Affordable Housing Now Program Details

The below provides a summary of the key components of the proposed Affordable Housing Now Program.

Memorandum of Understanding

A key piece in the development of the proposed Program is the creation of an MOU between The City of Winnipeg and CMHC. The MOU dated April 22, 2021 has been signed and executed by both parties. It provides the foundation from which CMHC and the City can partner to expand affordable housing development in Winnipeg, based on complementary programs and mutual objectives. The MOU recognizes shared priorities in housing and will leverage as best as possible funding opportunities to align with local priority housing needs. The MOU emphasizes collaboration and communication between the two levels of government in support of the complementary programs. The City of Winnipeg has also fostered a positive relationship with the federal government through another important housing initiative in the delivery of more than $25 Million of funding under two phases of the Major Cities Stream of the Rapid Housing Initiative (RHI), which will see the completion of approximately 140 new units of affordable housing for those at risk of homelessness by the end of 2022.

The City's partnership with the federal government on housing matters is extremely beneficial to the City through leveraging financial resources and staff capacity. For example, the collaboration allows the City to rely on CMHC's expertise and resources that will analyze projects to determine their financial viability; monitor projects over time through their programs to ensure conditions are met; share information with the City on projects in their pipeline worth supporting or needing further assistance, assist the City by helping to determine what type of funding specific projects might need, and to discuss ways in which applications can be strengthened to best achieve shared priorities. In this manner, the *Affordable Housing Now* Program has been structured to provide more financial support to units that reach deeper levels of affordability; targeted to specific types of units in short supply; provide housing for vulnerable groups as identified by CMHC, as well as other benefits including accessibility and environmental sustainability. In concert, *Affordable Housing Now* and applicable CMHC programs under the National Housing Strategy can achieve both local and national priorities. It is noted that CMHC is using the MOU as a template for similar collaboration in other cities across Canada.

Housing Priorities Identified

Another key focus of the *Affordable Housing Now* Program is to help address the findings of the City of Winnipeg Comprehensive Housing Needs Assessment, which was completed in 2020. The Assessment provides information regarding the state of housing in Winnipeg. This information is useful in helping to determine housing priorities that should be considered a priority under the *Affordable Housing Now* Program to leverage federal funding programs for affordable housing. While there are many housing needs across the housing continuum, opportunities for inclusion in this Program will favour development for housing types at the lower end of the housing spectrum where the needs are most pressing such as transitional and non-market housing. At minimum, "affordable" must meet the City's definition of affordable housing.[1]

[1] **Affordable Housing:** According to the City of Winnipeg Housing Policy, housing is generally considered affordable if all costs related to shelter, including rent or mortgage payment (principal and interest), taxes, and utilities require 30% or less of gross household income. For purposes of this policy, home ownership shall be considered affordable if the total shelter cost is 30% or less than the top of the second quintile household income bracket, as

The Program will also welcome developments that provide opportunities for a wide range of affordability levels. In determining priorities, the Program recognizes the following as the key components of the Winnipeg context:

- More than 1/5 of households spend 30% or more of their income on shelter (a common measure of housing affordability);
- The number of households in core housing need is rising and is at 34,000 (means a dwelling does not meet at least one of three affordability, suitability, or adequacy standards);
- The number of social housing units has been declining despite a growing demand for them;
- Incomes of households in the bottom two income deciles cannot reach market rents and typically rely on social housing. While there are less than 15,000 non-market units, there are 56,000 households within the bottom two income deciles;
- There are approximately 1,500 homeless people in the City of Winnipeg;
- Those with the greatest housing needs are concentrated in the core. Declining adequacy standards of existing homes, especially in core areas, pose an additional threat.
- Single-person households face the greatest affordability challenges in that 37.3% spend 30% or more of their income on shelter, and 45.7 are in core housing need;
- Indigenous and Recent Immigrant households struggle the most to find suitable housing. 26% of Indigenous households spend more than 30% of household income on shelter and 36% of recent immigrant households spend more than 30% of household income on shelter;
- An aging population will have significant impacts on housing. For example, between 2015 and 2032, the 74+ age cohort will gain 42,300 persons (82% increase); and
- The development of new rental housing is largely targeted at the high end of the market.

The Comprehensive Housing Needs Assessment also provides specific targets where housing needs are most evident and immediate – focusing on households in core housing need and those who are homeless. The following housing supply targets are recommended annually over a 10-year period:

- 75 units of transition housing (e.g. Housing First)
- 300 units rent-geared-to-income (social housing)
- 300 units of non-profit affordable housing
- 100-150 units of seniors assisted living

The Program will address these local priorities as best as possible. The Program recognizes that affordable units must be less than 80% of median market rent (MMR) to qualify for CMHC affordable housing programs and are rewarded with further financial support where providing greater affordability, as well as meeting desired social outcomes which are scored in the application process. The Program recognizes that rents near 80% of MMR are not affordable to many families and so the Program will strive to create units that provide deeper affordability. The Program also acknowledges that most new rental stock being created in Winnipeg is at market rate rents that are geared to upper income earners. It is important to find opportunities to include affordable housing within these developments. To this end, the Program is structured to include two different incentive streams. The TIF stream of the Program will apply to all proponents if their project is accepted into the Program. Units deemed below 80% of MMR and

defined by Statistics Canada for the City of Winnipeg. Median Market Rent as published by CMHC and the Province of Manitoba will be used for rental purposes.

units at MMR within the same development will receive the TIF. This will enable mixed income developments where some units within a single development are discounted while others are not. Additionally, a $2M fund, available only to non-profits, will further offset construction and permit costs for those developments creating deeper affordability that is even less than 80% of MMR. These funds are intended for the non-profit sector providing units at deep affordability levels and meeting priority housing needs. Opportunities will exist for new housing for vulnerable populations, rents at or near social market rents, and housing that provides supports such as housing first models. The intent is to support housing for persons and families in the most need.

The *Affordable Housing Now* Program will respond to the April 21, 2021 Executive Policy Committee motion by liaising with the Province of Manitoba to learn more about the provincial government's timeline with respect to their personal care bed commitment, and seek opportunities to create new affordable assisted living units for low-income seniors including those living with dementia through this Program. It is noted that assisted living units are deemed important local housing priorities under the *Affordable Housing Now* Program.

Additionally, the Program recognizes that Winnipeg contains a high population of Indigenous peoples as compared to other Canadian cities and that this population is over represented in homeless counts and households facing affordability challenges. The Program will seek opportunities to expand the supply of safe, adequate and affordable housing for Indigenous peoples. This can be achieved in part through a continued collaboration with End Homelessness Winnipeg (EHW) to help identify potential projects. It is noted that City of Winnipeg housing staff participate on the Community Advisory Board of EHW as well as the Housing Supply Action Committee.

The *Affordable Housing Now* Program also provides opportunities to further the objectives of important and related City activities such as the Poverty Reduction Strategy (PRS) and the Missing and Murdered Indigenous Women and Girls (MMIWG) Calls to Justice. Affordable housing is a central pillar of the PRS which proposes a variety of actions to expand the supply of affordable housing. The MMIWG report provides consideration for potential enhancements to address the Calls for Justice including housing related actions recognizing that all governments must immediately ensure that Indigenous Peoples have access to safe housing (4.1). The *Affordable Housing Now* Program is designed to maximize local priority housing needs and can therefore complement these efforts by providing funding support to specific projects that align with key objectives. Project consideration will not strictly be first come, first serve and project selection as delegated to the Director will try to achieve a balance of priorities to best maximize federal funding to meet local housing needs. The following specific priorities are identified:

- Transitional housing
- Supportive housing
- Non-market housing / social housing – rent-geared-to-income (especially 1st two income deciles)
- Affordable Rental housing for households in core housing need
- Affordable housing opportunities for Indigenous peoples
- Affordable housing opportunities for Recent Immigrants
- Accessible Housing
- Housing for seniors including assisted living
- Targeted unit types:
    - Single person units (bachelor, 1 bedroom)
    - 3+ bedroom units

- Other considerations:
    - Affordable units within new mixed income rental
    - Partnerships within the non-profit sector and between developers and non-profit housing providers.

The Program will be available on a city-wide basis, but applicants will need to demonstrate compatibility with the Complete Communities Direction Strategy such as access to public transportation. Proposed development will be evaluated against the City of Winnipeg Comprehensive Housing Needs Assessment. Furthermore, CMHC program requirements address location, environmental and social priorities related to development.

Program Structure:
The Program will be eligible to those participating in and therefore meeting all requirements of CMHC affordable housing programs under the NHS for the development of new rental and ownership of not-for profit housing. The minimum qualification of the Program is that a minimum of 30% of the units developed must be rented at less than 80% of MMR as determined by CMHC.

The Program includes two main components: a TIF and a grant for construction and permit fees. When a proponent is accepted into the Program, they qualify for the Program's TIF. The total value of the TIF over the life of the Program will be $50M, and Program participants will receive the TIF for 80% of their incremental tax increases arising from development. Eligible taxes will be granted back to the proponent on a yearly basis beginning the year after full or interim occupancy and final assessment is attained. Though proponents can access funding through incremental municipal taxes, the amount will still be based on per door allocations as determined by the Director, consistent with the parameters of the Program, and shall not exceed the actual incremental taxes over the 25 consecutive year period. All non-profits accessing the Program will receive the TIF for 25 years. 50% of the $50M will be reserved for for-profit developers, and the other 50% will be reserved for nonprofit developers, with the ability to alter these reserves should uptake in either category be minimal.

For-profit developers accessing the Program will receive the TIF for 15 years or 25 years. Projects that are addressing vacant buildings, that are undertaken in one of the City's Housing Improvement Zones, or that can demonstrate that they are addressing priority housing needs will be eligible for the 25-year TIF. Projects not under the above criteria will qualify for the 15-year TIF.

The second component of the Program is a $2M pot of money from the federal Safe Restart Program. These funds will be accessed from the HRIR. Only non-profit organizations will be eligible to access these funds, and they can use these in addition to the TIF. These grants are designed to offset construction and permit fees. Eligible funding can be granted to proponents who can apply once the fees have been paid. It is proposed that no more than $250,000 shall be provided to any one project from the $2M federal Safe Restart Program funds to maximize the number of projects that can benefit from this pool of funds. To access these funds, proponents must access the TIF funding first.

Grant Funding Allocations for Eligible Units:

Regarding the grant funding component of the Program, incentives will be available to a maximum of $10,000 per affordable unit.

- Units in this category would meet the minimum affordability rates of the Program (less than 80% MMR), would have to be owned by the non-profit sector, and demonstrate priority housing need.
- Funding per door up to the maximum allocation would be determined on a case by case basis in consideration of affordability and housing priorities. For example, units serving vulnerable populations, providing on site supports such as housing first would receive higher subsidies.
- This funding category intends to accommodate affordable housing that addresses the most acute housing needs.

Process Highlights

1. Proponents can contact the City (Housing Coordinator) to discuss projects on a case by case basis. Proponents may then be directed to the CMHC regional representatives for initial project assessment. In some cases, a proponent may initially have reached out to CMHC.
2. If CMHC determines the project generally meets their program requirements, the City and CMHC can discuss support options for the project. This dialogue between the City and CMHC is supported by the MOU.
3. If a project is jointly supported, the City can, subject to the review and approval of a proposal, provide to the proponent a Conditional Approval Letter specifying the maximum amount of funding support available to the project (including from which sources), and any other conditions associated with the Conditional approval such as timing considerations. This letter will then be provided to CMHC and be considered municipal support, which will satisfy the requirement to demonstrate support from another level of government.
4. Funding commitments will be paid in accordance with applicable *Affordable Housing Now* Program Criteria under the authority of the *Affordable Housing Now* Program By-law.
5. CMHC will monitor the development in accordance with their approval.

Program Targets/ Outcomes

The number of units that will be generated by the Program will depend on a variety of factors including Program uptake and the nature of affordability of the units proposed. It is expected the TIF component of the Program will have a significant effect on supply given there is no maximum cap on the total dollars available from this source of funding outside actual incremental taxes. The Program is targeting 1,500 new units of affordable housing.

Next Steps:

If the Affordable Housing Now Program is approved by Council and the Affordable Housing Now Program By-law is enacted, this will allow the City to invite proposals from proponents wishing to receive funding to build affordable housing units in Winnipeg pursuant to the goals and requirements of the Program.

The Program will require additional resources to be administered successfully. It is difficult to determine how many applications will be submitted for the Program, but it is expected there will be increased demand in the short-term upon program launch. Support will be needed to review proposals, communicate with proponents accessing the Program and answer questions, liaise with CMHC staff to determine eligible projects, assess funding needs, as well as carry out various administrative functions such as the drafting of reports and Conditional Approval Letters, the approval of pay claims and general maintenance of the Program. Beyond the expertise provided by CMHC the City may also explore a role for partner agencies in the implementation of the program. These tasks could include the intake of applications, reviewing the strength of proposals, making recommendations to the Director of PPD, and participating in various other administrative duties to support the program.