Agenda - Executive Policy Committee - September 18, 2002

Moved by Councillor

That Rule 9.3 of the Procedure By-law be suspended in order that the following item, which was received too late to be placed on the regular agenda, be considered by Committee.

ADDENDUM REPORTS

16. From the Manager of Executive Policy Committee Secretariat
Report 2002/09/13

Memorandum of Understanding (MOU) between the City of Winnipeg and The Manitoba Housing and Renewal Corporation on Affordable Housing Programs

File EX-1 (Vol. 8)

Recommending:

1. That Council be requested to approve the (attached) MEMORANDUM OF UNDERSTANDING IN CONSIDERATION OF THE DEVELOPMENT OF AFFORDABLE HOUSING IN WINNIPEG for the creation of affordable housing programs in Winnipeg.

2. That Council allocate a total of $17.5 million to the implementation and delivery of housing programs under the Affordable Housing Initiative, inclusive of program funding, in-kind contributions and policy coordination.

3. That, in addition to the remaining $2.7 million required to fully implement the $7 million Winnipeg Housing Initiative, Council allocate: i) additional funds of $8.747 million to the Housing Investment Reserve Fund; and, ii) surplus City owned land assessed at $3.2 million to new affordable housing programs to be delivered cooperatively with the Provincial Government over the next five (5) years.

4. That the Director of Planning Property and Development be authorized to implement existing housing programs where applicable, and develop new complementary affordable housing programs for approval by the Housing Steering Committee.

5. That the proper officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

Re: Memorandum of Understanding (MOU) between the City of Winnipeg and The Manitoba Housing and Renewal Corporation on Affordable Housing Programs

For submission to: Executive Policy Committee

Original report signed by: The Manager of Executive Policy Committee Secretariat

Report date: September 13, 2002

In camera item: No

Recommendation(s):

1. That Council be requested to approve the (attached) MEMORANDUM OF UNDERSTANDING IN CONSIDERATION OF THE DEVELOPMENT OF AFFORDABLE HOUSING IN WINNIPEG for the creation of affordable housing programs in Winnipeg.

2. That Council allocate a total of $17.5 million to the implementation and delivery of housing programs under the Affordable Housing Initiative, inclusive of program funding, in-kind contributions and policy coordination.

3. That, in addition to the remaining $2.7 million required to fully implement the $7 million Winnipeg Housing Initiative, Council allocate: i) additional funds of $8.747 million to the Housing Investment Reserve Fund; and, ii) surplus City owned land assessed at $3.2 million to new affordable housing programs to be delivered cooperatively with the Provincial Government over the next five (5) years.

4. That the Director of Planning Property and Development be authorized to implement existing housing programs where applicable, and develop new complementary affordable housing programs for approval by the Housing Steering Committee.

5. That the proper officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

REPORT SUMMARY

KEY ISSUES:

- The federal government has committed a total of $680 million over five (5) years to creating affordable a housing supply in within each Province or Territory in Canada.

- Provinces and Territories are required to match federal contributions overall, and details of eligible programs in each jurisdiction are mutually agreed upon in bilateral agreements.

- The Government of Canada and the Province of Manitoba have negotiated a Bilateral Agreement for an Affordable Housing Initiative in Manitoba that involves matching commitments of $26 million each, for a total province wide commitment of $52 million.

- It is estimated that Winnipeg will receive approximately $35 to $40 million in Federal and Provincial funds under the Affordable Housing Initiative.

- The Federal and Provincial governments have reached an Agreement on program delivery and funding and a Federal/Provincial Bilateral Agreement will likely be executed and announced before September 30, 2002.

- The City of Winnipeg has delivered tri-level housing improvement programs through the Winnipeg Housing and Homelessness Initiative, which have enhanced neighbourhood stability and integrity, increased property assessments, provided affordable accommodation and generally improved the overall health of Winnipeg.

- The City's Housing Initiative will expire in 2004, unless extended either independently or in cooperation with other levels of government through the Affordable Housing Initiative (AHI).

IMPLICATIONS

General implications

	None
X	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment:
-

Policy implications

	No (*There are no policy implications if the report is asking for a one-time decision.)*
X	Yes *(There are policy implications if the recommendation(s) is/are asking for a decision that will be used to guide decisions over time.)*

Comment:
- Approval of the MOU would involve a five (5) year funding commitment to the Affordable Housing Initiative, in cooperation with the Provincial government.

Financial implications

	Within approved current and/or capital budget
X	Current and/or capital budget adjustment required

☐ No financial implications

Comment:

- Additional funds in the amount of approximately $8.747 million would be required within the Housing Investment Reserve Fund over the next five (5) years for new affordable housing programs to be delivered cooperatively with the Provincial Government.

REPORT

RECOMMENDATION(S):

1. That Council be requested to approve the (attached) MEMORANDUM OF UNDERSTANDING IN CONSIDERATION OF THE DEVELOPMENT OF AFFORDABLE HOUSING IN WINNIPEG for the creation of affordable housing programs in Winnipeg.

2. That Council allocate a total of $17.5 million to the implementation and delivery of housing programs under the Affordable Housing Initiative, inclusive of program funding, in-kind contributions and policy coordination.

3. That, in addition to the remaining $2.7 million required to fully implement the $7 million Winnipeg Housing Initiative, Council allocate: i) additional funds of $8.747 million to the Housing Investment Reserve Fund; and, ii) surplus City owned land assessed at $3.2 million to new affordable housing programs to be delivered cooperatively with the Provincial Government over the next five (5) years.

4. That the Director of Planning Property and Development be authorized to implement existing housing programs where applicable, and develop new complementary affordable housing programs for approval by the Housing Steering Committee.

5. That the proper officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

REASON FOR THE REPORT:

- The City of Winnipeg has delivered tri-level housing improvement programs through the Winnipeg Housing and Homelessness Initiative. These community based programs, together with the City's staff support programs, have enhanced neighbourhood stability and confidence, increased property assessments, provided affordable accommodation and generally improved the overall health of Winnipeg.

- The City's Housing Initiative will expire in 2004, unless extended either independently or in cooperation with other levels of government through the Affordable Housing Initiative (AHI).

- Approval of the MOU will assure Winnipeg's participation and involvement in housing renewal initiatives and further enhance the health and vitality of the City.

HISTORY:

- On November 30, 2001, Federal, Provincial and Territorial Ministers responsible for Housing agreed on a framework to increase the supply of affordable housing across Canada. This framework establishes an approach that guides the development of bilateral agreements between Provinces/Territories and the Canada Mortgage and Housing Corporation (CMHC).

- Under the federal/provincial Affordable Housing Initiative, housing units created must rent at or below the median market and not create new long-term subsidy streams.

- The Government of Canada (CMHC) and the Province of Manitoba (MHRC) have negotiated a Bilateral Agreement for an Affordable Housing Initiative in Manitoba that involves matching commitments of $26 million each, for a total province wide commitment of $52 million. A Federal/Provincial Bilateral Agreement will likely be executed and announced before September 30, 2002.

- It is estimated that Winnipeg will receive approximately $35 to $40 million in Federal and Provincial funds under the Affordable Housing Initiative.

- Priorities for the Provincial Affordable Housing Initiative in Winnipeg include:
    - Creating a new affordable rental supply; increasing homeownership; ensuring that low-income families have access to a new supply through income support options such as rent supplements and down payment assistance; and renovating the existing supply, particularly within the Inner City.

- In Winnipeg, these proposed new housing initiatives will be co-ordinated through the WHHI, and will complement existing housing initiatives and programs.

DISCUSSION:

In October of 1999, City Council endorsed the Winnipeg Housing Policy to address the serious decline in housing conditions in inner city neighbourhoods. The City provided funding to support housing initiatives through the establishment of a $7 million Housing Investment Reserve Fund.

In May 2000, a three-year Memorandum of Understanding (MOU) was approved between Canada, Manitoba and City of Winnipeg establishing a tripartite partnership to address homelessness and declining housing stock through revitalization of older neighbourhoods.

The tripartite partnership opened a Single Window Office on May 15, 2000, as the Winnipeg Housing and Homelessness Initiative (WHHI). The City's funding assistance is being delivered through this single window office.

As a result of the City's ongoing partnership with the Federal and Provincial governments through the WHHI, discussions occurred regarding the City's participation in the Federal/Provincial Affordable Housing Initiative.

City staff were requested to meet with provincial representatives in order to develop a Memorandum of Understanding (MOU) for a joint provincial/municipal Affordable Housing Initiative.

The City/Provincial MOU on Affordable Housing:

City and Provincial staff, following the terms and framework of the Federal/Provincial (CMHC/MHRC) Bilateral Agreement on the Affordable Housing Initiative, developed the MOU IN CONSIDERATION OF THE DEVELOPMENT OF AFFORDABLE HOUSING IN WINNIPEG (attached). The significant components of the MOU are as follows:

- The MOU on Affordable Housing will focus on housing which is modest in terms of floor area and amenities, based on household needs and community norms, and is priced at or below average market housing rents or prices for comparable housing in a community;
- Programs developed by the City and the Province will contribute to the development of a new affordable rental housing supply or a new affordable homeownership supply, to the rehabilitation/repair of the existing housing supply, and/or to the affordability of any newly constructed or rehabilitated housing supply, pursuant to the AHI Bilateral Agreement;
- There is recognition of "in kind" contributions by the City which can include land, costs incurred to prepare land for development, applicable grants provided under the Winnipeg Housing Initiative, tax credits, tax increment financing, services and delivery of the initiative, or a combination of cash and in-kind contributions, and policy coordination;
- Provision exists in the MOU for "Mixed Affordable Housing Projects" in order to assist in the development of projects planned in the Downtown;
- Provision is made for Winnipeg's co-operation in strategic planning for future land development in and adjacent to Winnipeg, including but not limited to MHRC parcels situated in Fort Garry, St. Vital and North Winnipeg.
- Affordable Housing Programs may initially focus on specific areas of the City, including the Major Improvement Areas and Rehabilitation Neighbourhoods identified by the City of Winnipeg, but the focus of housing initiatives may expand to include other/all areas of Winnipeg;
- The proposed housing initiative will be co-ordinated through the WHHI, and will complement existing housing initiatives and programs; and
- Winnipeg's Funding, including contributions in cash and in kind, pursuant to City Council's approval, will be equal to approximately one-third of the total of CMHC Funding, MHRC Funding and Winnipeg's Funding contributed overall for Programs undertaken in the City of Winnipeg, over the duration of the AHI Bilateral Agreement.

Contributions:

As previously noted, it is estimated that Winnipeg will receive approximately $35 to $40 million in Federal and Provincial funds under the Affordable Housing Initiative. The City of Winnipeg's contribution, pursuant to the proposed MOU, would be equal to approximately one-third, to a maximum of $17.5 million, of the total of CMHC Funding, MHRC Funding and Winnipeg's Funding contributed overall for Programs undertaken in the City of Winnipeg, over the duration of the AHI Bilateral Agreement.

The federal/provincial Bilateral Agreement recognizes, as matching contributions, those commitments made by the Provincial government and third parties for eligible programs, retroactive to January 1, 2001. In this context, the City's current and projected eligible contributions for land, WHHI grants, and administration are approximately $8.753 million. Consequently, additional direct funding in an amount of $8.747 million would be required by the City to fulfill it's funding commitments under the MOU.

Implementation of the Winnipeg Housing Policy and the Winnipeg Housing Initiative through the WHHI has significantly improved the physical, social and economic environment in the City's Housing Improvement Zones.

Economic Implications:

Total public and private investments of $16.3 million have been made in housing development projects in Winnipeg through the WHHI to date. This translates into a leveraging ratio of 10.2 for the City of Winnipeg, i.e. for every $1.00 of City funding committed, an additional $10.20 has been invested by other public/private sources.

An analysis of property assessment data in Spence and West Broadway has demonstrated that assessments on new infill and renovated homes have increased considerably as a result of the tri-level WHHI investments.

These enhanced assessments have increased municipal tax revenue for the City, which is fully recovered by the City within a period of 30 years. Because the lifespan of new and renovated homes extends well beyond 25 years, the City's housing renewal investments made through the WHHI partnership are ultimately returned to the City through municipal tax revenue. These housing investment funds have contributed not only to the renewal of homes and confidence in Housing Improvement Zones, but also to the City long-term tax base.

Approval of the City/Provincial MOU on the Affordable Housing Initiative would ensure that Winnipeg's participation and involvement in housing renewal initiatives continues and further enhance the health and vitality of the City.

Financial Implications:

The total additional costs to the City of implementing all of this report's recommendations are as stated in Recommendation 3., and are shown below;

Additional City funding required over and above its defined eligible contributions to the affordable housing initiative	$8.747 million
Additional funding needed to complete the implementation of the $7 million Winnipeg Housing Initiative approved in principle by Council	$2.7 million
Market value of surplus City-owned land to be contributed to the affordable housing program **(note)**	$3.2 million
Total	**$14.647 million**

Note The $3.2 million is the combined assessed value of City-owned residential parcels considered immediately useable plus a number of similar lots expected to be received in tax sale in the near future. For the purposes of this analysis, it is assumed that the City's combined carrying costs that will have to be written off when the properties are transferred to the Province are roughly equal to the assessed values.

Financial Impact Statement

Date: September 13, 2002

Project Name:

MOU Between the City of Winnipeg and The Manitoba Housing and Renewal Corporation on Affordable Housing Programs

First Year of Program 2003

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues (in $millions)					
Direct Costs	$ 2.930	$ 2.930	$ 2.930	$ 2.930	$ 2.927
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 2.930	$ 2.930	$ 2.930	$ 2.930	$ 2.927
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 2.930	$ 2.930	$ 2.930	$ 2.930	$ 2.927

Additional Comments:

It as assumed that the required additional City funding (totalling $14.647 million) will be expended over a five year period in equal amounts.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH:

Director	Planning, Property and Development
Housing Development Administrator	Planning, Property and Development
Manager of Real Estate Division	Planning, Property and Development
Manager of Support Services Planning	Planning, Property and Development
Legal Services Staff	Corporate Services

THIS REPORT SUBMITTED BY:

The EPC Secretariat

Prepared by: Ray Klassen, Housing Development Administrator - Housing Development Unit
PPD File #:

Document name:

DRAFT

MEMORANDUM OF UNDERSTANDING
IN CONSIDERATION OF THE DEVELOPMENT OF AFFORDABLE HOUSING IN WINNIPEG

This Agreement made this th day of , 2002

BETWEEN:

MANITOBA HOUSING AND RENEWAL CORPORATION (herein referred to as "MHRC"), represented by the Minister of Family Services and Housing,

AND:

THE CITY OF WINNIPEG

WHEREAS MHRC and Winnipeg agree on the importance of increasing the supply of Affordable Housing;

AND WHEREAS MHRC and Winnipeg wish to cooperate in formulating and undertaking measures which will contribute to the supply of affordable housing in Winnipeg;

AND WHEREAS MHRC and Winnipeg wish to reduce duplication and overlap through the establishment of a joint affordable housing strategy and the coordinated delivery of related programs and initiatives;

AND WHEREAS MHRC and Winnipeg wish to cooperate in the achievement of these objectives;

AND WHEREAS MHRC has entered into a bilateral agreement with the Canada Mortgage and Housing Corporation (CMHC) dated , 2002 (the "AHI Bilateral Agreement") the purpose of which is to cost share affordable housing initiatives in Manitoba;

NOW THEREFORE, MHRC and Winnipeg hereby agree as follows:

SECTION 1: DEFINITIONS

1.1 In this Memorandum of Understanding (the "MOU"), unless the context requires otherwise,

"Affordable Housing" means Housing which is modest in terms of floor area and amenities, based on household needs and community norms, and is priced at or below average market housing rents or prices for comparable housing in a community or area;

"CMHC Funding" means the federal funding provided pursuant to the AHI Bilateral Agreement;

"MHRC Funding" means cash or in-kind eligible contributions from MHRC, provided as a "Contribution by Others", pursuant to the AHI Bilateral Agreement, in accordance with a Program or Programs;

"Winnipeg's Funding" means cash or in-kind eligible contributions from the City of Winnipeg, defined as a "Contribution by Others" in the AHI Bilateral Agreement, in accordance with a Program or Programs.

"Housing" means residential accommodation and facilities, and the common areas and services used directly for the purposes of the residential accommodation. Housing does not include commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation;

"Program" or "Affordable Housing Program" means a program contributing to the development of new affordable rental housing supply or new affordable homeownership supply, to the rehabilitation/repair of existing housing supply, and/or to the affordability of newly constructed or rehabilitated housing supply, pursuant to the AHI Bilateral Agreement;

"Project" means a project approved under an Affordable Housing Program;

"Mixed Affordable Housing Project" means a Project where a minimum of 25% of the total Housing units in the Project are "Affordable Housing" units as defined above. CMHC Funding, MHRC Funding and Winnipeg's Funding under the AHI Bilateral Agreement and this MOU are applicable only to the "Affordable Housing" units contained within the project.

SECTION 2: PURPOSE AND OBJECTIVES

2.1 The purpose of this Memorandum of Understanding is to set out the common understanding of MHRC and Winnipeg regarding their cooperation in the planning, implementation and delivery of Affordable Housing Programs.

2.2 Winnipeg hereby acknowledges having reviewed a copy of the AHI Bilateral Agreement, and has duly noted the contents thereof. Winnipeg understands the obligations of CMHC and MHRC thereunder and will assist the parties where appropriate with the performance of those obligations.

2.3 MHRC's and Winnipeg's cooperation in the planning, implementation and delivery of Affordable Housing Programs will occur in 3 phases:

2.3.1 Phase 1 involves Winnipeg's co-operation and collaboration in Affordable Housing Programs providing funding for Programs in the form of cash or in-kind contributions (including land, costs incurred to prepare land for development, applicable grants provided under the Winnipeg Housing Initiative, tax credits, tax increment financing, services and delivery of the initiative), or a combination of cash and in-kind contributions, and policy coordination.

2.3.2 Phase 2 involves Winnipeg's and MHRC's ongoing participation in the form of streamlining the delivery of federal, provincial, and/or municipal Housing activities/programs/services in Winnipeg, and streamlining the review/revision and enforcement process for City by-laws and services that affect Housing. An integral part of Phase 2 will be the identification of issues of mutual concern and ensuring that the development and delivery of other activities in Winnipeg, including but not limited to CentreVenture Development Corporation, Exchange District initiatives and other downtown development, complement and are compatible with the ongoing delivery of the Affordable Housing Programs.

2.3.3 Phase 3 involves Winnipeg's and MHRC's co-operation in strategic planning for future land development in and adjacent to Winnipeg, including but not limited to MHRC parcels situated in Fort Garry, St. Vital and North Winnipeg. Winnipeg will assist in identifying ongoing and emerging development issues that will impact the planning process over the next five-year period.

2.4 It is agreed that while Affordable Housing Programs may initially focus on specific areas of the City, including the Major Improvement Areas and Rehabilitation Neighbourhoods identified by the City of Winnipeg, the focus of housing initiatives may expand to include other/all areas of Winnipeg.

SECTION 3: IMPLEMENTATION

3.1 A Steering Committee, including an equal number of senior officials from MHRC and Winnipeg, will be responsible for the development of a work plan (the "Work Plan"), and will meet regularly to oversee elements of the Work Plan.

3.2 The Work Plan will be consistent with the key elements identified in the AHI Bilateral Agreement and will focus on the timely and efficient delivery of common goals and objectives.

3.3 Delivery of the Programs in Winnipeg will be undertaken through the Winnipeg Housing and Homelessness Initiative.

SECTION 4: FINANCIAL PROVISIONS

4.1 Winnipeg's Funding, including contributions in cash and in kind, subject to City Council's approval, will be equal to approximately one-third, to a maximum of $17.5 million, of the total of CMHC Funding, MHRC Funding and Winnipeg's Funding contributed overall for Programs undertaken in the City of Winnipeg, over the duration of the AHI Bilateral Agreement.

SECTION 5: COMMUNICATIONS PROTOCOL

5.1 MHRC and Winnipeg agree on the need for open, transparent, effective and pro-active communications with citizens through ongoing public information activities that recognize the contributions of each Party. This includes all activities covered by this MOU and includes joint recognition for any and all Housing development funded through any CMHC, MHRC and/or Winnipeg Funding.

5.2 MHRC and Winnipeg agree to cooperate and participate as equal partners in Communications related to the MOU, in accordance with the Communications Protocol governing the Winnipeg Housing and Homelessness Initiative.

This Memorandum of Understanding is executed on behalf of the Parties by their duly authorized officers:

MANITOBA HOUSING AND RENEWAL CORPORATION

_____

Honourable Tim Sale
Minister of Family Services and Housing

THE CITY OF WINNIPEG

_____

His Worship Glen Murray
Mayor

_____

R. Kachur
City Clerk