

TO: Warden McNamara and Members of Essex County Council

FROM: Debbie Cercone, Executive Director of Housing & Children's Services

cc: Jason Reynar, Chief Administrative Officer
Jelena Payne, Commissioner, Human & Health Services
Shelby Askin Hager, Commissioner, Legal & Legislative Services
Joe Mancina, Commissioner, Corporate Services CFO/City Treasurer
Steve Vlachodimos, City Clerk

DATE: August 6, 2021

SUBJECT: Canada Mortgage and Housing Corporation – Rapid Housing Initiative – Round 2

Purpose

THAT the report from the Executive Director of Housing and Children's Services regarding the Rapid Housing Initiative **BE RECEIVED** for information, and further

THAT Essex County Council **PRE-COMMIT** the annual operating budget funding required, currently estimated at \$48,000 in each of the post-construction operating years to a maximum of 20 years, to support the County based project detailed in this report, subject to refinement of the annual budget estimate as the developments are finalized, and further;

THAT Essex County Council **APPROVE**, providing a letter of support to the City of Windsor for submission to the application to Canada Mortgage and Housing Corporation for the required operating and/or capital funding related to County based project, and further;

THAT Essex County Council **APPROVE**, entering into an agreement with the City of Windsor for the 20-year operating commitment for the County based on compliance with the Contribution Agreement with CMHC on the Rapid Housing Initiative.

Background

The Canada Mortgage and Housing Corporation (CMHC) is the lead in delivering National Housing Strategy Initiatives over the next 10 years by offering funding opportunities for new construction and repair/renewal to local private and non-profit organizations with the purpose of increasing the housing stock, or sustaining the existing affordable housing supply. On September 21, 2020, the Government of Canada announced the Rapid Housing Initiative (RHI), a \$1 billion program to help address urgent housing needs through the rapid construction of affordable housing. CMHC reported that in the initial round of RHI, 679 applications for funding totaling over \$4.2B were received, and 4,700 units were created with the approved \$1B in funding.

Administration was advised by CMHC that there were 9 applications submitted directly to CMHC from the City of Windsor and County of Essex for Projects stream funding in Round 1 of RHI. Housing Services worked closely with organizations on the project concept and application process for 4 of the Rapid Housing Initiative

applications. Ultimately, 1 RHI application withdrew and CMHC has advised that the remaining 8 applications were not approved for Round 1 RHI funding.

The City of Windsor is the Consolidated Municipal Service Manager responsible for the administration and funding of provincial housing and homelessness programs, and the Community Entity responsible for federal housing programs, in Windsor and Essex County.

Since 2007 through various housing rental capital funding funded through the federal and provincial governments the City of Windsor as the Service Manager for Windsor and Essex County has invested \$40 million in capital funding to expand affordable housing in Windsor and Essex County. Of that \$40 million, \$18,754,195 or 47% of the funding has been invested in the County of Essex and has created 203 affordable housing units to support a number of target populations including but not limited to seniors and persons with disabilities.

Housing and Homelessness services are guided by *Home, Together: Windsor Essex Housing and Homelessness Master Plan (HHMP)*, approved by City Council on December 2, 2019 (CR612/2019) and the Ministry of Municipal Affairs and Housing on March 24, 2020. This report was shared with County Council in December 2019. County representatives were also involved in the development of the 10 Year HHMP. Specifically, through the strategies to achieve Goal 1 of the 10 Year HHMP: Sustain and Expand Social and Affordable Housing Supply, Administration continues to pursue programs, partnerships and opportunities to increase the housing stock to address housing and homelessness challenges in the community. The Rapid Housing Initiative is one such opportunity.

Discussion

On June 30, 2021, the Canada Mortgage and Housing Corporation announced the creation of 4,500 new affordable housing units across the country with an additional investment of \$1.5 billion through a Round 2 of the Rapid Housing Initiative (RHI). These housing units will support Canadians who are in uncertain housing situations, experiencing or at risk of homelessness, or living in temporary shelters because of the pandemic.

While there are minor changes to the criteria to receive funding, there continues to be two distinct funding streams for Round 2 of the Rapid Housing Initiative:

- **Cities Stream:** \$500 million to 30 pre-determined municipalities across Canada based on the number of renters in severe housing need, local market housing costs, and a regional distribution of funding.
- **Projects Stream:** \$1 billion to eligible applications submitted during the RHI's initial application period last fall and having not yet received funding.

The City of Windsor has received a priority allocation of \$9,337,117 in Round 2 to create a minimum of 35 units of new permanent affordable housing as part of the Cities Stream. Although the City has been allocated this funding, the City is still required to submit project proposals to receive it to Canada Mortgage and Housing Corporation (CMHC) by August 31, 2021 for their review and approval.

Mandatory Minimum Requirements of the RHI program include the Expediency, Financial Viability and Affordability of project proposals. In addition, CMHC will prioritize applications based on the level of core

housing need in the municipality submitting the application. Core housing need is defined as households that pays 50% or more for their current dwelling.

Key program highlights include:

- The RHI Round 2 application deadline under both the Cities and Projects streams is August 31, 2021
- The Corporation of the City of Windsor will be the only signatory to the CMHC Contribution Agreement and responsible for the ultimate outcomes of the Rapid Housing Initiative (RHI)
- Municipalities can appoint intermediaries (non-profits) who can own/manage projects
- Eligible Project Types to address urgent housing needs under Round 2 of the RHI include:

New Construction:

- Support the new construction of a multi-unit rental project, which includes the acquisition of the land. Traditional construction methods or modular will be accepted if the units can be delivered in 12 months.

Conversions/Rehabilitations:

- Acquisition of land and buildings for the purpose of conversion of non-residential to affordable multi-residential.
- Acquisition of land and buildings in disrepair or abandoned for the rehabilitation to affordable multi-residential, where rehabilitation of units is defined as units that were in disrepair and/or abandoned and in both cases had been inhabitable and lost to the housing stock.
- Properties being acquired for the purpose of rehabilitating units that would otherwise be lost to the housing stock due to their state of disrepair must be vacant at the time of application in order to be considered for RHI funding.

Ineligible Project Types include:

- Renovictions and/or any other circumstance involving the eviction of existing tenants are not eligible under RHI.
- Construction must be completed within 12 months of signing the Contribution Agreement
- Eligible Property Types include standard rentals, mixed use is eligible with the caveat that CMHC will not fund non-residential costs, transitional housing provided tenancy is for at least 3 months at a time, permanent supportive housing, single room occupancy and seniors housing for tenants that require light to no care.
- New construction projects are expected to meet a minimum accessibility of 5% or more above the local accessibility requirements in their jurisdiction

- New construction projects must be 5% or more above the energy efficiency standards as set out in the 2015 National Energy Code for buildings or meet the local/regional standard, whichever is highest.
- At least 25% of RHI funding will go towards women-focused housing projects (targeting women and/or women and their children) which represents \$2,334,279 of Windsor's allocation.
- A target of 15% of the funding allocation is for Indigenous-led organizations, which represents \$1,400,567 of Windsor's allocation

As of June 2021, of the 439 people experiencing homelessness in Windsor Essex, 20 or 4.5% are in the County of Essex, 8 of the 20 individuals are currently residing in transitional housing (The Bridge) in Leamington. Of the 20 people identified in the county 50% are youth and 14 have experienced chronic homelessness.

As outlined in the program material, the rent structure for all units funded through RHI must serve and be affordable (household is paying less than 30% of gross income on housing costs, or the shelter component of any provincial or territorial income assistance as an equivalent) to targeted people and populations who are vulnerable and who are also, or otherwise would be, in severe housing need, or people experiencing or at high risk of homelessness. A household in severe housing need is a subset of core housing need households that pays 50% or more for their current dwelling. The affordability at 30% of gross income must be maintained for a minimum of 20 years.

There are three projects that will be brought forward to CMHC through the Cities Stream two approved by City Council located in the City of Windsor and one in the County of Essex. All three of these projects had made a submission to Round 1 of RHI but were not successful.

The proposed project under the RHI Phase 2 for the County of Essex is in Leamington in collaboration with The Bridge. The Bridge is a youth focused service that applied for Round 1 of RHI but were not successful in this round of funding. The Bridge is developing a proposal for a 12 unit Tiny Home modular project that serve a variety of population groups including Youth, Seniors, Couples and Singles with an approximate cost of \$165,000/unit- subject to tender. The Bridge will offset any projected cost overages through a capital campaign.

The breakdown of units is as follows:

- 4 units supported through the Bridge's youth case management services;
- 8 units for their use as rental housing;
- serving priority populations as outlined by the RHI grant.

Up to 8 units are proposed to be funded through Round 2 RHI funding through the allocation received through the Cities Stream at a projected cost of up to \$1.858 million. The leadership of The Bridge advises that this a social enterprise model with operating funding to come from various sources of funding streams.

Financial Implications

Although the City of Windsor is the Consolidated Municipal Service Manager responsible for the administration and funding of provincial housing and homelessness programs, and the Community Entity responsible for federal housing programs, in Windsor and Essex County, Affordable Housing projects are not mandated and are not subject to the City/County Social Housing arbitrated cost sharing agreement. Any operating costs or future capital costs for Affordable Housing projects would be borne by the municipality in which the project is located.

Under the RHI requirements, Affordable Housing units must serve and be affordable (household is paying less than 30% of gross income on housing costs) to targeted people and populations who are vulnerable and who are at high risk of homelessness. Affordability must be maintained for a minimum of 20 years. Based on this operating model it is anticipated that rent revenues will not be sufficient to cover operating costs for the Bridge. The annual operating shortfall will vary depending on the income of the tenants. CMHC requires the municipality to issue a Letter of Support for the operating subsidy required for each project under the Cities Stream.

Given the low rent structure outlined in the RHI program and to ensure the financial viability of the affordable housing projects, an operating subsidy will be required. If the tenancies are subject to a tenant lease agreement and do not require supports to maintain a safe tenancy, the ongoing operating funding requirements of the RHI capital funded units only includes ongoing building maintenance costs of the housing project.

If the tenancy would require supports to remain a success, then additional operating costs would be required, and would include, but not be limited to, staff resources up to 24 hours a day, and may include programming. In this case, the Housing Services department would work with organizations with the intent to allocate existing resources, or seek funding from upper levels of government however; there is a risk that additional municipally funded operating funding would be required to achieve the affordability requirements of the RHI program.

The Bridge

The Bridge, a youth focused service in Leamington, is developing a 12 unit Tiny Home modular project. The proposal will serve a variety of population groups including Youth, Seniors, Couples and Singles, with an approximate cost of \$165,000/unit plus up to \$538,000 in infrastructure costs for the 8 units funded through RHI. The projected costs proposed to be funded through Round 2 RHI funding are up to \$1.858M

The Leadership of The Bridge advises that this is a social enterprise model with operating funding to come from various sources of funding streams.

- 4 units supported through the Bridge's youth case management services and will require operating subsidy support;
- 4 units serving priority populations as outlined by the RHI grant.

As this project is based in the Essex County, and in order for this project to be approved by CMHC, The Bridge will need support for \$48,000 operating funding for the 4 units targeted for youth from the County. The Bridge is currently in receipt of operating funding from the County of Essex through the Community Homelessness Prevention Initiative (CHPI). At this time, there is no additional flexibility under the provincially funded Community Homelessness Prevention Initiative to support the operating costs for this project. Further CMHC requires a 20-year commitment for operating costs for projects. As the City of Windsor will be the agreement holder with CMHC for the Rapid Housing Program the City will require that the County of Essex enter into an agreement for the 20-year operating funding commitment.

In summary, advancing these projects through the Cities Stream will allow the Service Manager to fully expend the allocation and to meet the 35 unit target set by CMHC for the Rapid Housing Initiative and will provide additional affordable options in the County for people that are homeless or at risk of homelessness. This investment will also support the goals and strategies under the Council approved Home, Together: Windsor Essex 10 Year Housing and Homelessness Master Plan and will expand much needed affordable housing in the County of Essex.