Agenda - Executive Policy Committee - December 8, 2004

CAPITAL BUDGET REVIEW

Item No. 2 Affordable Housing Initiative Programs and 2004 Housing Rehabilitation Investment Reserve Budget Allocations
File EX

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 10, 2003, the Executive Policy Committee referred the recommendation of the Winnipeg Housing Steering Committee for consideration during future capital budget discussions.

DECISION MAKING HISTORY:

On December 10, 2003, the Executive Policy Committee recommended that the recommendation of the Winnipeg Housing Steering Committee be referred for consideration during future capital budget discussions.

WINNIPEG HOUSING STEERING COMMITTEE RECOMMENDATION:

On December 1, 2003, the Winnipeg Housing Steering Committee recommended to Executive Policy Committee as follows, namely:

1. That the amount of $2,049,400.00 be included in the 2004 Annual Capital Budget and in each year of the 2005 to 2009 Capital Budget Forecast to enable the City to meet the Affordable Housing commitments contained within the City/Manitoba Housing Renewal Corporation Memorandum of Understanding in accordance with the Report received November 28, 2003, from the Housing Development Manager, Planning, Property and Development Department.

2. That at minimum an amount of $1,470,000.00 be included in the 2004 Annual Capital Budget for maintenance of the existing programs as outlined in the Report received November 28, 2003, from the Housing Development Manager, Planning, Property and Development Department.

1. Funding Requirements Related to the Winnipeg Housing Initiative

In October of 1999 City Council endorsed the Winnipeg Housing Policy to address the serious decline in housing conditions in inner city neighbourhoods. Council approved in principle of funding in the amount $7 million over 5 years for implementation of the Winnipeg Housing Initiative. Funding to support the housing initiative has been provided from annual year-end budget surpluses that have been transferred to the Housing Rehabilitation Investment Reserve (HRIR) Fund. An initial $2 million fund was created in 2000.

The following Table (Table 1) summarizes current funding levels and project commitments related to the HRIR Fund.

Table 1

City of Winnipeg Housing Rehabilitation Investment Reserve Fund Summary

Approved Funding	**2000 Actual**	**2001 Actual**	**2002 Actual**	**2003 Projected**
Contribution from Sinking Fund	$1,000,000	-	-	-
Transfer from General Revenue Fund	$1,000,000	$1,000,000	$1,000,000	
Transfer from Commitment Reserve	$1,313,990	-	-	-
Interest	$55,304	$122,285	$44,891	$36,000
Total Revenue	$3,369,294	$1,122,285	$1,044,891	$36,000
Cumulative Revenue	$3,369,294	$4,491,579	$5,536,470	$5,572,470
Expenses				
Project Commitments	$553,421	$2,423,758	$1,121,345	$1,390,000
Project Commitments transferred from 2002	-	-	-	$116,266
Office lease, meetings, signage, reports, brochures etc.	-	-	$12,745	$40,000
Total Expense	$553,421	$2,423,758	$1,134,090	$1,546,266
Cumulative Expense	$553,421	$2,977,179	$4,111,269	$5,657,535
Balance	$2,815,873	$1,514,400	$1,425,201	-$85,065
Potential Project Surpluses and Retrieval of Unallocated Commitments				$120,000
Potential Final Balance Without Additional Funding				***$34,935***

Comments

Transfer from General Revenue *represents funding from annual budget surpluses at year-end.*

2003 Project Commitments *include $250,000 to 4 approved HIZ and the Downtown; $140,000 Flora Place*

The above noted summary table (Table 1) illustrates that the total resources available through the Housing Rehabilitation Investment Reserve Fund match project commitments made under the Winnipeg Housing Initiative to date. As a result, additional funding will be required in 2003/2004 in order to maintain program continuity and delivery.

Table 2 below outlines funding levels necessary to maintain current levels of housing improvement activity.

Table 2

2004 Funding Requirements For Maintenance of Existing Programs

Initiative	Funding Amount
West Broadway HIZ	$250,000
Spence HIZ	$250,000
William Whyte HIZ	$250,000
North Point Douglas HIZ	$250,000
Downtown HIZ	$250,000
Flora Place Redevelopment	$140,000
Critical Home Repair Contingency	$30,000
Lease, meetings, signage, reports, brochures etc.	$50,000
Total Funding Requirement	$1,470,000

As noted above, a budget allocation of $1.47 million dollars for the HRIR Fund will:

- Leverage financial support for priority projects in the Downtown and the 4 designated Housing Improvement Zones of West Broadway, William Whyte, Spence and North Point Douglas;
- Provide support for completion of new housing for Flora Place, and;
- Establish a small reserve to respond to unanticipated housing projects within Major Improvement or Rehabilitation Areas.

2. The Affordable Housing Initiative

On September 25, 2002, Council adopted Clause 15 of the Report of the Executive Policy Committee, dated September 18, 2002, on the Memorandum of Understanding (MOU) between the City and MHRC on Affordable Housing Programs (AHI). Council committed a total of $17.5 million for the implementation and delivery of the AHI housing Programs over 5 years.

The MOU recognizes, as matching contributions, those commitments made by the City 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.

A breakdown of the City's contribution commitment, as of September 30, 2003, is outlined within Table 3 below:

Table 3

2003 to 2007 City of Winnipeg AHI Funding Commitments

AHI Contribution Per MOU	Funding Amount
Eligible WHHI Grants and Administrative Costs	$4.053 million - Value of grants and administrative costs incurred, retroactive to January 1, 2001
Market value of surplus City-owned land to be contributed to the affordable housing program	$3.2 million - Vacant city land to be transferred for development purposes
Additional funding required to complete the implementation of the $7 million Winnipeg Housing Initiative approved in principle by Council	$1.5 million - Balance of WHHI funds to be spent
Additional City funding required over and above its defined eligible contributions to the affordable housing initiative	$8.747 million - New AHI direct funding
Total AHI Commitment	**$17.5 million**

The additional financial resources that are necessary to meet the AHI commitments contained within the City/MHRC MOU are show below:

Table 4

2003 to 2007 Funding Requirements For Delivery of AHI Programs

Initiative	Funding Amount
Balance of WHHI funds for completion of Winnipeg Housing Initiative	$1,500,000
Additional City funding required for AHI commitments over 5 years - 2007	$8,747,000
Total	$10,247,000
Total Average Annual 5 Year Funding Requirement	**$2,049,400**