

# Canada-Ontario Affordable Housing Program (AHP) 2009 Extension

## New Rental Housing Component



Ministry of Municipal Affairs and Housing  
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## New Rental Housing Component – Overview

The New Rental Housing Component of the AHP Extension (2009) will lead to the creation of new affordable rental housing units, with a specific focus on housing for low-income seniors and persons with disabilities.

Over two years (2009/10 and 2010/11), \$307.76 million is dedicated to the creation of new rental housing units for low-income seniors and \$57.7 million for new rental housing units for persons with disabilities.

The New Rental Housing Component will:

- Increase the supply of rental housing for households on, or eligible to be on, social housing waiting lists
- Increase the supply of affordable rental housing for low-income seniors and persons with disabilities
- Ensure that safe, adequate and affordable rental housing is available to Ontario households.

### Highlights of the AHP Extension (2009) – New Rental Housing Component

- The average combined federal and provincial AHP contribution is \$120,000 per unit to a maximum of \$150,000
- Elimination of the 20-year affordability payment (all payments made during construction)
- Dedicated funding has been earmarked for units for low-income seniors and persons with disabilities
- Other target groups include Aboriginal persons, recent immigrants, victims of domestic violence, working poor
- Efficiency measures are required to be incorporated into the design of AHP-funded projects
- Accessible and barrier-free design is encouraged
- Priority is given for projects that contribute to increased job creation in Ontario (i.e. new construction).

# Program Requirements

## Eligible Projects

Projects under the New Rental Housing Component must be one of the following:

- New construction, including additions and extensions
- Major renovation and rehabilitation
- Acquisition and conversion of non-residential buildings or units to purpose-built rental buildings/units\*.

Projects that are **not eligible** are:

- Secondary suites in ownership housing
- Nursing and retirement homes
- Social housing that receives ongoing federal subsidies
- Shelters and crisis care facilities
- Ownership housing.

\*Acquisition and rehabilitation of rental buildings should involve **significant** renovations and demonstrate that the project is in danger of being lost to the rental stock. Please refer to AHP Bulletin No. 23 at [ontario.ca/mah](http://ontario.ca/mah) for additional information.

Construction of new rental housing on social housing lands may also be eligible provided that SMs acquire the appropriate ministerial consent, as per the *Social Housing Reform Act, 2000 (SHRA)*.

## Project Criteria

SMs will recommend projects that:

- Are approved by council and/or board as required under the *Municipal Act, 2001*
- Address local housing needs
- Are environmentally sustainable
- Meet energy efficiency requirements
- Are accessible
- Are financially viable – based on the SM's confirmation
- Are able to meet the 20-year affordability requirement
- Have the required equity – private sector proponents are required to provide 10%; 4% will be required for partnership ventures between private sector and non-profit organizations
- Have secured a suitable site or made an offer to purchase or lease a suitable site

- Can begin construction within three months of signing a Contribution Agreement (CA)
- Have an occupancy plan in place to ensure that units will be occupied in a timely fashion
- Have rents that are at or below 80% of the CMHC Average Market Rent for the community
- Have existing support services in place, if required.

Housing staff in Municipal Services Offices are available to assist in an advisory role in the review and selection of projects. Please refer to Appendix A for contact information.

## Unit Size

Units must be similar in size and amenities to other housing in the community. SMs may establish size and amenity requirements. If SMs do not set size requirements, the following provincial average size requirements will be used for new construction projects.

Unit Type	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Apartment	41.8 m <sup>2</sup>	60.4 m <sup>2</sup>	79.0 m <sup>2</sup>	92.9 m <sup>2</sup>	111.5 m <sup>2</sup>
Townhouse (Row houses)	N/A	65.0 m <sup>2</sup>	83.6 m <sup>2</sup>	102.2 m <sup>2</sup>	120.8 m <sup>2</sup>

Units must be self-contained to receive full funding per unit, based on a cost analysis. Housing proponents who wish to develop congregate living buildings (rooms with shared living spaces) will need to provide a rationale in order to receive full funding per unit.

## Ministerial Consents

If it is proposed that an AHP project is to be developed on social housing land, ministerial consent will likely be required under either the *Social Housing Reform Act, 2000* (SHRA) or transfer orders under the SHRA. In addition to reviewing the SHRA to determine if consent is necessary, transfer orders should be reviewed for federal projects.

For further information on ministerial consent requirements, please refer to Appendix B.

## Duty to Consult

The province has a duty to consult and accommodate Aboriginal peoples where it has knowledge of the potential existence of an Aboriginal right or title and contemplates conduct that might adversely impact that right or title. If such a duty arises in the context of making a decision to provide AHP New Rental Housing funding, the province has an obligation to consult Aboriginal peoples before the decision is made.

The Housing Division of the Ministry of Municipal Housing and Affairs (MMAH) has established a protocol for assessing when a duty to consult may arise and with whom consultation may be required. Please contact your local Municipal Services Office Team Lead if you have any questions or are uncertain if a proposed AHP project requires consultation.



## Submission Dates

Service Managers must submit project proposals for each year (2009/10; 2010/11) of the program. They should identify whether proposals include rental units for low-income seniors, rental units for persons with disabilities, and which component of the AHP Extension (2009) they wish to participate in (New Rental, Homeownership or Northern.) SMs are encouraged to submit projects that reflect a balance of municipal non-profits, private non-profits and cooperatives, as well as private proponents.

SMs are asked to submit project proposals by the ministry's **submission dates** in order to be eligible for AHP funding.

**Year 1** projects must be committed (CA signed) between June 2009 and March 31, 2010 and **Year 2** projects must be committed (CA signed) between April 1, 2010 and March 31, 2011.

AHP Extension (2009) funding must be used within its specified year as funding will not be carried over. SMs are encouraged to submit project proposals as early as possible.

Submission dates have been chosen to encourage quick take-up of the program within the two-year timeframe. It is also important to incorporate the program's objectives of economic stimulus, energy efficiency, and accessibility for designated client groups – low-income seniors and persons with disabilities.

### Year 1 – Quick Starts (June 2009)

Funding will be allocated to construction-ready projects identified by SMs. These are projects that will be ready for construction by September 30, 2009.

Projects funded under Quick Starts must begin construction before **September 30, 2009**. Funding approvals for construction-ready projects will begin immediately.

### Year 1 – (July 2009 – March 2010)

For the remainder of Year 1, the ministry will allocate funding to project proposals that are submitted by the following dates:

- July 31, 2009
- September 30, 2009
- November 2, 2009

Funding approvals for these projects will begin shortly after each submission date has closed.

Please note that if federal funding for the first fiscal year (2009/10) is exhausted prior to the end of the first fiscal year of the AHP Extension, the ministry will be under no obligation to fund any further funding requests submitted prior to the commencement of the second year of the AHP Extension (2009).

## **Year 2 (April 2010 – March 2011)**

SMs will be asked to submit project proposals for Year 2 of the program. Year 2 submissions will be considered after February 1, 2010. Projects receiving funding approval in Year 2 should begin construction between April 1, 2010 and March 31, 2011.

Please submit all project proposals using the Affordable Housing Information Management System (AIMS).

## Project Approvals

Project selection will be based on construction readiness:

- Building site is acquired
- Zoning is in place
- Council approval has been obtained
- Building permit has been obtained
- Financial viability has been proven
- The project targets the program's priority groups.

Once a project has been selected and approved for AHP funding, it will receive a Conditional Letter of Commitment (CLC) from the ministry. Samples of a CLC and a Director's Letter are provided in Appendix C and D.

The CLC confirms the ministry's approval of the project and outlines the steps that must be taken prior to signing a Contribution Agreement (CA), which allows for the advancement of AHP funds. After receiving a CLC for a project, SMs are expected to sign a CA **within 30 days**.

The CA describes the legal obligations and reporting requirements for the project. Please refer to Appendix E for the requirements needed to sign a CA.

The ministry expects to have all Year 1 CAs signed no later than **December 31, 2009** with construction starting prior to **March 31, 2010**.

All Year 2 CAs are expected to be signed no later than **December 31, 2010** and begin construction prior to **March 31, 2011**.

SMs and housing proponents not able to sign CAs or begin construction by the required dates will have their funding re-allocated.

Funding for the New Rental Housing Component is offered on a strict "use it or lose it" basis. Funding that is uncommitted by each fiscal year-end will lapse. Therefore, funding approved during Year 1 and Year 2 will need to be committed (CA signed) at the latest by March 31st of each year and projects **must start repairs/construction within three months of the CA date**.

## Funding

Under the New Rental Housing Component, the average combined federal and provincial contribution is \$120,000 per unit, with a maximum combined contribution of \$150,000 per unit. The maximum contribution is available to projects that incorporate enhanced energy efficiency measures and provide units for low-income seniors and persons with disabilities. In addition, the overall average per unit contribution for an SM's project portfolio must be at or below \$120,000.

**AHP New Rental funding** is provided as a forgivable capital loan that is available during the development and construction phase of the project.

The AHP funding will be advanced to the project based on the completion of construction milestones. **There will be no provincial affordability payment over 20 years.**

Project housing proponents are eligible to receive funding once a CA has been signed.

## Payments for Projects

Payments for projects will be made based on completion of construction milestones.

Under the **Service Manager Direct Delivery Model**, SMs are responsible for making project payments to housing proponents. The ministry will flow AHP funds to the SM based on the completion of three major milestones. SMs will be required to forward signed project checklists to the ministry confirming fulfillment of conditions for each payment request.

The SM will then flow AHP funds to the proponent based on the completion of construction milestones.

Please note that it is expected that all SMs will adopt the Service Manager Direct Delivery Model by Year 2 of the program.

Under the **Shared Delivery Model**, the ministry is responsible for making project payments to housing proponents. Proponents, through their SM, must submit confirmation of construction milestones with each payment request.

The payment breakdowns in Table 1 will be used for the Service Manager Direct Delivery Model and the Shared Delivery Model.

The ministry may consider an accelerated payment after construction starts on a case-by-case basis (i.e., payment at structural framing).

Table 1

Construction Milestones	Direct Delivery Payment New Construction	Shared Delivery Payment New Construction	Direct & Shared Payments Conversion/Acquisition/Repairs
<ul style="list-style-type: none"> <li>Proponent confirms title to land</li> <li>Registers notice of CA &amp; securities on title</li> <li>First building permit or demolition permit received</li> </ul>	10%	10%	An accelerated payment process based on specific project needs will be considered on a case-by-case basis
<ul style="list-style-type: none"> <li>Construction Start</li> </ul>	40%	40%	
<ul style="list-style-type: none"> <li>Occupancy certificate received</li> </ul>	50%	40%	
<ul style="list-style-type: none"> <li>45-day lien period ends</li> </ul>	N/A	10%	

For both Service Manager Direct Delivery and Shared Delivery, SMs will be required to provide the ministry with **written confirmation of start of construction**, with adequate supporting documents, if available. See Appendix F for a sample confirmation form.

## Target Tenants

### Low-Income Seniors

Under this component, dedicated funding is available for projects with rental units for low-income seniors.

To be considered a low-income senior household, at least one person in the household applying to rent the unit must be a senior at the time of application. Priority should be given to seniors who are 65 years and over. SMs may lower this age limit according to local circumstances, provided they comply with all applicable laws and adhere to the Ontario and Canadian Human Rights Code.

People living in households must be residents of Ontario and have status in Canada (citizenship, landed immigrant or refugee status).

To qualify as low income, the household must be on, or eligible to be on, a social housing waiting list.

SMs are encouraged to consider the special needs of fixed-income households, such as those on Ontario Works (OW) or the Ontario Disability Support Program (ODSP). Lower rents should be offered to match the affordability needs of low-income seniors and persons with disabilities.

### Persons with Disabilities

Under this component, dedicated funding is available for projects with rental units for persons with disabilities.

To be considered a household with disability challenges, at least one person in the household, such as one of the spouses (including common-law and same sex) or dependants, must have a physical or mental disability, or both.

People living in households must be residents of Ontario and have status in Canada (citizenship, landed immigrant or refugee status).

### *Definitions of Disability*

Under the New Rental Housing Component, disability refers to both physical and mental conditions. These conditions may be visible or invisible, temporary or permanent/chronic, past or present. They may include restricted mobility, mental disorders, hearing or vision disabilities, learning disabilities, dependence on alcohol or drugs, as well as other conditions requiring special accommodation and/or services.

Section 25 of the Canadian Human Rights Act defines disability as “any previous or existing mental or physical disability and includes disfigurement and previous or existing dependence on alcohol or a drug.”

Funding provided to projects with units for persons with disabilities is to be used to cover capital costs only. If support services are required, SMs are responsible for ensuring that adequate ongoing support funding is in place and to provide written confirmation of the source of this funding.

For further information on the definition of “disability”, please refer to Appendix G.

## **Other Target Tenant Groups**

Priority funding may be available for projects that create units for the following tenant groups:

- Aboriginal people (status/non-status, Inuit, Métis)
- Recent immigrants
- Victims of domestic violence
- Working poor.

Projects with units that accommodate households that are on, or eligible to be on, social housing waiting lists are also eligible for funding.

## **Barrier-Free Units**

SMs are encouraged to include barrier-free units. These units should be located in fully accessible buildings and provide ramps, grab bars, wider doorways and/or lower cabinets, as well as provisions for persons with hearing and vision impairments.

## **Income Verification**

SMs are required to establish maximum income levels for AHP-funded units at the time of initial tenancy. They must establish an approach to income verification in order to ensure households in need are targeted. Annual income verification is at the SM's discretion.

## Rents

Rents are required to be at or below 80% of Canada Mortgage and Housing Canada (CMHC) Average Market Rent (AMR) at the time of occupancy. Average rent for a project is calculated using the actual rents paid by tenants after factoring in rent supplement or housing allowance assistance. Other reasonable methods of achieving 80% of CMHC Average Market Rent for a project will be considered on a case-by-case basis.

Service Managers are encouraged to provide more affordability for units that are designated for low-income seniors and persons with disabilities.

Housing projects that include both AHP funded units and market rent units are possible, but only units with rents at or below the CMHC Average Market Rent will receive AHP funding.

In some SM areas, maximum rents will be based on a Modified Ontario Works shelter allowance. The proponent is allowed to charge rents of up to 105% of a modified Ontario Works shelter allowance, provided it does not exceed the CMHC Average Market Rent. In areas where 80% of the CMHC Average Market Rent is less than 105 % of a modified shelter allowance, the higher rent will prevail.

Rent increases after initial occupancy must be made in accordance with the rules established under the *Residential Tenancies Act* (RTA) Annual Rent Increase Guidelines, or as otherwise permitted under legislation. New rental buildings (built after 1991) are technically exempt from RTA rent increase guidelines, but are subject to terms and conditions in the Contribution Agreement. The Contribution Agreement states that rent increases in AHP-funded units follow the RTA rent increase guidelines but must still remain at 80% of CMHC Average Market Rent.

For additional information on rent increases in AHP units, please refer to AHP Bulletin No. 21 on the MMAH website: [ontario.ca/mah](http://ontario.ca/mah).



## Energy Efficiency and Building Design

Several energy efficiency measures are now required in projects funded under the New Rental Housing Component.

### Building Design

Buildings must meet the energy efficiency requirements of the proposed 2012 Ontario Building Code. These include:

- The energy efficiency of building design for buildings under Part 3 of the Building Code must be at least 25% higher than the reference building designed to the Model National Energy Code for Buildings, or 18% higher than the reference building designed to ASHRAE 90.1 - 1999 (without amendments).
- Building design for buildings under Part 9 of the Building Code must at least meet the performance of Energuide 80 or equivalent.

SMs are required to confirm that all submitted projects meet this requirement. Confirmation by qualified professionals, such as the project architect or engineer, is acceptable.

### Building Components and Appliances

ENERGYSTAR-rated products must be used when available.

### Smart Meters

SMs who decide to install smart meters (either in directly metered units or by sub-meter) in their social or affordable rental buildings should refer to the *Electricity Act, 1998*, to ensure that the installation of the meters does not contravene the legislation.

SMs may also contact the Ontario Energy Board to confirm if the installation of meters (individual and/or sub-meters) is currently authorized and who is authorized to install the metering equipment. **For further information, please contact the Ontario Energy Board's (OEB) Consumer Relations Centre at 1-877-632-2727 or 416-314-2455, or go to [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).**

### Other Energy Efficient Initiatives

Proponents are encouraged to utilize all other incentives available in their location. The Energy Efficiency Resource & Funding Guide provided by the Ministry of Energy and Infrastructure provides an overview of available programs:  
[http://www.mei.gov.on.ca.wsd6.korax.net/english/pdf/conservation/energyefficiency\\_funding.pdf](http://www.mei.gov.on.ca.wsd6.korax.net/english/pdf/conservation/energyefficiency_funding.pdf)

Housing proponents are also encouraged to participate in the High Performance New Construction program. Please refer to the program's website for more details:  
[www-opa.hpnc.ca](http://www-opa.hpnc.ca)

## **Environmental Assessment**

Projects funded under the AHP Extension (2009) are now subject to the *Canadian Environmental Assessment Act* (CEAA). SMs are required to check for compliance of the CEAA and provide confirmation to the ministry. Please refer to Appendix H for specific considerations.

## Stacking

### Other AHP Funding

Projects that have received funding under AHP Wave 1 and Residual rounds cannot receive AHP Extension (2009) funding (for example, as a top-up) for the same units.

### Other Capital Funding

Projects that have received funding from the Off-Reserve Aboriginal Housing Trust cannot receive New Rental Housing funding for the same project. For further information on programs that can be combined with the AHP, please refer to AHP Bulletin No. 15 found at [ontario.ca/mah](http://ontario.ca/mah).

### Rent Supplements

Strong Community Rent Supplements and other existing rent supplement program funding can be applied to an AHP-funded unit.

## Reporting

SMs are required to report to the province on the status of each project during every financial quarter of the development and construction phases, as well as annually, as per the Administration Agreement.

This reporting ensures compliance with the provisions of the Canada-Ontario Affordable Housing Program agreement and other established program parameters. Proponents will be required to report accordingly to the SM.

Quarterly reports will identify and address project status. These reports will also describe the progress of projects with units for low income seniors and persons with disabilities to ensure that housing for these groups is constructed.

Due to the nature of the AHP Extension (2009) and the program's tight timelines, the quarterly reports will be supplemented with monthly updates to Municipal Service Office Team Leads describing project progress and any issues of concern. These updates may be used to determine the need for re-allocating funding.

SMs are required to submit their quarterly reports through the ministry's Affordable Housing Information Management System (AIMS). SMs should also ensure that project information is updated in AIMS especially in terms of construction start dates.

Please refer to Appendix I for further information on quarterly reports and tips on updating projects and submitting reports in AIMS.

## Other Program Requirements

SMs are encouraged to provide the following contributions to increase the level of affordability for tenants:

### Municipal Property Tax

SMs will be required to reduce property taxes for rental housing projects by setting it at an effective rate equivalent to, or lower than, the single residential rate for the area.

### Municipal Housing Facility Bylaw

SMs are required to have a Municipal Housing Facility Bylaw for affordable housing to enable municipal contributions according to the *Municipal Act, 2001*, beyond the required property tax concessions.

SMs are encouraged to provide exemptions from, or reductions of, development charges and *Planning Act* fees. SMs are also encouraged to waive Building Permit fees.

## Indemnification and Repayment of Funds

There are obligations for all AHP parties with regard to indemnification and recovery of government funding. Please see Appendix J for specific obligations.

### How to Make a Project Submission

All project proposals must be submitted to MMAH through the Affordable Housing Information Management System (AIMS). For assistance in submitting projects, contact the AIMS Support Desk by calling 416-585-7070 (GTA) or 1-866-417-5399 or by email at [aimssupport.mah@ontario.ca](mailto:aimssupport.mah@ontario.ca).

## APPENDIX A - Municipal Services Offices (MSO) - Contacts

Service Managers are encouraged to contact their regional Municipal Services Office for more information on the AHP Extension (2009) New Rental Housing Component Guidelines.

<p><b>Canada-Ontario Affordable Housing Program (AHP)</b> Housing Programs Branch 777 Bay Street, 2nd Floor Toronto ON M5G 2E5 General Inquiry: (416) 585-5013 Fax: (416) 585-7003 <a href="http://www.mah.gov.on.ca">www.mah.gov.on.ca</a></p> <p>Community Partnerships and Projects Branch – Toronto Unit 777 Bay St., 2nd Floor Toronto, ON M5G 2E5 Tel: (416) 585-6711 Fax: (416) 585-6588</p> <p><u>Contact:</u> Chris Ryter, Manager, Community Partnerships and Projects Branch Tel: 416-585-6711 Email: <a href="mailto:chris.ryter@ontario.ca">chris.ryter@ontario.ca</a> Serving: Toronto</p>	<p><b>Municipal Services Office - Central</b> 777 Bay Street, 2nd Floor 2nd Floor Toronto ON M5G 2E5 General Inquiry: (416) 585-6226 Toll Free: 1-800-668-0230 Fax: (416) 585-6882</p> <p><u>Contact:</u> Ian Russell, Team Lead, Regional Housing Services Tel: 416-585-6965 Email: <a href="mailto:ian.russell@ontario.ca">ian.russell@ontario.ca</a></p> <p>Serving: Peel, Durham, Halton, York, Simcoe, Muskoka</p>
<p><b>Municipal Services Office - Eastern</b> 8 Estate Lane Rockwood House Kingston ON K7M 9A8 General Inquiry: (613) 548-4304 Toll Free: 1-800-267-9438 Fax: (613) 548-6822</p> <p><u>Contact:</u> Mila Kolokolnikova, Team Lead, Regional Housing Services Tel: 613-545-2123 Email: <a href="mailto:mila.kolokolnikova@ontario.ca">mila.kolokolnikova@ontario.ca</a></p> <p>Serving: Northumberland, Peterborough, Kawartha Lakes, Ottawa, Kingston, Hastings, Lanark, Leeds &amp; Grenville, Lennox &amp; Addington, Prescott &amp; Russell, Renfrew, Cornwall</p>	<p><b>Municipal Services Office - Western</b> 659 Exeter Road, 2nd Floor London ON N6E 1L3 General Inquiry: (519) 873-4020 Toll Free: 1-800-265-4736 Fax: (519) 873-4018</p> <p><u>Contact:</u> Tony Brutto, Team Lead, Regional Housing Services Tel: 519-873-4032 Email: <a href="mailto:tony.brutto@ontario.ca">tony.brutto@ontario.ca</a></p> <p>Serving: Hamilton, Waterloo, Wellington, Bruce, St. Thomas, Windsor, Grey, Huron, Chatham-Kent, Lambton, London, Niagara, Oxford, Stratford, Norfolk, Brantford, Dufferin</p>

<p><b>Municipal Services Office - Northeastern</b>  159 Cedar Street, Suite 401  Sudbury ON P3E 6A5  General Inquiry: (705) 564-0120  Toll Free: 1-800-461-1193  Fax: (705) 564-6863</p> <p>Contact: Cindy Couillard, Team Lead, Regional Housing Services  Tel: 705-564-6808  Email: cindy.couillard@ontario.ca</p> <p>Serving: Parry Sound, Sault Ste Marie, Algoma, Cochrane, Manitoulin, Nipissing, Sudbury, Timiskaming</p>	<p><b>Municipal Services Office - Northwestern</b>  435 James Street, Suite 223  Thunder Bay ON P7E 6S7  General Inquiry: (807) 475-1651  Toll Free: 1-800-465-5027  Fax: (807) 475-1196</p> <p>Contact: Peter Boban, Team Lead, Regional Housing Services  Tel: 807-473-3017  Email: peter.boban@ontario.ca</p> <p>Serving: Kenora, Rainy River, Thunder Bay</p>
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## APPENDIX B – Ministerial Consent Requirements

### Reasons for Ministerial Consent

Ministerial Consent may be required for:

- Encumbrances – mortgages that are registered on title, registration of other instruments such as easements, funding agreements, etc.
- Postponement of first mortgages, replacement of mortgages
- Sale/transfer/lease of social housing property/units, development/redevelopment of social housing property, granting/disposing of property
- Altering any condition or state of social housing property, excluding repairs or maintenance.

### Ministerial Consent Documentation

The ministry may require certain documents and/or other items in connection with an application for Ministerial Consent including:

- A comprehensive business case describing the project's plan(s) and how objectives will be met
- Corporate name of proponent and location(s) of anticipated work
- Council and board resolutions
- Title search
- Tenant relocation plan, if required
- Copy of Operating Agreement for federal projects
- Financing arrangements
- Clean Phase 1 ESA's
- Draft easements
- Draft Shared Facilities Agreement
- Draft mortgage assumption agreements
- Site plan
- Draft purchase and sale agreements
- Pre and post property appraisals
- Partial discharges of first mortgages
- Severances of land no longer to be used for social housing

- Separate ownership of land no longer to be used for social housing; and
- Consent of the first mortgagee.

For example, when it is proposed that an AHP project be developed on social housing land and a mortgage registered against the property, Ministerial Consent will generally require, among other things:

- A severance of the property to be used for the AHP project
- The incorporation of a separate corporation to hold the land on which the AHP project is situate
- The consent of any first mortgagee
- A partial discharge of the first mortgage over the land to be used for the AHP project; and if, after the severance, the two facilities share amenities, a shared facilities agreement.

It may also require a postponement of mortgages to the shared facilities agreement.

Where a Ministerial Consent is required, it must be obtained **prior** to entering into a Contribution Agreement with the Service Manager or province, as applicable.

Three copies of the complete consent package must be provided to the ministry. The average turnaround time for approval is ten business days.

Even if Ministerial Consent is **not** required, please note that if a social housing provider is developing an AHP project on **non-social housing lands** it is recommended that they consider:

- Setting up a separate corporation to own the new AHP project (or receive consent from the Service Manager)
- This is suggested because, should the AHP project cease to be financially viable and adversely affect the social housing project, the Minister may recoup from the Service Manager as provincial housing costs under the SHRA and O.Reg 642/00 any losses, costs and expenses, including settlement losses, costs and expenses, that the Province may suffer or incur under the Canada-Ontario Social Housing Agreement in relation to the social housing project.

For clarification of consent requirements and documentation, please refer to Release 20 - *Procedures for obtaining Ministerial Consent under the Social Housing Reform Act 2000* and/or contact:

- East of Yonge Street – Lilian Hulme-Smith, 416-585-6094 or [lilian.hulme-smith@ontario.ca](mailto:lilian.hulme-smith@ontario.ca)
- West of Yonge Street – Yvonne Wright, 416-585-6423 or [yvonne.wright@ontario.ca](mailto:yvonne.wright@ontario.ca)
- City of Toronto – Chris Ryter, 416-585-6711 or [chris.ryter@ontario.ca](mailto:chris.ryter@ontario.ca)

## APPENDIX C - SAMPLE Conditional Letter of Commitment (CLC)

[Insert Proponent Contact Name & Address]

Dear Proponent Contact Name,

Re: Project Address, Project Municipality, # of Units  
Project Name, SM Area  
**AHP Extension (2009) – New Rental Housing Component**

I am pleased to confirm that funding in the amount of \$XXXX for XX units for the [Name of Project] in the [SM area] has been conditionally approved under the New Rental Housing component of the AHP Extension (2009). This includes XX units for low-income seniors and XX units for persons with disabilities.

This conditional funding is dependant upon the [SM area] and the Province of Ontario entering into an Administrative Agreement. Furthermore, funding is conditional upon obtaining all required approvals for the project from the [SM area], entering into a Contribution Agreement (CA), and **starting construction within three months of the CA date**. Projects that do not meet these timelines may have their funding re-allocated.

Further details regarding the terms and conditions of this funding will follow shortly. We will work with you on an announcement in accordance with our communications protocol with the federal government.

The AHP Extension (2009) is a two-year initiative to fund new units of affordable housing, while stimulating Ontario's economy. Under this initiative, housing will be provided for Ontario's most vulnerable, including low-income seniors and persons with disabilities.

Congratulations on this significant accomplishment and we look forward to the above conditions being met and the project proceeding to construction. The Province of Ontario is pleased that you are able to utilize AHP funding to provide affordable housing in your community.

Sincerely,

Assistant Deputy Minister  
Housing Division

c: SM Contact Name, Title, SM area  
MSO Contact Name, Team Lead, Regional Housing Services, MSO – Region

## APPENDIX D - SAMPLE Director's Letter – SM Direct Delivery/Shared

[Ministry Letterhead]

### DATE

To be addressed to both the proponent and the SM in case of Shared Delivery and only to SM in case of SM Delivery

Dear Mr./Ms. XXX:

Re: Project Address, Project City, XX units  
Name of Project (if applicable), Proponent/Company Name  
**Affordable Housing Program (AHP) – AHP Extension (2009) – New Rental Housing**

Name of the project received a conditional funding commitment of \$XXX for XX units under the **Affordable Housing Program (AHP) – AHP Extension New Rental Housing Component**. Ministry approval of this funding was based on the recommendation of the [SM Name].

### INSERT FOR SHARED DELIVERY

This project is approved under the Shared Delivery model. Funding for the project is conditional on the achievement of specific milestones and the project proponent and the province entering into a Provincial Contribution Agreement (PCA), with such conditions and security for the AHP funding as are acceptable to the ministry. It is expected that the PCA will be signed within thirty (30) days of the date of the CLC.

Funding is subject to the Insert SM & Insert Proponent agreement with the terms and conditions outlined in this letter.

### INSERT FOR SM DELIVERY

This project is approved under the Service Manager Direct Delivery model. Funding for the project is conditional on the achievement of specific milestones and the project proponent and the Service Manager (SM) entering into a Contribution Agreement (CA), with such conditions and security for the AHP funding as are acceptable to the SM. It is expected that the CA will be signed within thirty (30) days of the date of the CLC.

Funding is subject to the **Insert SM** agreement with the terms and conditions outlined in this letter.

\*\*\*\*\*

Conditions for AHP Extension (2009) funding include, but are not limited to, the fulfillment of:

- The province and the Service Manager for the jurisdiction in which the project will be built have signed an Administration Agreement
- Any required project-specific Municipal Housing Facilities Bylaws or Agreement or any other required Agreement by the Service Manager and/or other party and the proponent
- Proof of ownership or long term lease to permit the development of the proposed project over the minimum twenty (20) year period
- The first permit that permits the demolition of an existing structure or the construction of the foundation of the project to be completed and/or permits a subsequent phase in the construction process
- Confirmation of construction start within three (3) months of the date of the **[insert Provincial Contribution Agreement or Contribution Agreement, whichever is applicable]**. Any project that does not meet this requirement may have their funding re-allocated as per the province's obligations under the Canada-Ontario Affordable Housing Agreement
- Certificate of Insurance (COI) and any required insurance as part of the **[insert Provincial Contribution Agreement or Contribution Agreement, whichever is applicable]**
- Confirmation of required owner equity
- Approval of mortgage financing and interest rate, if required, in the form of a mortgage commitment satisfactory to the ministry
- Ministerial Consent, if required under the *Social Housing Reform Act, 2000*
- Confirmation in writing of existing support services, if required
- All other conditions precedent to the implementation of the project as set out in the proponent's submission to the procurement process and as outlined in the *AHP Extension (2009) – New Rental Housing Guidelines* (see attachment 2).

Attached for your use is a checklist that sets out conditions to be fulfilled prior to signing the **[insert Provincial Contribution Agreement or Contribution Agreement, whichever is applicable]** and advance of funding.

The Service Manager should ensure that **insert proponent name** keeps them informed regarding the progress in meeting these conditions.

**INSERT FOR SHARED DELIVERY**

Please note that the ministry expects all Service Managers to adopt the Service Manager Direct Delivery Model to participate in the New Rental Housing Component by Year 2 of the program.

After all conditions for funding are met and confirmation of fulfilment of conditions as per the Checklist has been received, the ministry will prepare the PCA. The customized PCA will be sent to **insert SM Name** to coordinate with the **proponent name** for signing and to insert the necessary schedules in the PCA. Once the PCA is signed and dated by the ministry, the first instalment of AHP funding will be deposited into the proponent's account, pursuant to the funding schedule.

In order for the ministry to deposit the amount into the proponent's account, the Service Manager is requested to obtain the completed Direct Deposit Authorization Form (attached) from the proponent and send it to the ministry.

**INSERT FOR SM DELIVERY**

As you are aware, SMs are required to report to the province when a Contribution Agreement is signed, and comply with program guidelines specified in the Administration Agreement.

Once the CA between the proponent and the SM has been signed and confirmation of fulfilment of conditions as per the Checklist has been received, the AHP funding will be advanced to the SM. The SM will receive the AHP funding for the project from the province and the SM will advance the funding to the proponent, pursuant to the funding schedule.

\*\*\*\*\*

AHP funding will be based on the achievement of project milestones. The schedule of funding will be based on the project value, progress and completion of eligible activities, and security available at various stages of the work. Please see the attached preliminary schedule of funding for a description and breakdown of the funding for the project.

In order to confirm your agreement with the above conditions, **please sign and return the second portion of this letter** to us.

The proponent should send all documents to the Service Manager and the SM should forward them to the Ministry of Municipal Affairs and Housing (MMAH) Municipal Services Office in the area:

Attention: MSO Contact Name  
Team Lead, Regional Housing Services  
MSO Office Address  
Telephone: MSO Number

Please be advised that if federal funding for the first fiscal year (2009/10) is exhausted prior to the end of the first fiscal year of the AHP Extension, the ministry will be under no obligation to fund any further funding requests submitted prior to the commencement of the second year of the AHP Extension.

Further, this conditional funding commitment is confidential until a joint federal-provincial-municipal announcement is made. The province will co-ordinate the announcement of this funding and the [SM name] will notify the proponent in advance.

Thank you once again for your interest and participation in the AHP.

Yours truly,

Name

Director, Housing Programs Branch

- Attachments:
1. Confirmation for Sign-back
  2. New Rental Housing Guidelines
  3. Direct Deposit Authorization Form (Shared DELIVERY)
  4. Funding Schedule
  5. Checklist

c. Proponent Contact Name (SM DELIVERY)

MSO Name, Team Lead, Regional Housing Services, MSO – Region

Include both SM and Proponent Acknowledgement for the Shared Letter and only SM Acknowledgement for the SM Delivery letter

### **SM Acknowledgement**

I understand and agree to abide with the terms and conditions of AHP Extension funding for the \_\_\_\_\_ project.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

NAME OF SERVICE MANAGER

\_\_\_\_\_

Name of Authorized Signing Officer

Title

I have authority to bind the Corporation

### **Proponent Acknowledgement**

I understand and agree to abide with the terms and conditions of AHP Extension funding for the \_\_\_\_\_ project.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

NAME OF PROPONENT

\_\_\_\_\_

Name of Authorized Signing Officer

Title

I have authority to bind the Corporation



## APPENDIX E – Requirements to Enter into Contribution Agreement

In order to enter into a CA, housing proponents must meet these requirements:

- The province and the SM must sign an AA for the jurisdiction in which the project will be built.
- Have any required Municipal Housing Facilities Bylaws/Agreement or any other required Agreement in place
- Have proof of ownership or long-term lease to permit development of the proposed project over a minimum 20-year period
- Have the first permit for the demolition or foundation of the project to be completed and/or permits for subsequent phases in the construction process
- Have approval of mortgage financing and interest rate, in the form of a mortgage commitment satisfactory to the ministry, for the balance of the required capital cost
- Have written confirmation of existing support services funding, if required.

## APPENDIX F – SAMPLE Written Confirmation of Construction Start

### Confirmation of Construction Start AHP Extension (2009) – New Rental Housing Component

This is to confirm that the \_\_\_\_\_ project in the \_\_\_\_\_ [SM name] has commenced construction on \_\_\_\_\_ [date].

The start of construction for this project is within three months of the date of the project's Contribution Agreement, which was signed on \_\_\_\_\_ [CA date].

I declare that the above information is true and complete.

\_\_\_\_\_  
Signature

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Name and Title of Service Manager/Authorized Signing officer

## APPENDIX G – Definition of Disability

The *Ontarians with Disabilities Act, 2005* defines a person with disabilities as having:

- (a) any degree of physical disability, infirmity, malformation or disfigurement that is caused by bodily injury, birth defect or illness and, without limiting the generality of the foregoing, includes diabetes mellitus, epilepsy, a brain injury, any degree of paralysis, amputation, lack of physical co-ordination, blindness or visual impediment, deafness or hearing impediment, muteness or speech impediment, or physical reliance on a guide dog or other animal or on a wheelchair or other remedial appliance or device,
- (b) a condition of mental impairment or a developmental disability,
- (c) a learning disability, or a dysfunction in one or more of the processes involved in understanding or using symbols or spoken language,
- (d) a mental disorder, or
- (e) an injury or disability for which benefits were claimed or received under the insurance plan established under the *Workplace Safety and Insurance Act, 1997* (“handicap”).

SMs should refer to the Ontario Act, and municipal accessibility plans and advisory committees, to guide their approach to identifying new units for persons with disabilities. SMs may also wish to consult the **Municipal Accessibility Toolkit** (Association of Municipal Managers, Clerks & Treasurers of Ontario - AMCTO) website. The kit was developed in 2007 to provide information on tools, resources and training opportunities for the municipal sector.

## APPENDIX H – Canadian Environmental Assessment Act (CEAA) Considerations

Funding from CMHC is now subject to the Canadian Environmental Assessment Act (CEAA). To be eligible for funding, housing proponents must confirm that project proposals do not impose adverse impacts that cannot be mitigated. Considerations include:

1. Projects that involve construction, expansion, modification or demolition within 30m of a water body.
2. Projects that involve construction, expansion or modification with a footprint of more than 500m<sup>2</sup> on land not serviced at the time of the commitment.
3. Does not involve the likely releasing of a polluting substance into a water body.
4. Projects that involve the demolition of a building where its floor area is more than 1,000m<sup>2</sup> or where the proposal is to be carried out within 30m of another building.
5. Does not:
  - (i) possibly affect the permafrost AND
  - (ii) take place on land not serviced at the time of the commitment AND
  - (iii) involve construction or expansion of a sidewalk, boardwalk, path, pedestrian ramp or access road longer than 100m<sup>2</sup>.
6. Projects that involve construction or expansion or modification in a national park, park reserve, national historic site or historic canal.
7. Does not involve a USE OTHER THAN:
  - residential accommodations
  - institutional accommodations/offices
  - common-carrier-passenger facilities and services
  - retail sales facilities
  - medical, educational, informational or recreational facilities or services
  - food services
  - parking facilities
  - non-hazardous storage facilities
  - presenting artistic, cultural, sporting or other community-related events.

## APPENDIX I – Quarterly Reports and Required AIMS Updates

Quarterly reports address project status, including:

- Approvals
- Progress toward milestones
- Timelines for development
- Start of construction
- Occupancy
- Number of units for seniors and persons with disabilities
- Flow of payments
- Status of financing
- Any changes in the project (such as change in size)
- Information on project characteristics for the purpose of program evaluation
- Final financial information including actual project costs, contributions by Service Managers, local municipalities, proponents and third parties.

Also, Service Managers are expected to ensure that their projects are regularly updated in AIMS. Below are the sections that should be updated during project development and annually after occupancy:

1. General Project Information
  - a. Project address
  - b. Proponent's contact information
  - c. Milestones tab
2. Monthly Updates
  - a. Milestones tab (Development Schedule, especially Construction Start)
  - b. Units tab
3. Project's Development Stage
  - a. Under construction
    - Construction start milestone (*Actual Date*)
    - Building Permit milestone (*Actual Date*) **or** post document for construction start milestone
  - b. Occupied/completed
    - Occupancy milestone (*Actual date*)

- Milestones tab (*Actual Date*)
- Units tab
- Rents tab
- Financial tab (*actuals*)
- Initial occupancy report (*through submit report*)

4. Required Reports

- a. Quarterly (every July, October, January, and April)
  - Development stage
  - Milestones tab
  - Units tab
  - Financial tab
- b. Annual (includes annual occupancy report, every January)
  - Units tab
  - Rents tab

## APPENDIX J – Indemnification and Repayment

During the construction period for the project, the SM will fully indemnify the province, with one exception. The SM's share of any loss associated with environmental claims will be 50% of the provincial share (25%).

During the operation of the project, there will be consultation and notification requirements if there are indications there may be operational or financial difficulties. If the SM becomes aware of a proponent's failure to observe or perform a material condition in the CA, the SM shall notify the ministry immediately. The ministry will, in turn, notify CMHC.

An ad hoc committee may be struck to assemble information relating to the project, in order to determine a course of action for rectifying the difficulty and using best efforts to maintain the affordability of the rents for the project. The parties will acknowledge that the interests of the tenants shall be considered in determining what course of action may be most suitable for a project in difficulty.

In situations of non-compliance due to misuse or negligence, the SM is expected to take remedies available to recover government contributions.

Project proponents may earn forgiveness of AHP funds at a rate of 5% per year for 20 years, at the discretion of the SM, provided the project remains in compliance with program guidelines.

It is recommended that all AHP Extension projects obtain CMHC insurance for the first mortgage. However, there is the option to waive the CMHC mortgage insurance requirement and seek alternative loan financing arrangements, at the discretion of the lender and the SM. For further information, please refer to AHP Bulletin No. 28 on the MMAH website: [www.mah.gov.on.ca](http://www.mah.gov.on.ca).

There are also certain exceptions – for example, when a municipality is providing construction and take-out financing. The details of the indemnification provisions will be contained in the legal agreements for the program.