

Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Monday, June 7, 2021
Subject	Process on Awarding Funding from the Affordable Housing Reserve

Recommendation

1. That the County of Wellington lead an annual intake process to recommend financial incentives from the Affordable Housing Reserve.
2. That the County of Wellington recommend financial incentives for up to \$1.5 million from the Affordable Housing Reserve in a 2021 Request for Proposal process.

Executive Summary

Purpose of Report

To report on the opportunity for transferring the responsibility of awarding municipal incentive funding for affordable housing in Guelph to the County of Wellington.

Key Findings

In August 2020, through the report [Affordable Housing and Funding Requests](#), Council approved the exploration with the County of Wellington (County), as the City's Consolidated Municipal Service Manager, to look at transferring the distribution of the Affordable Housing Reserve funds to the County.

Following this, housing staff and senior executives from the City and County have met several times to work through a high-level process, presenting an option for the County to recommend funding proponents through an annual Request for Proposal (RFP) process.

While fine-tuning details and agreements, staff would work with the County to have at least a modified RFP issued in the third quarter (Q3) of 2021 for funding recommendations for project(s) up to \$1.5 million.

Financial Implications

As Consolidated Municipal Services Manager (Service Manager), the County is responsible for the delivery of Ontario Works, Social Housing, and Children's Early Years Programs for the geographic area covering Wellington County and Guelph. The City contributes \$16 million to the County for social housing services that includes emergency shelter, transitional housing, supportive housing, and rent-geared-to-income programs.

The base operating budget also includes a \$500,000 annual contribution to the Affordable Housing Reserve. The current balance of the Affordable Housing Reserve is \$2.1 million, which includes the 2021 contribution.

Transferring the distribution of this funding program to the County could result in additional staffing and administrative costs for the County. The County proposal looks to process and administer the municipal incentive within current resources; however, if there are additional costs incurred, the County would include them in the normal cost sharing agreement with the City. If needed, the County may look for up to an additional \$75,000 annually for staffing, administration, evaluation team resources, and occasional consultant support. As this proposal is above or discretionary to the cost sharing agreement, the full cost would be transferred to the City.

Report

As Service Manager, the County is responsible for the delivery of Ontario Works, Social Housing, and Children's Early Years Programs for the geographic area covering the Wellington County and Guelph on behalf of the Province of Ontario. Of the Social Housing work, the County administers and funds programs for Emergency Shelter, Transitional Housing, Supportive Housing, and Rent-Geared-to-Income. Affordable rental housing and other rental or ownership housing defers to the City of Guelph.

The County provides expertise, accountability, and policy for the social services type housing work in the community. The City of Guelph annually funds \$16 million to this social housing work (inclusive of capital and operating budgets) which empowers the County to set priorities based on evidence of community need.

The City has a role in Affordable Housing through the Official Plan. The City's Official Plan is a statement of goals, objectives and policies that guide Guelph's growth and development. The Official Plan follows the provisions of the Planning Act and is approved by the Ministry of Municipal Affairs and Housing. Part of the Official Plan is recognizing the importance of housing, including affordable housing, in meeting the needs of the City's existing and future residents. To address the need for affordable housing in Guelph, the [Affordable Housing Strategy](#) and the [Affordable Housing Financial Incentives Program](#) were established in 2017.

The County has rights and jurisdiction (or control) over social housing work as the subject matter experts and service manager. Where affordable housing is the role of the City, we look to support and guide without expertise, research, process, and necessary resources. The City refers to the County as our provincially appointed Service Manager, as the subject matter expert.

To begin to address the gaps in process and resources for access to the Affordable Housing Reserve, Council approved the following resolution in October 2020:

THAT staff be directed to explore transferring responsibility of distributing the municipal incentive funding for affordable housing in Guelph to the County of Wellington and report back by Q2 of 2021.

With that direction from Council, staff began to work with the County to explore options where the County could administer the funds in the Affordable Housing

Reserve and annual budget contribution. Teams meet several times including with housing staff and senior executive teams.

Intention of Housing Scope

Within the proposed program, housing projects would be new or renovated assets to create housing stock that is affordable within the boundary of Guelph. Housing could be either affordable or supportive, per definitions on Canada's Mortgage and Housing Corporation's housing continuum. Rental rates would be offered at least 80 per cent of the median market value rental rate. Funding is not intended for other projects or services linked to market value ownership or rental, emergency shelter, or transitional housing. The City would continue to manage requests for development fee deferrals.

County of Wellington Annual Request for Proposals

Led by the County, an annual RFP process would be developed. Through a memorandum of understanding agreement, City and County staff would outline all details, criteria, and expectations.

Proposed Process

Annually the County would issue an RFP alongside other Provincial and Federal funding to be used toward the development of safe, adequate and affordable rental projects in Guelph. Criteria for Guelph-based projects would be established in the agreement with the City.

Eligibility

The RFP process would prioritize funding to not-for-profit and charitable organizations in the community but not need to limit for-profit organizations. Experience with provincial funding shows some risk with for-profit organizations on the longevity of affordability. Contractual agreements can secure affordability rates for a preconceived length of time (that could include 15 or 20 plus years) but generally, for-profit proponents do not look for longer affordability rates. Substantial public funding of this nature would be prioritized to not-for-profit proponents to offer a longer community impact. However, as every project and organization are unique, City funding would not be limited. Partnerships between for-profit and not-for-profit would also be encouraged.

Decision of Authority

Once RFP's are received, they would be shared with City staff for any initial comments. The proposals that meet the criteria would undertake a review process by a County-led Evaluation Team. The City would appoint a management staff member from Community Investment to this team.

The County would make a recommendation on project(s) to fund and present to City Council for final approval. Following approval, the City would administer payment to the successful proponent. No further funding, regardless of the reserve balance, would be available until the next annual RFP intake.

Accountability and Monitoring

The City and County would set up a joint funding agreement with successful proponents. Terms of the RFP and then the agreement would outline required

affordability rate and length of affordability. The County would take on the role of monitoring these requirements for the life of the agreement and hold the proponent accountable for the terms.

Funding

Financial incentives awarded from the City's Affordable Housing Reserve would be issued as one-time forgivable loan verses a grant. The loan agreement would include a condition on the title of the property as collateral if the proponent did not fulfill their requirements for affordability or encounter other issues during construction and operation.

Project criteria would be intended to fund capital portions of a housing project. Any organization or proponents would continue to work with the City on understanding impacts from the Provincial Bill 108, More Homes, More Choice Act (2019) and any options for development charge deferrals.

Appeals (or Delegation)

An RFP program provides a process to be open and transparent for possible proponents. Although, timing may not always benefit the proponent, a process and intake timing can easily be communicated. The County would not establish an appeal process on recommendations from the Evaluation Committee.

As with current practice, community members could share comments to City Council as a delegate to the final recommendation report and to funding levels during budget deliberation.

Staffing Resources and Other Financial Needs

The County proposal looks to process and administer the municipal incentive with current resources, if there are additional costs incurred, the County would include them in the normal cost sharing agreement with the City. If needed the County may look for up to an additional \$75,000 annually for staffing, administration, evaluation team resources, and one off consultant support. As this proposal is above the current cost sharing agreement for social services, or considered discretionary from that agreement, the full cost would be transferred to the City.

Advantage

The County provides expertise, accountability, and policy for housing work in the community. They are connected and adaptable to changes and needs in the community. The County already have systems in place to hold proponents accountable.

Of Note – Municipal Support for Grants

The Federal Housing Loan Program, National Co-Investment Fund, through the Canadian Mortgage and Housing Corporation (CMHC), considers support and partnerships from another level of government vital to a successful application to ensure coordination of funds. CMHC recognizes the County as the Service Manager for the City of Guelph and therefore can be considered to be representing the municipality. Funding, support and/or partnership from the County for Guelph-based projects could serve as this part of a proponent's application without risk, penalty, or reduction.

Modified RFP to Address Current Requests

The City has received a number of formal and informal requests for funding to affordable and supportive housing projects. There are a number of proponents working through zoning, development applications, and funding proposals to create new or renovated housing stock in our community. There is a need for all types of housing in our community. With pressures of COVID-19, there is a greater need for deeper affordability, housing security and supports.

While fine-tuning details and agreements, staff would work with the County to have an RFP issued through Q3 of 2021. A modified RFP ensures open and transparent consideration and access to funding in a timely manner. The County will issue an RFP through Q3 of 2021 returning to Council with recommendation for project(s) of up to \$1.5 million in funding from the Affordable Housing Reserve. This would allow some funding carry over into 2022 plus the proposed 2022 base budget contribution for further participation in projects.

Proponents would submit the details surrounding the project, readiness to start, partnerships with other funding sources, impact to the community, operating funding model, affordability requirements, and funding amount. Further details and eligibility would be communicated through the RFP.

Financial Implications

Across the housing continuum and within the social housing work, the County is responsible for emergency shelter, transitional housing, supportive housing, and rent-geared-to-income. The City contributes \$16 million to the County for social housing services. The City also provides the County with \$6.6 million in funding for the wrap-around housing services including childcare and income subsidies. In addition, the City contributes on average \$3.7 million annually to fund legislated development charge (DC) exemptions on secondary/accessory unit development in the City (contributing to housing availability).

The base operating budget includes a \$500,000 annual contribution to the Affordable Housing Reserve. The current balance of the Affordable Reserve is \$2.1 million that includes the 2021 operating budget contribution.

The following is an activity of the reserve in 2020 and 2021:

- In August 2020, Council approved \$800,000 in a financial incentive for St. Joseph's Housing Corporations Silver Maple Seniors Community affordable housing project.
- In October of 2020, Council transferred \$630,000 from the Social Housing Contingency Reserve and \$370,000 from the tax rate operating reserve into the affordable housing reserve for a total of \$1,000,000.
- In November of 2020, Rockwater on Janefield was acquired by a different company. The City Solicitor received notification that a legal proceeding had commenced under the Bankruptcy and Insolvency Act. The previous 2019 commitment for \$924,000 to Rockwater on Janefield was rescinded and the funding made available in the reserve for consideration for other community housing projects.
- There is some lost interest being funded annually from this reserve for DC Deferral Agreements that were entered prior to Bill 108.

- 2021 Base Budget contribution to the Affordable Housing Reserve was \$500,000.

Transferring funding decisions to the County could result in additional staffing and administrative costs for the County. The County proposal looks to process and administer the municipal incentive within current resources; however, if there are additional costs incurred, the County would include (and report on them) in the normal cost sharing agreement with the City. If required, the County may need up to an additional \$75,000 annually for staffing, administration, evaluation team resources, and one off consultant support. As this proposal is above, or discretionary to the provincially-required cost sharing agreement, the full cost would be transferred to the City.

The County hopes to use existing resources to administrate this program. As a trial, the first two years of possible additional costs could be transferred from the Affordable Housing Reserve. During 2021 budget deliberations, in December of 2020, Council passed a resolution giving staff approval for up to \$150,000 of funding towards a contract staff person from the reserve to implement the Affordable Housing Financial Incentive Program. With approval for the County to take on this work, funding for City contract staff would not be needed and could be redirected. Leaving funding in the reserve allows for Council decision when and if these costs occur. The County would be asked to report back within their normal budget and budget monitoring to the City. If additional funding is needed beyond two years, the City and County will request support through the budget process.

Currently, the staff funding is included in the total amount of the reserve and would, therefore, reduce the reserve to \$1.9 million.

Consultations

County of Wellington – Housing Services

Strategic Plan Alignment

Aligning to “Building our future” – distribution of funding opens more opportunities for housing in the community. This pillar supports a community that looks to make investments that nurture social well-being and offers a safe place where everyone belongs. With the County of Wellington, the City of Guelph supports Housing First initiatives as an approach to support everyone having access to safe and affordable housing.

This work also aligns with “Working together for our future” to offer the community a fair, open, and transparent process for accessing funding. This pillar supports running an effective, fiscally responsible, and trusted local government by exploring new service-delivery models. Exploring the potential of transferring responsibility of distributing the municipal incentive funding for affordable housing in Guelph to the County of Wellington provides a more streamlined delivery method for this funding stream and centralizes the expertise in the housing office at the County of Wellington.

Attachments

None

Departmental Approval

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