

Clause 24 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 26, 2015.

24

Investment in Affordable Housing for Ontario (2014 Extension) Program Preliminary Delivery Plan and Development Activity Update

Committee of the Whole recommends adoption of the following recommendations contained in the report dated February 24, 2015 from the Commissioner of Community and Health Services:

1. Recommendations

It is recommended that:

1. Council approve the preliminary Investment in Affordable Housing for Ontario (2014 Extension) Plan for submission to the Province.
2. Council authorize the Commissioner of Community and Health Services and Treasurer to amend the approved Program Delivery and Fiscal Plan for the purpose of reallocating funds between approved projects, and within program components, subject to Ministry approval.
3. Council adopt the provincially established Household Income Limits as the income limit for households moving into units funded under affordable housing programs and authorize the General Manager, Housing Services to adjust the income limit by up to 20%, on a case-by-case basis, to ensure timely rental of units.

2. Purpose

This report outlines details of the recently announced Investment in Affordable Housing for Ontario (IAH) (2014 Extension) Program and seeks approval of the Preliminary Delivery and Fiscal Plan to be submitted to the Province. The Region is requesting a deadline extension for submission to the Province from February 27, 2015, to March 31, 2015.

3. Background

The federal and provincial governments have confirmed their commitment to extend the Investment in Affordable Housing for Ontario Program

In March 2013, the federal government announced an agreement to extend the IAH Program, providing five additional years of funding. As with the previous IAH Program, the federal contribution is contingent on funds being matched by the Province.

In their budget approved in July 2014, the new provincial government announced the IAH (2014 Extension) Program with funding to be distributed over a six-year period (2014-2020).

This program provides both federal and provincial funding to support housing initiatives such as the development of new affordable rental housing and housing allowances for low-income households.

Funding has been committed to the Region over a six-year period on a 'use it or lose it' basis by December 31 of each fiscal year. Uncommitted funds cannot be carried forward to future program years.

On May 15, 2014, through the adoption of Clause No. 16 in Report No. 9 of Committee of the Whole, Council authorized the Commissioner of Community and Health Services to enter into all necessary agreements with the Province to administer the IAH (2014 Extension) Program and enter into funding agreements for the balance of 2014.

The Region has since entered into a Service Manager Administration Agreement with the Province that formalized the Region's participation in the program, and has submitted a Program Delivery and Fiscal Plan for the full Year 1 notional allocation of \$5,014,600 to the Richmond Hill Housing and Community Hub.

On December 19, 2014, the Region received a letter from the Minister of Municipal Affairs and Housing confirming the allocation of Year 2 to Year 6 funds for York Region. The Region's total allocation for the duration of all six program years totals \$45,505,900.

The Region is required to submit a Program Delivery and Fiscal Plan for Year 2 through Year 6 no later than February 27, 2015. The Region is requesting a deadline extension for submission to the Province from February 27, 2015 to March 31, 2015, to correspond with Council.

Investment in Affordable Housing for Ontario (2014 Extension)
 Program Preliminary Delivery Plan and Development Activity Update

Table 1 outlines the proposed use of the IAH (2014 Extension) funding over the six-year period of the program broken down by program component.

Table 1
IAH (2014 Extension) Program
Proposed Financial Commitment by Fiscal Year
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Program Component	Year 1 (2014-15)	Year 2 (2015-16)	Year 3 (2016-17)	Year 4 (2017-18)	Year 5 (2018-19)	Year 6 (2019-20)	Total
Rental	5,014,600	9,059,800	8,658,200	7,661,100	9,026,400	3,552,300	42,972,400
Homeowner -ship						750,000	750,000
Northern Repair	N/A	N/A	N/A	N/A	N/A	N/A	
Housing Allowance			396,000	1,387,500			1,783,500
Ontario Renovates	0	0	0	0	0	0	
Total	\$5,014,600	\$9,059,800	\$9,054,200	\$9,048,600	\$9,026,400	\$4,302,300	\$45,505,900

4. Analysis and Options

The proposed use of IAH (2014 Extension) funds will include capital and operating components

As with the original program, the IAH (2014 Extension) Program is intended to provide increased flexibility with accountability to Service Managers.

Due to the nature of the Program, funding is based on construction-readiness and urgency of housing need. The funding criteria for the Rental Housing component will allow for up to \$150,000 per unit for new affordable rental housing. Funds may not be used to renovate or repair existing projects.

Table 2 shows the proposed IAH (2014 Extension) Program Delivery and Fiscal Plan broken down by development project. Funding will also be allocated to support the Housing Allowance component and Homeownership component.

Investment in Affordable Housing for Ontario (2014 Extension)
 Program Preliminary Delivery Plan and Development Activity Update

Table 2
IAH (2014 Extension) Program Delivery and Fiscal Plan

Development Project	Year 1 (2014-15)	Year 2 (2015-16)	Year 3 (2016-17)	Year 4 (2017-18)	Year 5 (2018-19)	Year 6 (2019-20)	Total
Richmond Hill Housing and Community Hub	\$5,014,600	\$9,059,800	\$8,658,200				\$22,732,600
Woodbridge Redevelopment				\$3,488,700	\$9,026,400	\$3,552,300	\$16,067,400
Independent Affordable Housing Projects				\$4,172,400			\$4,172,400
Total Rental Housing Funds							\$42,972,400
Total Housing Allowance Funds			\$396,000	\$1,387,500			\$1,783,500
Total Homeownership Funds						\$750,000	\$750,000
IAH (2014 Extension)	\$5,014,600	\$9,059,800	\$9,054,200	\$9,048,600	\$9,026,400	\$4,302,300	\$45,505,900

Approximately \$38.8 million is earmarked to support the development of two Regionally-owned apartment buildings in York Region

It is proposed that a total of \$22,732,600 be committed to the Richmond Hill Housing and Community Hub project which is currently under construction. To date, \$5,014,600 has been committed using Year 1 funds.

It is proposed that \$16,067,400 million be committed to the Woodbridge redevelopment project. The Woodbridge redevelopment project will consolidate three Regionally-owned properties: 64 Abell Avenue, 275 and 259 Woodbridge Avenue to construct approximately 150 new affordable housing units. The project is currently in pre-development.

Investment in Affordable Housing for Ontario (2014 Extension) Program Preliminary Delivery Plan and Development Activity Update

\$4.17 million has been set aside to assist community housing providers

Funding must be committed in each program year. It is proposed that the Region allocate IAH (2014 Extension) Program funds in Year 4 to independent housing providers who wish to develop affordable rental housing in York Region.

It is anticipated that the proposed independent affordable housing projects will require additional lead time to secure all municipal approvals and finalize development design. Funding allocation for these groups is targeted in Year 4 to provide the necessary time required to meet the Program milestones. A Request for Pre-Qualification will be issued in 2015.

In the event that no viable independent project can be developed within the time constraints of the program, the funds will be reassigned to other Regionally-owned projects.

Participation in the Homeownership Component will allow for increased support for households in York Region and meet the goals of the Region's 10-year Housing Plan

A new aspect of the program being put forward by staff relates to assistance for affordable home ownership. While this support has been successfully used in other municipalities, it has not been an element of York Region's IAH allocations. The program would support Goal 4 of the 10-Year Housing Plan. A further report will be brought back to Council approving the program elements. Should Council not wish to engage in this aspect, it can be reassigned to other IAH elements such as housing allowances or third party projects.

The intent of this component is to provide renter households with an opportunity to move into homeownership and to ease the demand for rental housing by assisting renter households to purchase affordable homes. The Region could consider partnering with a community agency to administer this component of the funding.

Reallocation of capital funds between approved projects will ensure funds are fully utilized

Under the capital components of the IAH (2014 Extension) Program, all annual funding allocations must be committed to projects within specified timelines in each program year; otherwise, the outstanding funding allocation may be re-allocated to other Service Managers.

Investment in Affordable Housing for Ontario (2014 Extension) Program Preliminary Delivery Plan and Development Activity Update

It may be necessary for the Region to reallocate capital funds between approved projects in the event that: Regional project proforma change; additional funds become available from alternate sources; or, in the event that there is limited uptake from community housing providers and/or other program participants. To ensure funds are fully utilized, the Region must be in a position to quickly respond to these changes.

Due to the transition between existing housing allowance households from the original IAH program to the IAH (2014 Extension), the Region may be required to amend the Program Delivery and Fiscal Plan to reflect the blending and extending of households into the new program.

It is therefore recommended that both the Commissioner of Community and Health Services and the Commissioner of Finance and Regional Treasurer be authorized to reallocate funds between approved projects, subject to necessary approval from the Ministry of Municipal Affairs and Housing.

Should the reallocation of IAH (2014 Extension) funds result in changes to project financing above approved levels, a report will be brought back to Council.

\$1.78 million is required to continue the Housing Allowance Shared Delivery Program and to set aside funds for relocation of tenants in future redevelopment projects

The Region entered into an agreement with the Province for a Housing Allowance Program for the years 2013 through 2017, under the initial IAH Program, providing 185 households housing cost assistance in the amount of \$250 per month. This component operated on a shared delivery model in which the Ministry of Finance issued cheques directly to households and was responsible for the administration component.

Under the Region's proposed IAH (2014 Extension) Program funding structure, the Region will be able to continue with a Housing Allowance Program on a shared delivery model beyond 2017 by providing monthly support to 185 households in the amount of \$250 per month.

Of the \$1.78 million, \$396,000 has been set aside in Year 3 of the program for a temporary housing allowance in order to assist with the relocation of 15 rent-gear-to-income households from Woodbridge Lane, 275 Woodbridge Avenue and one other potential location in order to facilitate future redevelopment plans. Some of these households will have the option of returning when the new buildings open.

Investment in Affordable Housing for Ontario (2014 Extension)
 Program Preliminary Delivery Plan and Development Activity Update

Program guidelines require the Region to establish an income limit for all IAH funded rental units at the time of initial occupancy

On April 22, 2010, Council approved Report No. 3 of the Community and Health Services Committee approving updates to the Municipal Housing Facilities By-law. The report accompanying the By-law set the income limit for affordable housing units at the 50th income percentile (\$89,250 – 2011 Census data) applicable to households in York Region as determined by Statistics Canada.

The Region’s affordable housing program buildings include a mix of households who pay a “market rent” which cannot exceed the average market rent for the area and households receiving a rent subsidy. Although the 50th income percentile would permit a higher income household to live in the building, most “market rent” households are well below the maximum. For example, the median income for “market rent” one-bedroom households in newly built affordable housing buildings is \$26,478.

Provincial Household Income Limits reflect local rental market conditions

Replacing the 50th income percentile criteria with the provincial Household Income Limits would better enable the Region to target new affordable rental units to appropriate households. Table 3 provides the 2015 Household Income Limits for York Region.

Table 3
2015 Household Income Limits for York Region – O.Reg. 370/11

Unit Size	Bachelor Unit	1 bedroom	2 bedroom	3 bedroom	4 bedroom or larger
Maximum household income	\$35,000	\$41,000	\$48,000	\$58,000	\$70,000

Investment in Affordable Housing for Ontario (2014 Extension) Program Preliminary Delivery Plan and Development Activity Update

This recommendation to target households with incomes that fall within the Household Income Limits will be limited to the projects being developed with the current IAH funding. The change will have no impact on the projects' revenue and will ensure that those most in need are being accommodated. Annual income reviews will be conducted to ensure that they continue to maintain eligibility once they become tenants. If incomes rise above the Household Income Limits and the 20% discretion, they will be given notice that they no longer qualify for their units. This provision is needed to ensure that tenants move through the housing continuum to make room for those with a greater financial need.

This change to income limits will also mean that a small percentage of the persons on the waiting list may not qualify for this program; however other options will remain available to these applicants. This may change in future as staff review the current policies for applicants and tenants to ensure that our programs are focused on providing assistance to those most in need, and ensuring that we are utilizing our assets to maximize growth for our portfolio. A more comprehensive report will follow later in 2015 that will provide policy and subsidy options for Council's consideration.

Although the Household Income Limits reflect reasonably current data, there may be circumstances where building specific circumstances make it difficult to find a suitable tenant with incomes below the limit. For example, units modified for people with physical disabilities are rented to households who need those modifications. Rather than leave a unit sitting vacant, in the event that a suitable household is not identified in a timely manner, this report recommends that the General Manager, Housing Services be authorized to approve households with incomes that exceed the limit by no more than 20%. This exception can also be used to allow tenants who rise above the Household Income Limits more room to plan a successful exit from the program.

Link to key Council-approved plans

The need for more affordable housing options is a recurrent theme in the Region's strategic framework. *Vision 2051* has a goal of "Appropriate Housing for all Ages and Stages". The *Regional Official Plan* includes "promoting an appropriate mix of range of acceptable housing to meet the needs of residents and workers" as a key objective and the *Corporate Strategic Plan* addresses the need to "support healthy communities through a broad range of housing choices and supports to meet the diverse needs of residents". Increasing the rental housing supply is one of the four goals outlined in the Council-approved *10-Year Housing Plan*.

5. Financial Implications

The commitment of the Year 2 to Year 6 funding allocation from the IAH (2014 Extension) solidifies federal/provincial funding estimated with the 2015 Proposed Capital Budget to develop affordable housing units in York Region, while having no direct impact on the Regional tax levy.

Approximately \$38.8 million of the \$45.5 million funding from the IAH (2014 Extension) Program is expected to be directed in support of Regionally-owned assets.

6. Local Municipal Impact

With one of the lowest vacancy rates in Ontario, the Region is experiencing a significant demand for affordable rental housing with considerable demand for units in the southern municipalities. The IAH (2014 Extension) Program will address this need with funding for Regionally-owned construction projects in the southern municipalities, as well as work with independent housing providers to provide new affordable housing units throughout York Region.

It will also provide much needed relief for over 200 households in need of assistance with their housing costs and support 15 households by providing down payment assistance.

7. Conclusion

The IAH (2014 Extension) Program will support the Region's efforts to develop and produce affordable housing to residents and families from the waitlist. The Program will provide York Region with the flexibility to deliver much-needed affordable rental housing, meeting local needs as well as contribute to affordable home ownership.

This report seeks approval of the Preliminary Delivery and Fiscal Plan for submission to the Province and outlines IAH (2014 Extension) Program components that the Region is participating in. The Plan will be updated and brought back to Council at intervals.

For more information on this report, please contact Rick Farrell, General Manager, Housing Services at Ext. 72091.

Investment in Affordable Housing for Ontario (2014 Extension)
Program Preliminary Delivery Plan and Development Activity Update

The Senior Management Group has reviewed this report.

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