

Update on the Residential Rehabilitation Assistance Program

(City Council on June 7, 8 and 9, 2000, adopted this Clause, without amendment.)

The Community Services Committee recommends the adoption of the following report (May 4, 2000) from the Commissioner of Community and Neighbourhood Services:

Purpose:

This report provides an update on the Residential Rehabilitation Assistance Program (RRAP) activity, including preservation of affordable apartments and rooming houses and creation of new units in existing buildings; and it seeks support for a RRAP second suite pilot project.

Financial Implications and Impact Statement:

There are no financial implications. RRAP loans are provided directly by Canada Mortgage and Housing Corporation; the program is delivered by the City on a fee-for-service basis.

Recommendations:

It is recommended that:

- (1) Canada Mortgage and Housing Corporation be requested to support a second suite pilot project within the 2000/2001 RRAP allocation for the City of Toronto; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The Residential Rehabilitation Assistance Program is a federal program which provides forgivable loans for necessary repairs to housing, while maintaining affordability for low-income home-owners and tenants. Home-owner recipients must be below certain income limits. In the case of rental properties, tenant incomes must be below designated levels, and the owner must maintain it as a rental property with rents below median market rents.

Federal announcements in December 1999 on homelessness included the funding of RRAP at an enhanced level for the fiscal years 1999/2000 through 2002/03. This will enable the City to continue a similar volume of delivery as has been seen over the past year.

Staff reported to the Community Services Committee on RRAP and other housing improvement programs in March and May 1999. This report outlines successful activity over the past year, the implications of new federal announcements, and expected activity in the next several months.

Comments:

Over the past year, significant new steps have been taken in regard to rental and rooming house RRAP, other special or new features of RRAP, and the City's overall role in delivery.

City Delivery Role:

Municipal City-wide delivery is now in place for all forms of RRAP, in accordance with recommendations adopted by Council in May 1999 and pursuant to agreements with Canada Mortgage and Housing Corporation (CMHC) in 1999. Before amalgamation, three of the former local municipalities delivered RRAP (through different divisions) while three did not. The first municipal City-wide delivery by the Shelter, Housing and Support Division was for the special 1998/99 rental and rooming house allocation; this is now extended to other RRAP funding streams. It should be noted that staff in other major Ontario municipalities have recently approached CMHC to inquire about the possibility of assuming the RRAP delivery role as part of an expanded municipal housing role.

RRAP loans are provided directly to property-owners by CMHC. The City role in delivering RRAP involves receiving proposals and inquiries, determining eligibility and priority, reviewing applicants' financial situation vis-à-vis loan criteria, determining scope of work and costs for each property, reviewing contractors' quotations, recommending proposals to CMHC for approval, inspecting the work, authorizing advances of CMHC funds, and communicating with applicants as necessary. The City receives a CMHC administrative fee for each loan (\$833.00 for the first unit in each property, \$100.00 for each unit thereafter, \$54.00 per bed-unit in rooming houses).

Allocations and Accomplishments:

Total RRAP commitments were \$7.4 million in fiscal 1998/99 and are projected at \$5.0 million in fiscal 1999/2000. This includes allocations for rental and rooming houses, for low-income home-owners and home modifications for the disabled, and a new RRAP conversion funding stream described below.

Of these totals, rental and rooming house allocations constitute a large portion. In fiscal 1998/99, the special rental and rooming house allocation (on which staff reported in March 1999) ultimately totalled \$6.9 million, for 713 rooming house units and 321 apartment units. Staff activity during the past year has included extensive work to oversee the ensuing repairs. In fiscal 1999/2000, \$2.1 million was committed to rental and rooming house projects covering 61 apartments and 235 rooms, as well as \$1.1 million for upgrading of 260 hostel units. Projects included City-owned properties at 349 George Street and 156-158 Munro Street, the Eva's Phoenix transitional youth shelter at 11 Ordnance Street, and two new Salvation Army shelters.

Upcoming Activity:

The future of RRAP is now secure for the next three years. Following the pattern of the previous year when the RRAP budget was doubled to \$100 million nation-wide, the December 1999

homelessness announcements increased RRAP to approximately \$115-\$120 million annually through fiscal 2002/03. The announcement emphasized RRAP as a means to preserve low-rent housing for people at risk of homelessness. The announcement included the federal Shelter Enhancement Initiative (\$43 million over three years) to upgrade homeless shelters; this is part of the overall RRAP budget but administered directly by CMHC.

Toronto's share of this upcoming funding is now in the process of being determined by CMHC through a needs-based formula. City and CMHC staff have met to discuss future directions. It is expected that the general magnitude of RRAP allocations within the City will be similar to that in the past two fiscal years. The preferred approach, to be negotiated with CMHC, is to maintain a similar emphasis on rental and rooming house properties as in the past two years. Based on Province-wide figures, at least 10 percent of RRAP funds is likely to be targeted to the new residential conversion stream and a similar share to shelter enhancement.

The City will issue a proposal call for rental and rooming house RRAP and one for RRAP conversion (see below), as soon as the CMHC allocation is confirmed in the near future. Council members will be advised when it is issued so that information can be passed on to interested constituents and property owners.

Shelter Enhancement Funds will be administered directly by CMHC rather than by the City. The City will be closely involved through the Shelter, Housing and Support Division which manages hostel system funding and expansion (except provincial abused women's shelters). The City hopes to make good use of such funds, although the scale of funding needed for new shelters, upgrading, and replacement is several times higher than the available RRAP funds.

RRAP Conversion Program:

The new RRAP conversion program is a welcome enhancement of RRAP, and reflects positions adopted by City Council in 1999. This will support the conversion of non-residential properties to affordable housing. It serves several City goals. It increases federal involvement in creating affordable housing, responding to the interests and needs of the City. It supports re-use of existing older buildings. It helps affordable housing to be part of the large volume of housing being created today through conversion of non-residential properties. A proposal call for 1999/2000 funding, with a very compressed response time following the federal announcements, elicited two proposals. A much stronger response can be expected to a 2000/2001 proposal call with a more adequate time for property owners to prepare their proposals. City staff have provided CMHC with comments on a draft of detailed program guidelines.

Potential RRAP Pilot Project:

City staff have also raised with CMHC staff the possibility of a RRAP second suite pilot project, and are developing a proposal.

When Council in July 1999 adopted the by-law permitting second suites as-of-right in single and semi-detached houses it also endorsed in principle the establishment of an "Add-a-Suite" incentive program to assist home-owners to install or upgrade second suites, and supported an

associated education and information program. This would support City objectives in creation of affordable housing and help ensure that existing second suites to meet standards. About 50 applications of this sort were received in response to the January 1999 RRAP proposal call. The July 1999 report gained media attention and led to a large volume of inquiries from interested home-owners. Council directed that federal and provincial funding be sought, which was not successful at the time.

As the Ontario Municipal Board has issued its decision approving the second suites by-law amendment, the time is right to move ahead with such a program. Staff believe that the RRAP may provide an opportunity to fund this as a pilot project. This is not within existing RRAP guidelines, but it would build on the flexible approach to RRAP delivery that CMHC has set in place over the past year and a half. A second suite pilot project would (somewhat like the RRAP conversion program), be a special form of RRAP rental funding, tailored to a special situation.

This report recommends that the City formally request CMHC to support such a program. Staff will approach CMHC on this matter and report back.

Conclusions:

RRAP forms a significant part of an overall housing strategy. RRAP is a key area of active CMHC involvement in affordable housing supply, and is seen by the Federal Government as a contribution to reducing homelessness. Emphasis is being placed on rental and rooming house properties which house people at high risk of homelessness. RRAP is also being used for upgrades to emergency shelters. CMHC has shown welcome flexibility regarding use of the rental and rooming house allocation, and in introducing the new RRAP funding stream for non-residential conversion. The Shelter, Housing and Support Division sees RRAP as an important tool, and will ensure that it is co-ordinated with other housing supply and shelter activity.

Allocations have been in the vicinity of \$5 to \$7 million in each of the past two years, with a similar magnitude anticipated for fiscal years 2000/01 through 2002/03. The scale of potential rehabilitation activity is much larger than this, but the present funding level enables much-needed repairs to be carried out to rooming houses, low-rent apartments, and emergency shelters as well as supporting repairs or home adaptations for disabled or low-income home-owners.

Support is sought for a RRAP second suite pilot project, building on the recent CMHC flexibility in RRAP delivery, and supporting City objectives on legalization and upgrading of second suites.

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