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May 15, 2019

Ann-Marie Norio, Regional Clerk
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON L2V 4T7

Dear Ms. Norio:

At their April 26, 2019 meeting, the Niagara Regional Housing Board of Directors, approved the following:

1. That Niagara Regional Housing (NRH) Board of Directors **RECOMMENDS** to Regional Council that NRH commit in principle to fund up to 25% of the proposed City of Niagara Falls development project for a combination of Rent Geared to Income (RGI) and Housing Allowance (H/A) units for 20 years (2022-2042).
2. That the CEO and NRH staff, subject to Council approving the forgoing recommendations, **BE DIRECTED** to investigate and recommend in a further report for final commitment.

Your assistance is requested in moving report NRH 6-2019, New Housing Allowance/Rent Supplement Initiative, through proper channels to Council for consideration.

Sincerely,

Mayor Walter Sendzik
Chair



REPORT TO: Board of Directors of Niagara Regional Housing

DATE: April 26, 2019

SUBJECT: New Housing Allowance / Rent Supplement Initiative

Recommendations

1. That Niagara Regional Housing (NRH) Board of Directors **RECOMMENDS** to Regional Council that NRH commit in principle to fund up to 25% of the proposed City of Niagara Falls development project for a combination of Rent Geared to Income (RGI) and Housing Allowance (H/A) units for 20 years (2022-2042).
2. That the CEO and NRH staff, subject to Council approving the forgoing recommendations, **BE DIRECTED** to investigate and recommend in a further report for final commitment.

Key Facts

- The City of Niagara Falls is in the process of working with the Niagara Region on a public procurement process to seek out developers to provide affordable housing. Subject to a request for proposal (RFP), they hope to partner with a developer to build up to an estimated 200 unit building that will provide affordable housing. The City of Niagara Falls is requesting a 20-year funding commitment from NRH which will allow NRH to administer RGI or H/A to 25% of the housing units gaining some valuable housing stock. They are requiring this commitment from NRH in order to partner with the Niagara Region as only the Niagara Region can designate housing as an Municipal Capital Facility.
- The current Rent Supplement program is funded partly through federal funding for the federal providers but mainly through Regional Levy for the private landlords.
- NRH currently administers RGI units that are provided by Non-Profit Providers under a Federal Program and provides a mortgage subsidy to those providers. As those mortgages mature, the Federal Operating Agreements with those providers are expiring (End of Operating Agreement (EOA)), thereby freeing those providers of any obligation to continue to provide RGI subsidies.
- The existing Housing Allowances (HA) program as administered by NRH provides funding directly to the landlord. The housing allowance values are

established by NRH and funded by the Federal and Provincial governments under various programs. Commitments to private landlords range between 2 to 5 years.

- NRH is at risk of losing 169 RGI Units with Federal Housing Providers reaching End of Operating Agreement (EOA) by the year 2022. Although some will enter into new agreements with NRH, NRH expects to continue to lose rent supplement and housing allowance units as some private landlords opt out of agreements or request a reduction of units upon vacancy. To replace these units, NRH will have to find new landlords to continue to provide the number of units to meet service level standards.
- Funding for the 20 year commitment is proposed to be drawn from the existing and forecasted budget for the rent supplement program that is being increased in anticipation of the EOAs under the Federal Program.
- Niagara Region has a proposal going to Council to have approval for staff to be able to partner with the City of Niagara Falls to develop a public process to solicit competitive bids for a not for profit partner in order to provide an affordable housing development. The intent of the development proposal is to offer a number of financial incentives in order to incent the private construction of affordable housing rental units at an overall lower or equal cost to that of construction by the Region.

Financial Considerations

The proposed commitment will provide monthly subsidy to the private landlord of the City of Niagara Falls development. NRH will commit to providing funding for up to 20 years. The monthly subsidy amounts will be the same as those offered through the existing Federal, Provincial and Regional Programs (currently average approximately \$620 per month per unit), but we are estimating a rate of up to \$400 per month per unit as we will be using Maximum shelter for OW and ODSP clients.

As outlined in the 'Analysis' section below, funding for the new program is expected to be drawn from the existing and forecasted budget related to those units that are currently provided under the Federal Provider program and existing private landlords exiting the programs. As the Federal Housing Providers reach their EOAs, NRH is budgeting additional funding as part of the NRH-funded rent supplement program in an effort to continue the relationship with those providers to preserve social housing stock in Niagara. As some of the existing providers will choose not to continue to participate, new solutions are required to mitigate any resulting pressure on the wait list.

Subject to the negotiated RFP, if the City of Niagara Falls is approved for up to the estimated 200 unit development, NRH would be committing up to 25% of the housing units or 50 units to be kept under the CMHC average market rent. These units could

receive up to \$400 per month for the 20 year period. As such, the total annual commitment from NRH for these units could be up to \$240,000 per year. These monthly payments are anticipated to start in 2022.

This amount will be funded by reallocating funding from the rent supplement program. On average, each year approximately 35% of the units with Federal providers that have reached their End of Operating Agreements with the program have been identified by the landlords as not available for NRH's rent supplement program.

Analysis

The City of Niagara Falls development project is working on a proposal to work with the Niagara Region on a public procurement process to seek out developers to provide affordable housing. There is a report going on May 8, 2019 to Corporate Services Committee In order to proceed with the development, the City of Niagara Falls has requested a commitment from NRH for financial support towards affordable units. A 20-year commitment has been requested, in part to establish a positive cash flow for the project and to target the Region's affordable housing shortage.

With the foreseeable end to some of the providers operating agreements, NRH will lose valuable housing stock for their significant waiting list. In order to address this challenge, NRH staff are recommending the Board to approve in principle to fund up to 25% of the City of Niagara Falls and Niagara Region development in order to ensure that these units will remain affordable for the next 20 years and can keep a stable stock.

Funding for the units is expected to be drawn from the existing and forecasted operating budget related to NRH funding for Rent Supplement Units. This approach allows the new units to be initiated within the previously proposed budget levels for NRH, and more efficiently utilizes approved funding to address wait times.

NRH is currently negotiating with providers in the Federal program where operating agreements are coming to an end. The goal of these negotiations is to develop a new relationship with the providers to try to preserve current affordable social housing stock. NRH has currently incorporated into its proposed 2019 budget and forecast increases to the Rent Supplement line to cover rent-supplement costs formerly funded by the Federal government and the providers.

Alternatives Reviewed

The Niagara Regional Housing Board could not approve the commitment to agree in principle to fund up to 25% of the units in the City of Niagara Falls and Niagara Region development. However, this is one of the ways that NRH is able to ensure that the supply of affordable housing remains sustainable due to the number of providers with operating agreements ending in the next few years.

Alternatively, a new NRH New Development Housing Allowance (NDHA) Program was approved by NRH and Council in 2017 for the Bethlehem Housing and Support Services for the funding of 20 units of the development as part of the new Development Housing Allowance Program at monthly rates of \$250/unit for singles and \$300/unit for families for a period of 20 years. NRH could agree in principle under this NDHA program.

Relationship to NRH and/or Council Strategic Priorities

The proposed recommendation to support the City of Niagara Falls new development project is in line with the NRH Board of Directors proposed Strategic Plan 2019 – 2023 and commitment to Regional Council's focus on Niagara as a "healthy community that supports a safe, healthy, diverse, culturally rich community where people of all ages and incomes enjoy a high quality of life".

Other Pertinent Reports

None

Submitted by:

Approved by:

Donna Woiceshyn
Chief Executive Officer

Walter Sendzik
Chair

This report was prepared by Donna Woiceshyn, Niagara Regional Housing CEO in consultation with Stephanie Muhic, Program Financial Specialist.