are not eligible to qualify under this program. Consequently, this funding cannot be used towards any of the public housing stock owned by the UCLG.

Program Criteria

Projects will be selected on the basis of meeting a variety of criteria as established by the province. Additionally, CMSMs can choose to include conditions/criteria that reflect local circumstances and need as long as these compliment federal and provincial criteria.

CMSMs are required to develop open, transparent and competitive processes to select eligible projects. Procurement processes must be in compliance with the requirements of the Municipal Act.

Projects eligible for development include:

- new construction;
- renovation and rehab;
- additions to existing stock of all types;
- acquisition of rental buildings;
- conversion of non residential to rental;
- secondary suites in homeownership;
- repairs to private rental (not receiving any ongoing federal subsidies)

In order to be eligible projects must:

- be approved by Council;
- must address local housing needs;
- demonstrate financial viability;
- meet 20-year affordability requirement;
- meet equity requirement;
- identify / secure suitable site ;
- provide a development schedule which includes milestones;
- ensure an occupancy plan is in place

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

- Have the required equity. Private-sector components are required to provide 10% of the lending value of the project as the minimum private equity investment; 4% for partnership ventures; and non-profit housing providers/developers are not required to provide equity to receive AHP funding;
- Have secured a suitable site or have a pending offer to purchase or lease a suitable site; and
- Have an occupancy plan in place to ensure that units are occupied in a timely fashion.

The target populations for the program include the following:

- Aboriginal people;
- Recent immigrants;
- Persons with disabilities;
- Persons living with mental illness;
- Victims of domestic violence;
- Working poor;
- Low-income seniors
- Youth (identified in Affordable Housing Study and by other CMSMs)

The Affordable Housing study completed in 2004 will form the basis for determining the target population for Leeds and Grenville and, as such, groups applying for funding must target these same groups in their planning. Percentages of units to be earmarked for each group will be determined over the next month and will be built into the Housing Delivery Plan (The HDP represents the CMSMs affordable housing statement which identifies its priorities under the AHP. Further details on the HDP are found further in the report).

The CMSM will be required to establish maximum income levels for AHP funded units at initial occupancy. CMSMs are also required to establish an approach to income verification in order to ensure households in need are targeted, although annual income verification is at the CMSMs discretion.

Housing projects that include both AHP funded units and market rents are possible but only units with rents at or below the CMHC average market rent will receive AHP funding. The average rent for a project must be at or below 80% of CMHC average market rent based on tenants actual rent. As CMHC only completes market rent analysis for the City of Brockville, staff will be required to conduct this analysis for other parts of the County over the next few weeks.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

It should be noted that units under this program are deemed “affordable” not “rent geared to income (RGI)”. Consequently, the CMSM is not expected or required to provide subsidy for units approved under this program.

CMSMs can decide to provide subsidy for these units, however, this is discretionary. It would not be staff’s recommendation to provide subsidies due to the long-term impacts but, rather, establish ceilings for the affordable rent into the program criteria.

Funding Arrangement / Term of Agreement

The funding allocation under this program component is \$70,000 per unit. Twenty-five (25) units have been allocated to the United Counties with funds totaling \$1,750,000. The term of the agreement between the CMSM, the MMAH and the project is 20 years. There are two separate agreements that are required related to this project component; these will be discussed later.

It is expected that all three levels of government will contribute to eligible projects.

a. Federal / Provincial Funding Contribution:

The \$70,000 per unit is shared between the federal and provincial government as follows:

The federal contribution that is available to the project equals 38% and is provided as a forgivable capital loan during the development and construction phase of the project. Federal funding is available once a Service Manager has signed a contribution agreement with the project proponent. This amount is paid to the CMSMs who flow the funds to the proponent during the construction phase based upon construction milestones being achieved.

Federal funding is made available based on the following conditions:

- Proof of owner equity (does not apply to non-profit proponents);
- Proof of insurance;
- Proof of mortgage financing commitment;
- Proof of achievement of the development milestone as agreed to by the Service Manager and the province;
- Businesses must demonstrate that they are Canadian and are in compliance with all federal and provincial tax regulations governing development and operation of affordable housing in Ontario;
- Proof of security registration on title, or alternative form of security accepted by the province.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

Sixty two percent (62%) of the \$70,000 represents the *provincial contribution*. This 62% represents a 20-year affordability payment to service and discharge the portion of the proponent's mortgage, equal to the provincial contribution. The first payment is made on the project's interest adjustment date. The funding is flowed as a 20-year payment to the CMSM who redirects this funding to projects, monthly, based upon demonstrated compliance to the agreement.

The \$70,000/per unit, if approved, for a project will be registered on title by the CMSM.

b. CMHC Contribution

CMHC provides a Project Development Fund (PDF) which can be used for technical development activities such as engineering fees, legal and architectural fees. Only non-profit housing proponents can qualify for this fund. The maximum allowable under this fund cannot exceed \$150,000 and cannot exceed the total federal contribution to the project. Proponents must have CMSM endorsement to qualify for the fund. This fund is cost shared 50% - 50% between CMHC and the province. Should a project fail during the development and construction phase of the project, the CMSM will be responsible for 25% of the Ministries' share. An approval process will be developed that considers financial viability at the outset and close monitoring of the project will be the key to CMSMs' endorsing applications. The approved amount is registered on title.

c. Municipal Contribution

It is expected that municipalities will contribute to the project but not in direct funding. As a minimum, the harmonization of the multi-residential tax rate with the single residential tax rate is required. This is already in place at the upper tier level in Leeds and Grenville. It will be required at the lower tier and separated municipality level as well in order for projects to qualify for the AHP.

Lower tier and separated municipalities may choose to go beyond this support and provide incentives such as waiving development fees, planning application fees etc., however, this is entirely at the discretion of the individual municipality.

Eligible projects will be required to secure financing to fund the total costs of acquisition, construction. They must finance the entire project through private lending institutions that are approved by CMHC. Their ability to secure financing will be dictated by the market and demonstrated viable business plan.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

Project Selection Process

As indicated earlier, CMSMs are required to develop open, transparent and competitive procurement processes to select eligible projects to be funded under the Rental and Supportive Housing component of AHP. These processes must comply with the relevant procurement standards as set out in the Municipal Act, 2000. Evaluation processes will be fundamental to the selection of viable projects. There are a number of tools available that can be used to test various “what if” scenarios and support the evaluation process. Staff believe that the following process regarding evaluation criteria and the proposed selection committee will contribute to ensuring that projects selected meet the financial viability and sustainability tests.

Provincial guidelines relating to selection of projects to be funded require affordable housing proponents to demonstrate:

- Financial viability for the project based upon a business case and evidence to demonstrate that the project can withstand a rigorous financial audit;
- Project will be able to obtain mortgage financing within the required period;
- The proponent has the capacity and will be able to provide the required percentage of equity;
- That it meets the requirements of the program (unit rents, size target groups etc) and conforms to the AHP requirements;
- The proponents ability to build and operate the AHP project including information on past development experience, track record and financial capacity to undertake the project;
- The project is compliant or will be compliant with local planning and zoning requirements;
- A development schedule;
- All the required legal requirements have been met

The MMAH encourages a selection process that places weighting and ranking to ensure the most viable proposals are chosen for funding.

In staff's view it will be critical that the evaluation committee is comprised of a broader range of expertise and perspective. Program guidelines recommend the following as a minimum:

- Housing development and finance;
- Project operations (tenant relations and budgeting);
- Land use planning;
- Housing and urban policy knowledge;
- Legal and procurement expertise

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

It would be staff's recommendation that, at a minimum, the selection committee consist of:

- Chief Administrative Officer;
- Director of Corporate Services;
- Director of Community and Social Services;
- Director of Public Works and Asset Management;
- Manager of Community Housing;
- Manager of Operations and Program Review;
- Financial Institution representative
- MMAH representative

It is staff's understanding that some CMSMs have included representatives from banking institutions to participate as a member of the selection team and that RFPs have been developed with input from all members of the selection team. Staff support this approach as it will ensure that a broad range of expertise and perspectives are brought to the evaluation process.

Finally, the counties Auditor, Solicitor and other specialized services would be used on an as required basis in this process.

A well developed proposal, evaluation process and selection team are critical to the selection process and to ensure that only viable projects are approved. That being said, there is no guarantee that a project may, in the future, experience financial difficulties.

That being said, it would be staff's recommendation that allocated AHP units represent only a portion of any projects total units. In this way, risk to the project, the funders and the CMSM can be mitigated as they will not be relying on only affordable housing tenants.

Role of the CMSM

The role of the CMSM in the AHP is both administrative and overseer of the project. The scope and depth of the role is considerably less than our role as it relates to the non-profit providers once the project is occupied.

CMSMs are required to report to the province on each project during each financial quarter of the development and construction phase of projects and annually throughout the 20-year affordability period. More specifically, the CMSM's role includes:

- Project evaluation and selections;
- Flow funds in accordance with the contribution agreement;

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

- Project monitoring for only those units that are AHP funded for the 20-year life of the agreement;
- Provide quarterly monitoring reports

Risks and Impacts

By participating in the AHP, the Counties' role goes beyond administration in the event a project defaults and/or experiences difficulty. Realistically problems can occur at any stage of the development of a project and in considering the Counties' participation in the program, risk is an essential factor.

For the purpose of the AHP, the guidelines address indemnification by the various parties at various stages of development, construction and operations.

Failure or Difficulty During Development Phase

"During the construction period for the project, the Service Manager will fully indemnify the province with two exceptions. Service Managers will cover 50% of the provincial share (i.e. 25%) of any loss of AHP funding associated with PDF allocations. Service Managers will have to account for any unspent PDF funding advanced to a proponent in cases where the project did not advance beyond pre-development. Likewise, the Service Manager's share of any loss associated with environmental claims will be 50% of the provincial share (i.e. 25%)."

Failure or Difficulty During Operational Stage

Subsequent to completion, the CMSM becomes liable for the AHP funding should it fail/default on the mortgage or be unable to sustain affordable rents. The CMSM is required to indemnify the province on a 50% basis for the 38% federal contribution and 100% for 62% provincial contribution. For example:

	\$ Per Unit	Federal Share	Provincial Share
Allowable Unit Cost	\$70,000	\$26,600	\$43,400
Total AHP Funding Approved for Ten Units	\$700,000	\$266,000	\$434,000

Project Funded	Contribution	CMSM Liability (%)	CMSM Liability (\$)
Fed Share of AHP Fund Paid	\$266,000	50%	\$133,300
Prov Share of AHP Fund Paid	\$434,000	100%	\$434,000
Totals	\$700,000		\$567,300

This particular criteria is the central determining factor when considering participation in the program.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

There are very obvious impacts for the CMSM in both the short term and long term. However, the long term is perhaps of the most concern because once a project is built and occupied, the problem is not just restricted to financial but, rather, to one that involves people.

Mitigation Strategies / Conditions to Participating in the AHP

In developing a balanced and fair recommendation regarding the Rental and Supportive Housing Program, staff believe that a number of strategies should be in place and become a condition of our commitment to participate in the program. These strategies are discussed below and will be included in the Housing Delivery Plan.

The following strategies form the basis of the staff recommendation at the beginning of this report as it relates to this component of the program. The HDP will be presented to Joint Services in June at which time Council may decide not to participate or proceed conditional upon further discussions with the Ministry.

Rent Supplement

The MMAH will permit CMSMs to use Rent Supplement programs to support projects. This is one strategy to be considered in delivering the program. This would provide a level of stable financial support. Staff recommends that a percentage of units in any new projects be allocated for Rent Supplement.

Restricting the Number of Units per Project

Staff supports a "start small" philosophy with this program. Small scale projects may not necessarily meet the total community need but by starting small enhances the project's ability to be sustainable is enhanced. This, in turn, further minimizes the financial risk to the CMSM should the project become a project in difficulty (PID) at some time in the future. This will be particularly important for rural projects where consistent future demand for affordable housing may be challenged by virtue of population demographics.

Staff recommend that all projects being considered for AHP funding have both affordable housing units and market rent units with the latter comprising a larger percentage of the total.

Home Ownership

Staff recommend that projects providing permanent housing be required to allocate a percentage of their units for affordable ownership. The third component of the

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

AHP is “Homeownership”, further details in this regard follow. Utilizing this approach further supports viability and sustainability while at the same time maximizes the funding from the province as well as provides a greater mix of options for affordable housing.

Risk Factor Tool

Staff understand that various tools to test various “what if” scenarios have been developed by CMHC and other CMSMs and these tools are quite useful in evaluating projects and assessing potential risks. Staff will require each project to use these tools as part of their business planning process.

Selection Process

Staff believe that a well developed selection/evaluation process is the critical first step in mitigating risks to the project, the CMSM and the Ministry.

Summary

The above list is not intended to be exclusive but, rather, a few examples of options that staff recommend as conditions to participating in the program. It is our understanding that MMAH is open to creative solutions that meet local needs which would enable CMSMs to participate in the AHP. These options will need to be pursued further with MMAH.

Home Ownership Component of the AHP

The goal of this component of AHP is to assist low and moderate income rental households in purchasing affordable homes. ***Eligibility to participate in the Home Ownership Program is contingent upon the CMSMs participation in the Rental and Supportive Housing Program.***

Other objectives include:

- Ease the demand for rental housing by assisting renter households to purchase affordable homes;
- Free up social housing stock to address waiting lists;
- Provide low and moderate income individuals and families with an opportunity to move up the socio economic ladder through home ownership

Staff support these goals and believe that this component of the program offers an opportunity for home ownership for the working poor that otherwise would not be available.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

Twenty nine (29) units with an accompanying \$225,000 have been allocated to Leeds and Grenville under this component. The term of the agreement for the Homeownership Agreement is 15 years. CMSMs can partner with third parties to deliver the programs should they choose to offer this component of the program.

Should the program be phased out, any remaining funds would be returned to the province or reinvested into social housing subject to MMAH approval.

Unit Eligibility

Eligible units to be funded under the Homeownership Program must meet the following criteria:

- New units including conversions from non-residential use that include a new home warranty;
- Resale homes, provided a home inspection is undertaken at the prospective homeowners expense;
- Homes where the purchase price doesn't not exceed prices affordable to households at the 50th percentile of income or levels affordable to target groups who are on or are eligible to be on social housing waiting lists;
- To be located in urban and revitalized areas;
- Units may be attached, semi-detached town houses or apartments;
- Moderate in size relative to community standards

Should a home ownership unit be sold before the 15-year period expires, the owner is required to repay the original AHP contribution plus 5% of the realized capital gains. This amount is redirected to the Homeownership Revolving Fund.

As part of the agreement, the CMSM must establish a Home Ownership Revolving Fund using the allocated \$225,000. This is a permanent fund designed to provide sustainable ongoing support to eligible households to pursue homeownership. This program requires a 15-year commitment by the CMSM, following which the CMSM can choose to phase out the program or continue. It is expected that the fund will grow over time as a result of the homeowners repaying the total amount of assistance plus the 5% realized capital gains.

Eligible Households

In order to be eligible for this component of the program, purchasers must meet the minimum requirements:

- Be a renter or household buying a sole principal residence;
- Have incomes at or below the 50th percentile income level of the Service Manager area or the province whichever is lower;

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

- Meet any additional criteria as established and communicated by the CMSM (staff would further develop these criteria should council choose to participative)

Each CMSM is required to develop a transparent and competitive process for the purposes of selecting eligible home owners. The program must be marketed and communicated to the public and must include MMAH and CMHC as funders. Target groups will be identified using Affordable Housing Study data.

The homeownership assistance will be used as a down payment on the purchase – 5% of the cost of an eligible home.

This amount is paid at the time of the closing of the purchase and sale of the home. No interest on this amount can be charged.

The province has established a maximum allowable contribution per unit for each CMSM. The maximum allowable per family in Leeds and Grenville is \$9,000, with maximum annual income levels to qualify being \$52,800. The maximum allowable affordable housing prices identified for our area is \$175,500. This latter amount requires further discussion with the MMAH as it appears to be a rather high amount for our area.

Next Steps and Other Administrative Requirements

Housing Delivery Plan (HDP)

The Housing Delivery Plan (HDP) is the next step in the process and is a requirement for participation in the program. This plan is a statement of the municipalities affordable housing strategy and will address all components of the AHP that the CMSM intends to deliver. This HDP will establish the target groups for new development, unit size, etc. The basis of this plan will be formed from the data and recommendations of the Affordable Housing Study and will incorporate priorities and strategies as outlined above or others that Council chooses. The HDP will be a useful tool in communicating the overall strategy to the community. Further, and more importantly, this plan will govern the selection process for new projects being considered for funding.

While the HDP must be submitted by June 30, 2006 to the MMAH, revisions will be accepted up until October 31, 2006. Subject to Council approval of this report, staff will proceed with the development of the HDP for consideration by Joint Services in June. Further work and discussion will occur over the next few months with a goal to have a final plan which incorporates any changes by the end of September to the Joint Services Committee. Following that date, the submission will go forward to the MMAH to meet the October deadline.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

While the Housing Delivery Plan will provide a broad housing statement in the context of the Affordable Housing program for the UCLG, it will further outline those conditions that staff will develop relating to the approval process for projects under the Rental and Supportive Housing and Home Ownership components. Should Council decide that the conditions contained in this proposal are not sufficient to mitigate long-term risk, they can still decide not to participate in the program once it is forwarded to the Joint Services Committee. Further, the Housing Delivery Plan will require approval by the Ministry. Staff recommend that should the Ministry not approve the proposed strategies and conditions that we not participate in these components of the program.

Administrative Agreement

Following the approval of an HDP, an Administrative Agreement must be signed for each component of the program. This agreement will outline the roles and responsibilities of the province and the CMSM and provides the accountability framework for the program. The Agreement is still in the development stages. Before a final commitment to the program is made, staff recommend that a review of the Administrative Agreement occur.

The Administration Agreement sets out:

- Financial provisions;
- Eligibility criteria (target groups, rent levels and affordability periods);
- Indemnification and repayment provisions;
- Reporting, auditing and other accountability enforcement provisions;

Contribution Agreements

Each CMSM will enter into a Contribution Agreement with proponents delivering AHP in their catchments area. This agreement lays out the legal obligation and reporting requirements necessary for a project to confirm program compliance.

All of the above agreements will be reviewed by key staff (i.e. C.A.O., Director of Corporate Services and legal counsel) and forwarded with recommendations to the Joint Services Committee.

Administration of Program

In recognition of the additional administration related to the delivery of these programs, the following administrative fees have been allocated by the MMAH. Based upon current capacity in the CSS division, the ability to deliver this program

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

will hinge upon being able to hire additional staffing supports with the necessary experience and skill to oversee the program.

All three AHP Program components will require a significant amount of effort and work in the initial phases of start up following which the monitoring and administration of the programs will be absorbed into our current system.

If responsibility for all program components are combined, it is anticipated that 1.5 positions will be required. This would include an AHP Developer in addition to one part-time administrative support position. It is assumed that the AHP Developer position would be contracted for a period of 18 months until projects are up and running.

Funding allocations for administration for the various program components follow below:

Housing Allowance Administration Fee	Rental And Supportive Housing Administration Fee	Home Ownership Administration Fee
\$28,080	\$75,000	\$26,902

SUMMARY

The AHP program, while addressing a need, continues to reinforce the need for a greater long-term financial commitment by upper levels of government towards downloaded programs. The fact that there are still elements of the program that are not complete raise concerns for staff.

Staff share the concerns of Council and the conundrum that this program and others like it pose for members in making decisions. Balancing the needs of the community with escalating costs is no easy task.

Affordable housing is a fundamental need in a community; without adequate and affordable housing people cannot fully contribute to their community. In staff's view, affordable housing is as equally important as other elements of the municipal infrastructure. That being said, the long-term impact upon the CMSM of opting into this program must be given thorough consideration.

Staff understands that the province is recognizing the concerns of the CMSMs with respect to this program and, as such, are allowing a substantial amount of flexibility and room for creativity in developing the Housing Delivery Plan. Hopefully, this flexibility will lend itself to mitigating risk in order to enable Leeds and Grenville's participation.

Canada Ontario Affordable Housing Program (AHP)
May 29, 2006

Staff respectfully submits this report for your consideration.



Dorothy E. Theobald, Director
Community and Social Services



Date

Allan Brown, Manager
Finance and Special Services

Date



Nigel White
Director, Corporate Services/Treasurer



Date

Stephen J. Fournier
Chief Administrative Officer

Date

**Canada-Ontario Affordable Housing Program – CAHP
May, 2006**

Program	Descriptions	Allocation	Unit Allocation	Subsidy Per Unit	Administration Fee*	Per Year	Time Commitment
Housing Allowance / Rent Supplement	Rent supplement paid to landlords to bridge gap between affordable and market rent	\$288,000	30 units	\$57,000 per year \$160 per unit	\$28,080	\$5,616 per year	5 years
New Rental and Supportive Housing	Increase supply through new construction	\$1,750,000 40% Federal 60% Provincial	25 units	\$70,000 per unit**	\$75,000	(one time)	20 years
Home Ownership / Assistance	Low to moderate rental households purchase affordable housing	\$225,000	29 units	Max down payment contribution \$9,000 per house	\$26,902**	(one time)	15 years

* The Administration Fee is a one-time lump sum payment for the term of the agreement.

** Subsidy Per Unit – the \$70,000 per unit for the New Rental and Supportive Housing does not include any municipal contributions that may be granted which may lower the cost per unit overall of the project.

*** Administration Fee – In order to be eligible for the combined \$101,902 (total administration fee for New Rental and Supportive Housing programs combined), the Service Manager must take part in the New Rental and Supportive Housing, as well as the Home Ownerships Programs.