



CITY OF KINGSTON

**REPORT TO HOUSING AND HOMELESSNESS
ADVISORY COMMITTEE**

Report No.: HHC-12-004

TO: Chair, Housing and Homelessness Advisory Committee

FROM: Lanie Hurdle, Commissioner, Community Services Group

RESOURCE STAFF: Sheldon Laidman, Director, Housing Department

DATE OF MEETING: January 12, 2012

SUBJECT: Forgivable Loan Criteria
Committee Report No.: HCC-12-002 - Assignment of Housing
Provider Net Operating Surplus Repayable to Service Manager

EXECUTIVE SUMMARY:

At the December 8, 2011 meeting, when reviewing *Housing and Homelessness Committee Report HCC-12-002 - Assignment of Housing Provider Net Operating Surplus Repayable to Service Manager*, members of the Housing and Homelessness Committee requested additional information and insight into the intent and criteria associated with "Forgivable Loans".

This report provides information on the documentation required to apply for a loan and criteria used to evaluate eligibility for a forgivable loan.

RECOMMENDATION:

This report is for information only.

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AUTHORIZING SIGNATURES:

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

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, <i>Sustainability and Growth</i>	NR
Denis Leger, <i>Transportation, Properties & 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:

On December 8th, staff submitted a recommendation report to amend By-Law 2003-88, being a By-Law to Authorize the Establishment of a Social Housing Capital Reserve Fund (Purpose – Create a Sustainable Source of Funding For Capital Projects For Local Not-For-Profit Housing Providers). The By-Law which was initially set up to provide loans to social housing providers for repairs to social housing units was proposed to be amended to include the ability to provide forgivable loans.

This December 8, 2011 report included the following recommendations with were endorsed by the Committee. Additional information on criteria used to determined how a loan will be considered for forgiveness was also requested by the Committee at this same meeting.

THAT By-Law 2003-88, being a By-Law to Authorize the Establishment of a Social Housing Capital Reserve Fund (Purpose – Create a Sustainable Source of Funding For Capital Projects For Local Not-For-Profit Housing Providers) be amended to reflect the following:

THAT Council approves the allocation of social housing providers' identified net surplus repayable funds to the Social Housing Capital Reserve Fund, and

THAT Council endorses expanded access to the Social Housing Capital Reserve Fund to include the installation of Renewable Energy Systems, and

THAT when and as deemed necessary and appropriate, housing providers which, due to size, economies of scale and varying ability to repay loans, may be approved to receive a forgivable loan rather than a repayable loan from the Social Housing Capital Reserve Fund.

The following sections below provide information on the type of documentation and information that is required to apply and be considered for a loan as well as the criteria of consideration for staff to recommend to Council forgiveness of a loan.

Information required to be considered for a loan from the Social Housing Capital Reserve Fund.

Housing Providers must submit a business case to the Service Manager in such form as prescribed by the Service Manager and will include but not be limited to the following documentation and information:

- A description of the portfolio including such details as; number of units, building types, target group, and other details that may factor into the Review Committee's consideration, etc.,
- Housing Provider's current Capital Reserve Account,
- Housing Provider's current accrued Operating Surplus Account,

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- Most current audited financial statements,
- Remaining term of the Operating Agreement,
- A copy of the housing provider's most recent Building Condition Assessment, Asset Planner Reports/Projections and 5 year Capital Plan,
- A spread sheet showing past spending patterns,
- Advise of the requested loan amount,
- A thorough description of the purpose of the Capital Project / Repair and the work to be done
- Estimate of repair costs (including competitive estimates and specifications if available)
- A description of anticipated ramifications and a contingency plan if a loan is not granted
- (Note: for Renewable Energy Project loans it is anticipated that further documentation will be required around cost/benefit analysis)

Criteria of consideration for a forgivable or partially forgivable loan from the Social Housing Capital Reserve Fund

- Must include all of the information required for the application for a loan;
- A Housing Provider requesting a "Forgivable Loan" would be required to state and demonstrate that, if funding is not provided, the Provider would be in jeopardy of becoming a "Project in Difficulty" (PID). (NOTE: A Housing Provider is considered to be a PID if the Service Manager is of the opinion that, because of the financial position or the projected financial position of the Housing Provider that operates the housing project, the housing provider is likely to fail to meet a material financial obligation within 12 months after the end of the current fiscal year);
- Only the minimum portion of the amount of the total loan will be forgiven based upon a review of the financial situation of the provider and their ability to repay the loan (or a portion of the loan);
- Provide a recommended Action Plan, to identify future financial and operational processes that will ensure long term sustainability and service; and
- Forgivable loans will be based on a 10 year period which would be reduced by 10% each year with the condition that if the operating agreement between the City of Kingston and the Housing Provider expires before 10 years, the balance of the loan becomes due and payable. However, to maintain rent-geared-to-income units in the City's portfolio, the loan repayment would not be required if the housing provider enters into a rent supplement agreement with the City upon the expiration of their operating agreement to cover at least the term of the forgivable loan.

EXISTING POLICY/BY LAW:

By-Law 2003-88, being a By-Law to Authorize the Establishment of a Social Housing Capital Reserve Fund (Purpose – Create a Sustainable Source of Funding For Capital Projects For Local Not-For-Profit Housing Providers)

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NOTICE PROVISIONS:

N/A

ACCESSIBILITY CONSIDERATIONS:

N/A

FINANCIAL CONSIDERATIONS:

N/A

CONTACTS:

Lanie Hurdle, Commissioner, Community Services Group

613-546-4291 ext. 1231

OTHER CITY OF KINGSTON STAFF CONSULTED:

Lee Campbell, Acting Housing Manager, Housing Department

Rob Rowe, Housing programs Administrator, Housing Department

EXHIBITS ATTACHED:

N/A