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)

15. Council, in October of 1999, 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 of 2000, a three-year Memorandum of Understanding (MOU) was approved between Canada, Manitoba and the 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. 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).

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 and 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.

City and Provincial staff, following the terms and framework of the Federal/Provincial (CMHC/MHRC) Bilateral Agreement on the Affordable Housing Initiative, developed the "Memorandum of Understanding in Consideration of the Development of Affordable Housing in Winnipeg" outlined on Attachment "B". 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.
- 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.

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.

Report of the Executive Policy Committee dated September 18, 2002

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.

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, that is, 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 the Spence and West Broadway areas 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 enhances the health and vitality of the City.

The total additional costs to the City of implementing the recommendations are outlined in Recommendation 3 as follows:

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 **(See 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.

Report of the Executive Policy Committee dated September 18, 2002

A Financial Impact Statement dated September 13, 2002, prepared with respect to the MOU is attached as Attachment "A".

The Executive Policy Committee recommends:

I. That Council be requested to approve the "Memorandum of Understanding in Consideration of the Development of Affordable Housing in Winnipeg" outlined on Attachment "B" for the creation of affordable housing programs in Winnipeg.

II. That Council allocate a maximum 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, through to expiration of the Initiative on January 1, 2008.

III. That, in addition to the remaining $2.7 million required to fully implement the $7 million Winnipeg Housing Initiative, Council allocate:

    1. Additional funds of $8.747 million to the Housing Investment Reserve Fund.

    2. Surplus City owned land assessed at $3.2 million to new affordable housing programs to be delivered cooperatively with the Provincial Government.

IV. 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.

V. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing recommendations.

Attachment "A" referred to in Clause 15 of the Report of the Executive Policy Committee dated September 18, 2002

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

Attachment "B" referred to in Clause 15 of the Report of the Executive Policy Committee dated September 18, 2002

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 Program

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 Pla

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 a maximum of one-third of the total of CMHC Funding, MHRC Funding and Winnipeg's Funding, but in any event not to exceed $17.5 million, 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