



**CITY OF KINGSTON**  
**INFORMATION REPORT TO AFFORDABLE**  
**HOUSING ADVISORY COMMITTEE**

**Report No.: AHC-11-006**

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**TO:** Chair, Affordable Housing Advisory Committee  
**FROM:** Lanie Hurdle, Commissioner, Community Services Group  
**RESOURCE STAFF:** Lee Campbell, Acting Manager, Housing Department  
**DATE OF MEETING:** 2011-10-13  
**SUBJECT:** Investment in Affordable Housing for Ontario

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**EXECUTIVE SUMMARY:**

The Province of Ontario recently announced the Investment in Affordable Housing (IAH) for Ontario program. It is a joint initiative between Ontario and the federal government which will provide \$480.6 million in funding province-wide for the creation and repair of affordable housing over four years (2011-12 to 2014-15).

Each Service Manager has received confirmation from the Ministry of Municipal Affairs and Housing (Ministry) of their total notional funding which is divided by fiscal year for Years 2 to 4, starting in 2012. The Ministry has advised that the total notional funding allocation for the City of Kingston, as Consolidated Municipal Service Manager for the City of Kingston and County of Frontenac, is up to \$4,756,006 for Years 2 to 4.

IAH has six components, Rental Housing, Homeownership, Northern Repair, Ontario Renovates, Rent Supplement, and Housing Allowance. Service Managers may select all or some components to deliver each year.

Staff have reviewed the program guidelines and taking into consideration the approval of the recommendations set out in Council Report #11-226 (September 6, 2011) on municipally funded affordable housing programs, are suggesting that the IAH funds be used for three of the components: Rental Housing; Ontario Renovates; and Rent Supplement all beginning in 2012. Staff are recommending programs that meet the needs along the housing continuum and that can be sustainable. Exhibit A of this report provides the proposed allocation of provincial funding over the next three years. Exhibit B provides an overview of combined potential provincial and municipal affordable housing funding over the next ten years.

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**RECOMMENDATION:**

THAT Council endorse the proposed provincial allocation of Investment in Affordable Housing as described in Exhibit A of this report; and

THAT Council direct staff to submit a plan to the Province outlining this funding allocation for the purpose of completing an Administration Agreement with the Province; and

THAT Council direct staff to create a reserve fund for rent supplement funding which will be received between 2012 and 2015 and reallocated over a period of 10 years.

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**AUTHORIZING SIGNATURES:**

ORIGINAL SIGNED BY COMMISSIONER <hr/> Lanie Hurdle, Commissioner, Community Services
ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER <hr/> Gerard Hunt, Chief Administrative Officer

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Cynthia Beach, <i>Sustainability and Growth</i>	NR
Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

***(N/R indicates consultation not required)***

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**OPTIONS/DISCUSSION:**

**Introduction**

The recently announced Investment in Affordable Housing (IAH) for Ontario program provides provincial and federal funding to municipalities for the delivery of local affordable housing programs. Ontario’s Long-Term Affordable Housing Strategy (LTAHS) set the ground work for this program.

This new initiative offers six program components aimed at addressing affordable housing needs across the housing continuum. It provides increased flexibility and accountability to municipal Service Managers to deliver affordable housing that will help to meet the needs in their communities. Service Managers may select all or some components to deliver each year using their full annual funding allocations.

**Funding Allocations**

The Ministry of Municipal Affairs and Housing (Ministry) advised the City of Kingston, as Consolidated Municipal Service Manager (Service Manager) for the City of Kingston and County of Frontenac, that the total notional funding allocation is up to \$4,756,006 and is divided by fiscal year, as shown below. The funding allocation for each Service Manager, is based on the Service Manager’s share of the province’s households and the number of households in core need for the Service Manager area.

Year 1 2011-12	Year 2 2012-13	Year 3 2013-14	Year 4 2014-15	TOTAL
Transitional year No funding	\$1,951,708	\$1,955,202	\$849,096	\$4,756,006

Funding must be “committed” by December 31<sup>st</sup> of each fiscal year or it may be re-allocated to another Service Manager and funding cannot be moved between fiscal years. “Committed” is defined as the Service Manager entering into a funding agreement with a proponent, client, or landlord.

The Ministry has designed Year 1 (2011-12) as a transitional year and no allocation is being provided for this year. Service Managers who have the capacity to commit funds by December 31, 2011, are encouraged to do so, however, any funds approved or received in Year 1 will be deducted from their annual allocations for Years 2 to 4.

**Administration Agreement**

The Service Manager is required to sign an Administration Agreement (AA) with the Province before any funds can be received and no later than January 31, 2012. The AA sets out the Service Manager’s accountability and responsibilities in delivery of the IAH program.

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After signing the AA, Service Managers will receive \$100,000 in up-front administration fees for planning and pre-development activities. This funding is in addition to the notional allocation. In addition, for administration of Years 2 to 4, Service Managers may use up to 5% of each year's funding allocation which the Ministry will pay at the beginning of each fiscal year.

**Program Delivery and Fiscal Plan (PDFP)**

Service Managers are required to develop and submit a Program Delivery and Fiscal Plan (PDFP) that will outline how their annual funding allocations will be used in each fiscal year. The PDFP must be Council approved and must be completed, submitted and approved by the Ministry prior to receiving any IAH funding for Years 2 to 4 and no later than February 28, 2012.

Service Managers are required to update and submit their PDFP on a quarterly basis. The Ministry will use the PDFP to track each Service Manager's progress against their allocation and to report back to the Province and Canada Mortgage and Housing Corporation (CMHC).

**Program Components**

The IAH offers six program components.

- Rental Housing – increase supply of affordable rental units
- Homeownership –down payment assistance for renter households to purchase a home
- Northern Repair – available only in Year 1(not available in this geographical area)
- Ontario Renovates – incorporates the suite of federal rehabilitation programs known as Residential Rehabilitation Assistance Program (RRAP)
- Rent Supplement – rent subsidy paid directly to the landlord on behalf of the household
- Housing Allowance – rent subsidy paid directly to the household

Service Managers may select which components they will deliver each year and funding must be spent within that fiscal period or it will be reallocated to other Service Managers. Rent Supplement is the only program component that can be carried over beyond 2015. Municipalities have the ability to reallocate provincial funding for rent supplements over a period of ten (10) years.

Staff is suggesting that the City of Kingston select three of the six components, Rental Housing, Ontario Renovates and Rent Supplement.

Staff has reviewed the program guidelines and the affordable housing program incentives recently approved by Council to identify gaps and incentives that would contribute to the continuum of housing needs. Program incentives endorsed by council for municipal funding allocations include:

1. Home ownership program,
2. Land banking/acquisition program
3. Capital projects for funding

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Rent supplements were identified for municipal funding consideration but not approved by Council.

**Rental Housing**

Rental Housing is meant to increase the supply of rental housing for households on or eligible to be on, social housing waiting lists and will ensure that safe, adequate and affordable rental housing is available to Ontario households. This funding will be in addition to the municipal funding allocated for capital projects but will have to follow guidelines set under the Investment in Affordable Housing program.

**Eligibility Criteria**

- New construction, including additions and extensions may be on social housing lands with the appropriate consents
- Acquisition and rehabilitation of projects in danger of being lost to the rental housing stock
- Conversion of non-residential buildings or units to purpose-built rental buildings/units
- Units must be self contained and modest in size and amenities
- Congregate units for supportive housing may be eligible

**Projects Not Eligible:**

- Social housing that receives ongoing federal subsidies
- Shelters and crisis care facilities
- Secondary suites in owner-occupied housing
- Nursing and retirement homes

**Affordability and Rental Criteria:**

- Households should be on or eligible to be on the social housing waitlist (not a requirement)
- Service Managers must establish maximum income levels applicable at initial occupancy
- Average rent in the project must be at or below 80% of CMHC Average Market Rent (AMR)
- Rent for any unit cannot be above the CMHC AMR
- Rents must remain affordable for a minimum period of 20 years

**Project Selection and Approval Process:**

Service Managers will recommend projects to the Ministry for final approval. Recommended projects shall:

- Be submitted to the Ministry between April 1 and September 30 of each fiscal year
- Be approved by Council
- Have all required municipal approvals or be well advanced in the planning process
- Be able to sign a Contribution Agreement (CA) no later than December 31<sup>st</sup> of each year
- Start construction within 120 days after signing a CA
- Meet all affordability and rental criteria

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Incorporates federal rehabilitation programs, including the Residential Rehabilitation Assistance Program (RRAP), formally delivered by CMHC. Service Managers have been notified that CMHC will cease to deliver this ongoing program in 2012 and that Service Managers can choose to continue this program with IAH funding. Staff believe that this program is valuable and should be maintained in the community. There are two components:

Home Repair

To assist home owner households with repairs needed to:

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

Households must:

- have an income at or below the 60<sup>th</sup> income percentile as provided by the Ministry
- own the home that is their sole and principal residence with a market value at or below the average MLS resale price as provided by the Ministry

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
- Existing shelters repair, rehabilitate and improve units that assist victims of family violence
- Low to moderate income home owners to create a new affordable rental unit in an existing single family home

Ineligible Projects

- Shelters that do not house victims of family violence, crisis care facilities (including hostels) and nursing homes
- Projects receiving capital support from the Ministry of Health and Long-Term Care (MOLTC) or the Ministry of Community and Social Services (MCSS)
- Social housing as defined under the Housing Services Act, 2011

Rent Supplements

- Is paid directly to the landlord on behalf of the household
- Is the difference between the rent that a household can afford to pay based on a rent-geared-to-income calculation and the market rent

Eligibility Criteria

- Households must be on or be eligible to be on the social housing waiting list
- Household may be residing in social housing paying market rent
- Subsidy can be provided in unit currently occupied by household (in-situ)
- Unit market rent must be at or below CMHC Average Market Rent
- Service Manager must set local occupancy standards

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- Service Manager must conduct annual or more frequent income testing

**Components Not Selected**

**Homeownership:**

On September 6, 2011, City of Kingston Council approved recommendations set out in Report #11-226, Affordable Housing Program Incentives which included municipal funding for a homeownership program beginning in 2012

**Housing Allowance:**

The rent subsidy is paid directly to the household. If the allowance is reported as income, the raised income level may affect the household's eligibility or payment amounts for other programs such as Ontario Works and Guaranteed Income Supplement.

**Northern Repair:**

Not applicable to this area

**EXISTING POLICY/BY LAW:**

N/A

**NOTICE PROVISIONS:**

N/A

**ACCESSIBILITY CONSIDERATIONS:**

N/A

**FINANCIAL CONSIDERATIONS:**

A total of \$4,756,006 in provincial and federal funding will be allocated to the City of Kingston as the Service Manager for both the City and the County of Frontenac. This funding will be allocated over a three (3) year period starting in 2012. Exhibit A includes a table showing the proposed funding allocation from 2012 to 2015. This funding has no impact on municipal taxes.

**CONTACTS:**

Lanie Hurdle, Commissioner, Community Services Group

613-546-4291 ext. 1231

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Mary McIntyre, Housing Programs Administrator, Housing Department

Lee Campbell, Acting Housing Manager, Housing Department

**EXHIBITS ATTACHED:**

Exhibit A – Proposed allocation of Investment in Affordable Housing

Exhibit B – Combined potential municipal and provincial affordable housing funding



### AHC-11-006 Exhibit A – Proposed Allocation of Investment in Affordable Housing

Table 1 - Outlines the Provincial allocations to be made to the City of Kingston on an annual basis from 2012 until 2015. Total annual allocations have been predetermined by the Province. Staff are proposing a breakdown for this funding as outlined below. Funds must be committed on an annual basis for the 3 year period and rent supplement funding can be carried over a of ten year period as outlined in Table 2 below.

<b>PROGRAMS</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>TOTAL</b>
Ontario Renovates	\$200,000	\$200,000	\$200,642	\$600,642
Rent Supplements (Provincial Allocation)	\$60,000	\$1,657,442	\$606,000	\$2,323,442
Rental housing	\$1,594,123	0	0	\$1,594,123
Administrative Fee (5%)	\$97,585	\$97,760	\$42,454	\$237,799
<b>TOTAL</b>	<b>\$1,951,708</b>	<b>\$1,955,202</b>	<b>\$849,096</b>	<b>\$4,756,006</b>

Table 2 – Outlines how the City of Kingston can allocate the provincial rent supplement funding over a ten year period. which aims to provide sustainability to the rent supplements.

<b>PROGRAMS</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Ontario Renovates	\$200,000	\$200,000	\$200,642	\$0	\$0	\$0	\$0	\$0	\$0	\$600,642
Rent Supplements	\$60,000	\$163,442	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$2,323,442
Rental housing	\$1,594,123	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,594,123
Administrative Fee (5%)	\$97,585	\$97,760	\$42,454	\$0	\$0	\$0	\$0	\$0	\$0	\$237,799
<b>TOTAL</b>	<b>\$1,951,708</b>	<b>\$461,202</b>	<b>\$543,096</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$4,756,006</b>

### AHC-11-006 Exhibit B – Combined potential municipal and provincial affordable housing funding

This table provides an overview of potential provincial and municipal funding in affordable housing programs over the next ten (10) years. It should be noted that there could be changes to both provincial and municipal programs during that period of time. For example, the sustainability of Ontario Renovates will be reviewed over the next few years. The purpose is to provide Committees and Council with an overview of programs.

<b>PROGRAMS</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
Ontario Renovates (Provincial)	\$200,000	\$200,000	\$200,642	\$0	\$0	\$0	\$0	\$0	\$0	\$600,642
Rent Supplements (Provincial)	\$60,000	\$163,442	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$2,323,442
Rental housing/Capital Grants	\$2,594,123	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$6,594,123
----- Provincial/ Municipal	\$ 1,594,123 \$1,000,000	\$ 0 \$1,000,000	\$0 \$1,000,000	\$0 \$1,000,000	\$0 \$1,000,000					
Land Banking/ Acquisition (Municipal)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$5,000,000
Home Ownership (Municipal)	\$60,000	\$120,000	\$160,000	\$160,000	\$160,000	\$0	\$0	\$0	\$0	\$660,000
Administrative Fee (5%)	\$97,585	\$97,760	\$42,454	\$0	\$0	\$0	\$0	\$0	\$0	\$237,799
<b>TOTAL</b>	<b>\$4,011,708</b>	<b>\$2,581,202</b>	<b>\$2,703,096</b>	<b>\$2,460,000</b>	<b>\$2,460,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$15,416,006</b>