



**City of Kingston
Report to Council
Report Number 15-166**

To:	Mayor and Members of Council
From:	Lanie Hurdle, Commissioner, Community Services
Resource Staff:	Sheldon Laidman, Director, Housing and Social Services
Date of Meeting:	February 17, 2015
Subject:	Investment in Affordable Housing for Ontario – 2014 Program Extension – Recommended Funding Allocations

Executive Summary:

The Investment in Affordable Housing (IAH) program provides provincial and federal funding for the delivery of affordable housing programs at the local level. The Provincial and Federal governments announced the extension of the IAH program to provide an additional six years of funding to be disbursed through to 2020. The total notional funding allocation for the local service area, which includes the City of Kingston and the County of Frontenac, is \$9,118,800 to be distributed over the six years of the program.

Under the IAH program, Service Managers are required to identify local housing needs and allocate the funding amongst five different affordable housing program streams. In order to fulfill the obligations of the funding commitments, the Service Manager must submit to the Ministry of Municipal Affairs and Housing (the Ministry) a plan for the delivery of the program and the disbursement of the funding over the six year horizon of the program.

Based on the 10 Year Housing and Homelessness Plan, knowledge of ongoing and planned local housing initiatives as well as experience disbursing IAH program funding in the past, staff is recommending that the funding be allocated to the Rental Housing, Ontario Renovates, and Rent Supplement program streams.

The purpose of this report is to seek Council direction only on which program streams to fund and the amount of funding to be devoted to each program stream. Decisions as to what agencies or organizations will receive this funding or administer the funding will be done in accordance with Ministry guidelines and the City's procurement policies.

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Recommendation:

That Council approve the allocations of the Investment in Affordable Housing for Ontario Extension program as described in Exhibit A to Report Number 15-166; and

That Council direct staff to submit the Program Delivery and Fiscal Plan to the Province outlining the six year Investment in Affordable Housing program funding allocations in accordance with the Service Manager Administration Agreement; and

That Council reallocate the \$153,488 approved through Council Report Number 15-011, attached as Exhibit B to Report Number 15-166, for 720 Princess Street rental housing to the IAH Rent Supplement program; and

That Council change the funding source for the 720 Princess Street capital program by allocating \$153,488 from the Capital Investment in Affordable Housing program previously approved in the 2015 capital budget; and

That Council approve the establishment of an Investment in Affordable Housing Reserve for the Provincial funding of this program

Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	

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Options/Discussion:**Introduction**

The Investment in Affordable Housing (IAH) program provides provincial and federal funding for the delivery of affordable housing programs at the municipal level. This funding program is part of the Province's commitment to support the development of affordable housing opportunities as directed under Ontario's Long-Term Affordable Housing Strategy (LTAHS). In August of 2014 the provincial and federal governments announced the extension of the IAH program and established the Year 1 (2014-2015) funding allocations. Council approved the Year 1 commitments by way of the resolutions associated with Council Report Number 15-011 dated December 16, 2014. On December 18, 2014 the Service Manager received notification from the Ministry of the Years 2 – 6 funding allocations. The allocation of the Years 2-6 funding towards each of the eligible program components is the subject of this report.

The IAH program includes five program components aimed at addressing affordable housing needs across the housing continuum. The program is designed to allow funding to be allocated amongst the program funding components to best respond to the local needs in the community. The IAH program components extend funding to programs that the Service Manager has delivered through previous iterations of this provincial affordable housing program.

Funding Allocation

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 \$9,118,800 and is distributed by fiscal year, as shown in Table 1 below. The funding allocation provided to each Service Manager across the province is based on the service area's proportional share of the province's households.

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
\$927,800	\$1,832,700	\$1,831,600	\$1,830,400	\$1,826,000	\$870,300	\$9,118,800

In Year 1 the funding must be committed no later than January 30, 2015. In the subsequent five years of the program, commitments must be made by December 31st of each program year. In order to meet the program's timelines, the Year 1 funding commitments were approved within Council Report Number 15-011 dated December 16, 2014.

Administration Agreement

The Service Manager signed an Administration Agreement with the province in November 2014 which sets out the Service Manager's accountability and responsibilities in the delivery of the IAH program. In accordance with the IAH Program Guidelines, the Service Manager may use up to 5% of each year's funding allocation to administer the program.

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Program Delivery and Fiscal Plan (PDFP)

Under the IAH Program, Service Managers are required to develop and submit a Program Delivery and Fiscal Plan (PDFP) that outlines how the annual funding allocations will be used in each fiscal year. The Ministry requires the PDFP to support the goals and objectives of the needs established within the Service Manager's Housing and Homelessness Plan.

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 five program components available under the IAH include:

Capital Funding Components

1. Rental Housing – capital funding to create new affordable housing units
2. Homeownership – down payment assistance for renter households to purchase a home
3. Ontario Renovates – provides low income homeowners with funding to maintain their homes in a habitable condition

Operating Components

4. Rent Supplement – rent subsidy paid directly to the landlord on behalf of the household
5. 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 can be revoked at the discretion of the Ministry. The Operating Components are the only funding commitments that may extend beyond 2020 until March 31, 2024 which allows the rent supplements to be in place for a longer period of time.

Staff have reviewed the Program Guidelines and the Program Components in relation to the local housing needs as outlined within the 10-Year Housing and Homelessness Plan. Based on this assessment and in accordance with the program guidelines and procedures, staff are recommending participation within the Rental Housing, Ontario Renovates and Rent Supplement program components.

Rental Housing

The Rental Housing component is intended to increase the supply of affordable rental housing to be made available to low to moderate income households. Eligible projects include new construction, acquisition and rehabilitation of existing residential buildings to maintain or increase the affordable housing stock, and the conversion of non-residential buildings or units to rental housing units. Funding under the Rental Housing component provides up to the lesser of \$150,000 or 75% of the per unit development costs. In exchange the proponent is required to maintain the units at affordable rental rates (i.e. 80% CMHC Average Market Rent) for a minimum 20 year period. In accordance with the Program Guidelines, Service Managers are required to establish maximum income limits for IAH funded units which must be verified at the time of a tenant's initial occupancy. Since 2006 when the Province introduced its first Affordable

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Housing Program, various levels of funding have provided \$28,000,000 to proponents to develop 373 affordable housing units in the City and the County. Staff are recommending to continue allocating funding towards this program to continue in this important endeavour.

Ontario Renovates

The Ontario Renovates component provides financial assistance to renovate, rehabilitate, and/or incorporate accessibility modifications for housing owned by low to moderate income households. The objectives of the program include improving living conditions for households in need of financial assistance and fostering independent living for seniors and persons with disabilities by providing financial assistance to support accessibility enhancements. Eligible program components include but are not limited to: heating systems, doors and windows, foundations, roofs, walls, floor, ceilings, electrical systems, septic systems, wells, etc. Accessibility enhancements can include but are not limited to ramps, handrails, chair and bath lifts, accessible door bells, fire alarms, etc. This program has been delivered locally since 2012 and \$598,000 has been provided to 88 households to assist them in maintaining their homes and avoid homelessness.

Rent Supplements

The Rent Supplement component provides a subsidy paid directly to the landlord on behalf of a household in need of rental assistance. The monthly value of the subsidy 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 for the unit. Eligible households must be on, or be eligible to be on, the social housing waiting list and have a household income consistent with the criteria established under the *Housing Services Act, 2011*. Staff recommend funding under this component to assist in acquiring affordable housing for households eligible for support services under the Housing First/Rapid Re-Housing Program as part of the implementation of the 10 Year Housing & Homelessness Plan as a first priority. As a secondary priority, the funding may also be used to assist households on the Centralized Wait List or to be added to other housing projects as deemed appropriate.

It is anticipated that at least 4 households can be provided with a rent supplement during Year 1 of the program, 44 households in Year 2 and 57 households in Year 4.

Program Allocations

Exhibit A outlines the proposed IAH funding allocations by program year and by program component.

Year 1 Program Allocation

In accordance with the Program Guidelines, the Service Manager was required to report the 2014-2015 proposed allocations to the Ministry by December 31, 2014. Council Report Number 15-011 dated December 16, 2014 obtained Council's approval for the majority of the Year 1 funding to be directed to the Kingston and Frontenac Housing Corporation's 40 Cliff Crescent 29-unit apartment development project. In addition, a small portion of the funding was to be directed to the 720 Princess Street redevelopment project which will include 19 affordable housing units including 10 units to support the Housing First program. While the 720 Princess Street project had previously received approval for municipal affordable housing capital funding, the IAH funding was directed to the project to offset municipal funding which would be directed

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to another project. This rearrangement of funding was determined to be appropriate based on the "shovel-ready" nature of the 720 Princess Street project. Based on a technicality of the program which requires individual unit sub-metering of electricity consumption, the project was determined by the Ministry to be ineligible for funding. Accordingly, \$153,448 of Year 1 IAH funding which was to be allocated to 720 Princess Street is now proposed under this report to be reallocated to the Rent Supplement program component. Staff have determined the reallocation to the Rent Supplement stream is appropriate as this funding will be allocated to provide rental assistance to approximately four households on the Centralized Wait List for nine years.

Non-Participating Program Components

Homeownership

On September 6, 2011, City Council approved recommendations set out in Report Number 11-226, Affordable Housing Program Incentives which included municipal funding for a Homeownership Program beginning in 2012. Since this time the City of Kingston has funded the Homeownership Program at a rate of \$60,000 per year which is available to existing renting households who currently rent and plan to purchase a home within the City of Kingston. In addition, previous provincial allocations under the Homeownership Program continue to replenish this revolving fund when previous program participants sell their home prior to the end of the 20 year term of the agreement when a pro-rated repayment plus appreciation is collected by the Service Manager. Funding available within the provincial revolving fund is available to both residents of the County and the City. Based on experiences administering the Homeownership Programs, staff are not recommending further IAH funding to be allocated to this program stream given the modest number of complete applications submitted on an annual basis, the existing funding available and the priorities in the 10 Year Plan.

Housing Allowance

The Housing Allowance component provides a rent subsidy paid directly to households in need of rental assistance. Similar to the Rent Supplement component, households must be on, or be eligible to be on, the social housing waiting list and have a household income consistent with the criteria established under the Housing Services Act, 2011. Staff are not recommending participation in the Housing Allowance component and have selected the rent supplement program instead. The rent supplements will be added to units owned by landlords willing to participate in the Housing First/Rapid Re-Housing program key in the implementation of the 10-Year Housing and Homelessness Plan.

External Consulted:

Joe Gallivan, Director of Planning and Economic Development, County of Frontenac

Existing Policy/By-Law:

Not applicable

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Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

A total of \$9,118,800 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 six year period starting with initial distributions occurring in 2015. Exhibit A includes a table showing the proposed funding allocation from 2014 to 2020.

Council Report Number 15-011 allocated \$153,488 of Year 1 IAH funding to 720 Princess Street for new rental housing. Due to constraints within the Provincial program guidelines, this funding is being recommended to be reallocated to the Rent Supplement program component. There is no net change to the 2015 operating budget, however, a budget amendment is necessary to facilitate this program funding change.

Contacts:

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Sheldon Laidman, Director, Housing and Social Services 613-546-2695 extension 4916

Other City of Kingston Staff Consulted:

Melanie Bale, Financial Analyst, Housing and Social Services

Lee Campbell, Manager, Housing and Child Care Programs, Housing and Social Services

John Henderson, Housing Programs Administrator, Housing and Social Services

Leesa Owrap, Housing Programs Administrator, Housing and Social Services

Rob Rowe, Housing Programs Administrator, Housing and Social Services

Valerie Watson, Housing Programs Administrator, Housing and Social Services

Lana Foulds, Manager, Financial Planning, Financial Services

Exhibits Attached:

Exhibit A IAH Six Year Funding Allocations

Exhibit B Report Number 15-011 Investment in Affordable Housing (IAH) 2014 Extension Funds

Exhibit A – IAH Six Year Funding Allocations

Programs	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 in dollars	Total by percentage
Rental Housing	\$697,966	\$0	\$1,540,020	\$0	\$1,534,700	\$626,785	\$4,399,471	48%
Ontario Renovates	\$30,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,030,000	11%
Rent Supplement	\$153,444	\$1,541,065	\$0	\$1,538,880	\$0	\$0	\$3,233,389	35%
Administration Fee (5%)	\$46,390	\$91,635	\$91,580	\$91,520	\$91,300	\$43,515	\$455,940	5%
Total	\$927,800	\$1,832,700	\$1,831,600	\$1,830,400	\$1,826,000	\$870,300	\$9,118,800	100%



**City of Kingston
Report to Council
Report Number 15-011**

To:	Mayor and Members of Council
From:	Lanie Hurdle, Commissioner
Resource Staff:	Sheldon Laidman, Director, Housing & Social Services Department
Date of Meeting:	December 16, 2014
Subject:	Investment in Affordable Housing (IAH) 2014 Extension Funds

Executive Summary:

The recently announced Investment in Affordable Housing (IAH) for Ontario 2014 Extension Program will provide \$800M of provincial and federal funding to support the creation and repair of affordable housing units across the province. The program funding will be provided over six years with the program formally ending in March 2020. The City of Kingston as Consolidated Municipal Service Manager (Service Manager) for the City of Kingston and County of Frontenac, received a total Year 1 (2014-2015) IAH allocation of \$927,800. Projects receiving funding through this IAH allocation have to start construction by the Spring of 2015.

In support of the City's ongoing efforts to develop new affordable housing units staff are recommending that the majority (\$851,410) of the Year 1 funding allocation be directed under the IAH Rental Housing Component. The Rental Housing Component of the IAH Program is a forgivable capital funding contribution to offset construction costs in exchange for the provision of affordable housing units for a defined affordability period which is a minimum of 20 years

The Year 1 Rental Housing Component allocation is proposed to support the development of two projects that have already been reviewed and considered by the previous Council. This recommendation of funding allocation is to ensure that the City does not lose this Provincial funding and can fund projects that will start construction by the Spring of 2015. This approach will also create more financial flexibility in the municipal capital funds to finance new affordable housing projects.

The first project is a 29 unit mixed-income apartment building on a vacant portion of 36 Cliff Crescent, a social housing property owned and operated by the Kingston and Frontenac Housing Corporation (KFHC). The proposed development is part of the Rideau Heights Regeneration Strategy and had previously received approval for municipal funding through the Capital Investment in Affordable Housing Program in the amount of \$1.5M. The recommendations of this report include a further commitment of \$300,000 to the project to provide an additional six affordable housing units within the project resulting in a combined provincial and municipal contribution of \$1.8M.

The commitment of the IAH Extension Year 1 funding to the project will partially offset the previous \$1.5M municipal contribution. Based on the IAH Program Guidelines which includes an upset contribution limit of the lesser of \$150,000 or 75% of the per unit development costs, the full value of the proposed IAH Year 1 Rental Housing Component cannot be allocated to the Cliff Crescent project. The proposed breakdown of the funding allocated to the 36 Cliff Crescent development project includes \$697,962 of IAH Year 1 funding and \$1,102,038 of City funding from the Capital Investment in Affordable Housing Program.

The balance of the IAH Rental Housing Component funds are proposed to be committed to the 720 Princess Street redevelopment project which was previously awarded municipal funding under the Capital Investment in Affordable Housing Program. The redevelopment of 720 Princess Street will include 19 affordable housing units, 10 of which will provide Housing First units to service homeless individuals within the realigned homeless shelter and support service program. The upset limit awarded to the 720 Princess Street is not proposed to be increased, but will offset the municipal contribution freeing up municipal funding for future affordable housing project funding. The proposed breakdown of the funding allocated to the 720 Princess Street development project includes \$153,448 of IAH Year 1 funding and \$536,552 of City funding from the Capital Investment in Affordable Housing Program.

It is important to note that the allocation of the IAH Year 1 funding to the 36 Cliff Crescent and 720 Princess Street projects is strategic in that the IAH funding for new rental housing must be directed to projects that can commence construction by the spring of 2015 at the latest. The development approvals schedule for the Cliff Crescent and 720 Princess Street projects is sufficiently advanced to meet the IAH funding requirements. The committed municipal affordable housing capital funding offset through the proposed provincial funding allocation will be reserved to fund future affordable housing projects.

The balance of the affordable housing funding (\$30,000) is proposed to be allocated to the Kingston-Frontenac Renovates Program (i.e. Ontario Renovates Component) which provides renovation and rehabilitation capital funding to low and moderate income households to maintain homes in a habitable condition in addition to providing funding for accessibility modifications. An administrative fee in accordance with the IAH Program Guidelines of five percent or \$46,390 will also be applied to cover ongoing

administrative costs related to the implementation of the IAH funding program and the ongoing operation of the Housing and Social Services Department.

Based on a review of the IAH Program Guidelines and taking into consideration the City's objectives for affordable housing development outlined in the 10-Year Housing and Homelessness Plan, the proposed Year 1 funding commitments are consistent with established local objectives and initiatives. The allocation of subsequent years' funding under the IAH Program will be evaluated and allocated in accordance with local affordable housing directions and presented to Council for approval prior to final approval by provincial staff. In accordance with the IAH 2014 Extension Program Guidelines, this report is intended to establish Council's approval for the Year 1 funding commitments. City staff will consider rent supplements in future funding (2015-2016). This component would not have been feasible for the 2014-2015 due to the program expenditure short time frame. IAH funding cannot be used for Rent-Geared-to-income units. It can only be applied to affordable units.

All recommendations in this report have been incorporated in the draft 2015 operational budget.

The recommendations in this Report are time sensitive. The Ministry set an original deadline of December 1st for Service Managers to provide their plan for use of this IAH funding allocation, however, considering the timing and previous Council's "lame duck" status the Ministry approved an extension to the City of Kingston until December 22, 2014.

Recommendation:

That Council approve the proposed Investment in Affordable Housing for Ontario 2014 Extension Program Year 1 allocation as described in Exhibit A to Report Number 15-011 to be implemented through the 2015 budget;

That Council direct staff to submit the Program Delivery and Fiscal Plan to the Province outlining the Year 1 funding allocation in accordance with the Service Manager Administration Agreement;

That Council approve the amending by-law "A By-law to Amend By-law Number 14-137 Passed Under the City of Kingston Housing Facilities By-law";

That Council authorize the Commissioner, Community Services or her delegate to review and approve, for execution by the Mayor and Clerk, all documents and agreements related to the delivery of funding as outlined in this report as required and to the satisfaction of the Director of Legal Services; and

THAT Council authorize the Mayor and Clerk to execute all documents and agreements related to the funding allocations outlined in this report as approved by the Commissioner of Community Services or her delegate.

Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Lanie Hurdle, Commissioner,
Community Services**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative
Officer**

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives	Not required
Denis Leger, Transportation, Facilities & Emergency Services	Not required
Jim Keech, President and CEO, Utilities Kingston	Not required
Desiree Kennedy, Chief Financial Officer & City Treasurer	

Options/Discussion:

Background

On August 25, 2014 the City's Housing and Social Services Department, as Service Manager for the City of Kingston and County of Frontenac, received notification from the Ministry of Municipal Affairs and Housing (MMAH) regarding the extension of the IAH Program. The IAH Program 2014 Extension includes \$800M of federal and provincial funding to support affordable housing initiatives across the province as delivered by local Service Managers. The Year 1 (2014-2015) funding allocation for the City of Kingston – County of Frontenac Service Area is \$927,800. Funding for the subsequent five years of the IAH extension program will be determined based on updated census data as it becomes available. Recommendations on future years' funding will be provided in a separate Council report when it is announced by the Province.

Funding allocations for Year 1 are to be committed no later than January 30th, 2015 and any rental housing project must commence construction by spring 2015. The Service Manager is required to submit a Program Delivery and Fiscal Plan (PDFP) to MMAH outlining the commitment of funding and anticipated project up-take no later than December 22, 2014 pending Council's approval of the allocations outlined in this report. Exhibit A includes the Year 1 Proposed Plan as part of the PDFP. In Years 2 to 6, funding allocations must be committed by December 31st of each program year.

IAH Program Components

The IAH program includes six different program components which the Service Manager can select from to provide a flexible program that can be tailored to meet the needs of the local community as outlined within local Housing and Homelessness Plans. The program components within the IAH 2014 Extension Program include capital and operating funding streams that are consistent with past program components including funding to support the development of new affordable rental housing (Rental Housing Component), homeownership down payment assistance (Homeownership Component), rehabilitation funding for low-income owner-occupied households (Ontario Renovates Component), and direct rental subsidies (Operating Component) which provides a rent supplement or housing allowance paid directly to the landlord or the tenant to offset housing costs for income eligible households.

In support of the City's efforts to develop additional affordable housing units and in accordance with the IAH Program Guidelines, staff is proposing the Year 1 funding be allocated to the Rental Housing and the Ontario Renovates Components, both capital funding programs available under the IAH program. The allocation of the funding to these two program components will continue to increase the supply of affordable housing within the Service Area as well as provide additional funding to be distributed

within the Kingston-Frontenac Renovates Program which provides renovation/ rehabilitation costs to maintain houses in a habitable condition that are owned and occupied by low to moderate income households. In addition, Kingston-Frontenac Renovates provides funding for accessibility modifications.

Rental Housing Component

The intent of the IAH Rental Housing Component is to increase the supply of rental housing for households on, or eligible to be on, the social housing wait list and ensure that safe, adequate and affordable rental housing continues to be developed in Ontario. High rental housing costs and a traditionally low vacancy rate have been ongoing issues within the Service Area imposing particular housing affordability challenges for many households. The proposed Year 1 allocation to create new affordable housing units is consistent with the IAH Program Guidelines and directions established within the 10-Year Housing and Homelessness Plan.

As a means to leverage the combined IAH and the municipally funded Capital Investment in Affordable Housing Program funding, staff are proposing the Rental Housing Component of the Year 1 funding be allocated to two projects that have received previous municipal funding commitments, namely the development project at 36 Cliff Crescent and the 720 Princess Street affordable housing/Housing First project. The intent of this approach is to direct the IAH funding to rental housing projects that will include a component of affordable housing and that are sufficiently advanced to meet the spring 2015 construction commencement requirement under the IAH Program Guidelines. The commitment of IAH funding to these projects will free-up municipal affordable housing capital dollars that can be reallocated to other projects that meet the objectives of the Capital Investment in Affordable Housing Program.

The proposed KFHC development on a vacant portion of 36 Cliff Crescent previously received approval for a municipal affordable housing contribution of \$1.5M to accommodate ten RGI units displaced from the decommissioning of public housing units in Rideau Heights (Report Number 14-209). A further IAH contribution of \$300,000 will provide six affordable housing units which will create a mixed-income development including 10 RGI, 6 affordable and 13 market rate rental units. The creation of a mixed-income building is supported by ongoing local social housing regeneration efforts and strategic objectives of KFHC which includes reducing the concentration of social housing in Rideau Heights, developing mixed-income housing opportunities, and creating additional revenue streams to enhance the financial viability of the housing corporation.

In accordance with the IAH program guidelines, the full value of the proposed IAH Rental Housing Component cannot be directed in its entirety to the 36 Cliff Crescent project given the maximum funding limit of the lesser of \$150,000 per unit or 75% of the per unit development costs. Based on the total project development costs, a total of \$697,962 can be allocated to the Cliff Crescent project from the IAH Year 1 funding. The balance of the Rental Housing Component funding in the amount of \$153,448 is

proposed to be allocated to 720 Princess Street, an affordable housing/Housing First project that has previously been approved for municipal affordable housing funding. The 720 Princess Street redevelopment project is to include nineteen affordable housing units, ten of which are to be utilized within the realigned Housing First homelessness program. The allocation of IAH funding to both of these projects will not result in any increased funding but rather offset municipal funding previously extended to the projects, allowing the City to fund additional projects using municipal affordable housing capital funding. Table 2 (see Exhibit A) outlines the proposed IAH contribution and details of each project.

Affordable Housing Capital Investment Program Fund Impact

Based on the proposed IAH Year 1 funding allocations, the recommendations of this report will realign the funding commitments to generate \$551,410 (i.e. \$697,962 + \$153,448 - \$300,000) of funding for reallocation within the municipal Capital Investment in Affordable Housing Program.

Ontario Renovates Component

The local implementation of the Ontario Renovates Component of the IAH program is the Kingston-Frontenac Renovates Program which is intended to bring homes owned by low to moderate households to acceptable living standards and also improve energy efficiency. In addition, the program provides funding for accessibility modifications and adaptations. Funding within this program is provided in the form of a forgivable loan or a non-repayable grant for accessibility modifications. The proposed \$30,000 contribution of IAH funding to the Kingston-Frontenac Renovates program will allow the program to address heightened demand over the winter months which typically include emergency heat and leaking roof repairs.

External Consulted:

Joe Gallivan, Manager of Sustainability Planning, County of Frontenac

Existing Policy/By-Law:

Municipal Capital Facilities By-law 2003-061

Notice Provisions:

Not applicable

Accessibility Considerations:

This report is available in alternate format upon request.

Financial Considerations:

The IAH Program 2014 Extension Year 1 allocations to the 36 Cliff Crescent and 720 Princess Street projects as proposed within this report will provide an additional \$300,000 to KFHC's 36 Cliff Crescent development project and will together offset \$551,410 in municipal funding to be reallocated within the Capital Investment in Affordable Housing Program. In accordance with the IAH Program Guidelines an administration fee of \$46,390 will be collected from the IAH Year 1 allocation. These funds will be used to offset expenses related to the administration of the funding commitments. The recommendations of this report also include a \$30,000 allocation under the Ontario Renovates IAH Program component which will be delivered locally via the Kingston-Frontenac Renovates Program.

All recommendations in this report have been incorporated in the 2015 draft operational budget.

Contacts:

Lanie Hurdle, Commissioner, Community Services, 613-546-4291 extension 1231

Sheldon Laidman, Director, Housing and Social Services Department, 613-546-4291 extension 4957

Other City of Kingston Staff Consulted:

Alan McLeod, Senior Legal Counsel

Stephen Dickey, Director, Financial Services

Melanie Bale, Financial Analyst, Housing and Social Services Department

Lee Campbell, Manager, Housing and Social Services Department

John Henderson, Housing Programs Administrator, Housing and Social Services Department

Exhibits Attached:

Exhibit A – IAH Allocation Year 1 Funding Allocations and Project Details

Exhibit B - A By-Law to Amend By-Law 14-137, being a By-law to Enter Into a Municipal Contribution Agreement with Kingston and Frontenac Housing Corporation

Exhibit A

IAH Allocation Funding

In support of the City’s efforts to develop additional affordable housing units and in accordance with the IAH Program Guidelines, staff is proposing the Year 1 funding be allocated to the Rental Housing and the Ontario Renovates Components.

Rental Housing Component:	\$851,410
Kingston – Frontenac Renovates:	\$30,000
Administration @ 5% in accordance with Program guidelines:	<u>\$46,390</u>
Total:	<u>\$927,800</u>

Table 1: IAH 2014 Extension Year 1 Proposed Program Allocations

Project	Proposed IAH 2014 Extension Year 1 Funding	Affordability Period	Unit Type	Affordable Rental Rate
36 Cliff Crescent – 6 Affordable Housing Units (Project also includes 10 RGI units and 13 Market Units funded through a municipal capital contribution and debt financing)	\$697,962	20 years	6 one bedroom Affordable Housing Units	6 units at 80% of the CMHC Average Market Rent
720 Princess Street – 19 Affordable Housing Units	\$153,448	20 years	19 bachelor Affordable Housing Units	4 units at 60% of the CMHC Average Market Rent 15 units at 80% of the CMHC Average Market Rent
Total	\$851,410			

Table 2: IAH 2014 Extension Year 1 Proposed Rental Housing Component Allocation

Funded Project	Proposed IAH Year 1 Funding	Proposed Municipal Affordable Housing Funding	Total Project Contribution	Funding Changes from previous Council Approval
36 Cliff Crescent 6 Affordable Housing Units	\$697,962	\$1,102,038	\$1,800,000	Additional \$300,000
720 Princess Street 19 Affordable Housing Units	\$153,448	\$536,552	\$690,000	Total funding unchanged
Total	\$851,410	\$1,638,590	\$2,490,000	

By-Law Number 2015-XX

**A By-Law to Amend By-Law 14-137, being a By-law to Enter Into a
Municipal Contribution Agreement with Kingston and Frontenac
Housing Corporation**

Passed: Meeting date, 2014

Whereas on September 9, 2014 the Council of the Corporation of the City of Kingston enacted By-Law Number 14-137 being “A By-Law To Permit Council To Enter Into A Municipal Contribution Agreement with Kingston and Frontenac Housing Corporation” for the provision of 10 affordable housing units to be developed on a vacant portion of 36 Cliff Crescent; and

Whereas Council Report Number 15-011 included approval for an additional \$300,000 to be committed to the project to provide an additional 6 affordable housing units.

Therefore be it resolved that the Council of the Corporation of the City of Kingston hereby enacts as follows:

1. That By-Law Number 14-137 being A By-Law to Enter Into a Municipal Contribution Agreement with Kingston and Frontenac Housing Corporation, be amended to recognize a total of 16 affordable housing units to be included within the development project.

Given all Three Readings and Passed: Month XX, 2014

John Bolognone
City Clerk

Bryan Paterson
Mayor