

# Ontario Priorities Housing Initiative (OPHI)

PROGRAM GUIDELINES FOR  
ONTARIO ABORIGINAL HOUSING  
SERVICES

# Program Guidelines Summary

## Introduction

Ontario’s Community Housing Renewal Strategy is a multi-year plan to stabilize and grow Ontario’s community housing sector, with the aim of achieving the following outcomes and measures of success:

Strategic Outcomes	Desired Intermediate Outcomes
 <p><b>Increased supply and appropriate mix of affordable and adequate housing</b></p>	<ul style="list-style-type: none"> <li>• Increased non-profit, co-op and municipal affordable rental supply</li> <li>• Housing stock is in better state of repair and meets the housing needs of the people of Ontario</li> <li>• Greater involvement of the private sector to support more opportunities for affordable and mixed-income buildings</li> </ul>
 <p><b>People have improved access to affordable housing and supports that meet their needs to achieve housing stability</b></p>	<ul style="list-style-type: none"> <li>• People are better connected to housing assistance and supports that are responsive to their complex and changing needs</li> <li>• People live in safe and well-maintained housing</li> <li>• People have more choice about their housing and opportunities to participate in the economy and their community</li> <li>• People experiencing homelessness obtain and retain housing</li> </ul>
 <p><b>Improved efficiency of the community housing system to ensure value for money and long-term sustainability</b></p>	<ul style="list-style-type: none"> <li>• Improved system and inter-ministerial coordination to better identify and respond to people’s needs</li> <li>• Improved system management and provider sustainability to better provide a range of housing options</li> <li>• Increased administrative efficiency</li> <li>• Reduced pressure on other service systems including health, social services, emergency, criminal justice</li> </ul>

Over time, the Community Housing Renewal Strategy will help Ontarians be more connected to housing assistance and supports that better meet their needs, live in safer and well-maintained buildings, find housing more easily, and have more opportunities to participate in the economy and their community.

The Community Housing Renewal Strategy is complemented by the Housing Supply Action Plan, which is focused on enhancing housing affordability in the broader housing market. Creating more housing, of the types and sizes people need, will help make home ownership and renting more affordable and give people more choice.

Together, Ontario’s Community Housing Renewal Strategy and the Housing Supply Action Plan demonstrate the government’s commitment to supporting the creation of housing that responds to all Ontarians’ needs, across all incomes.

On April 30, 2018, Ontario and the Canada Mortgage and Housing Corporation signed a nine-year Bilateral Agreement regarding the National Housing Strategy. This agreement is important to achieving the goals and objectives of Ontario’s Community Housing

Renewal Strategy by providing an opportunity to align federal funds with Ontario's Community Housing Renewal Strategy priorities.

Consistent with the Community Housing Renewal Strategy, the nine-year National Housing Strategy investments will be delivered in three three-year funding periods:

- Phase I - (2019-20 through to 2021-22)
- Phase II - (2022-23 through to 2024-25)
- Phase III - (2025-26 through to 2027-28)

These guidelines set out the parameters for Phase I of the National Housing Strategy's Ontario Priorities Housing Initiative (OPHI) for Indigenous Program Administrators. This initiative addresses local housing priorities, including affordability, repair and construction.

There will be an opportunity to review program priorities and desired outcomes prior to the second and third funding periods. The Ministry intends to undertake a review of the early experience with program take-up and release updated/revised guidelines in 2021 to align planning for implementation beginning in April 2022.

## **Scope of the Guidelines**

These Program Guidelines describe the OPHI Homeownership and Ontario Renovates components

Please note that the Program Guidelines may be updated on an as needed basis and any changes will be communicated to the Indigenous Program Administrators.

## **Homeownership Component**

The Homeownership component aims to assist low to moderate income off-reserve Indigenous renter households to purchase affordable homes by providing down payment assistance in the form of a forgivable loan.

Specific objectives are:

- To provide renter households with an opportunity to move into homeownership.
- To ease the demand for rental housing by assisting renter households to purchase affordable homes.

### **Eligibility Criteria**

To be eligible for down payment assistance, prospective purchasers must:

- Be a renter household buying a sole and principal residence.
- Have household income at or below the 60th percentile income level for the Service Manager area or the province, whichever is lower (see Appendix C).
- Meet any additional criteria as established and communicated by the Indigenous Program Administrator.

Household income verification is the responsibility of the Indigenous Program Administrator.

Purchasers must be selected and approved through a fair and open process developed by the Indigenous Program Administrator.

### **Purchase Price**

The purchase price of a home must not exceed the limits provided by the Ministry to Indigenous Program Administrators; however, Indigenous Program Administrators may establish their own maximum house prices, provided they are lower than those provided by the Ministry. Maximum house prices will be updated on an annual basis.

### **Eligible Unit Types**

Resale or new homes (including conversions from non-residential use that include a new home warranty) are eligible unit types under the Homeownership component.

Homes may be detached, semi-detached, town (condo and freehold), stacked homes, row houses, apartments or other similar built forms approved by the Ministry. Indigenous Program Administrators may also choose to include duplexes as eligible units.

Homes must be modest in size, relative to community norms, in terms of floor area and amenities, as determined by the Province and/or the Indigenous Program Administrator.

Home inspections are required for all resale homes and are strongly recommended for new homes.

## **Education and Training**

Indigenous Program Administrators must ensure education and training on the home buying experience – including financial guidance around the up-front and on-going costs of homeownership – and on the obligations and benefits of being a homeowner are offered to purchasers approved under the Homeownership component.

The Canada Mortgage and Housing Corporation website has a number of tools, worksheets, calculators and guides to assist and inform interested home buyers. This information can be found at <https://www.cmhc-schl.gc.ca/en/buying>.

## **Funding**

Funding is provided as a down payment assistance loan for eligible purchasers. Assistance is forgiven after a minimum of 20 years – the affordability period for the Homeownership component. Indigenous Program Administrators may choose to require a forgiveness period of more than 20 years.

The amount of down payment assistance for each eligible purchaser will be determined by the Indigenous Program Administrator, to a maximum of \$50,000 per eligible unit.

Total funding advanced by each Indigenous Program Administrator must not exceed 10% of purchase price for unit acquired by eligible purchaser(s).

If an Indigenous Program Administrator elects to provide less than five percent down payment assistance, the primary lending institution and/or insurance provider may require additional equity to be contributed by the purchaser.

## **Payment Process**

Indigenous Program Administrators are to provide down payment assistance to eligible purchasers at the time of closing on the purchase of the home; when a mortgage can be registered on title. Please note that OPHI Homeownership component funding may not be used for deposits toward eligible units.

Payments to Indigenous Program Administrators will be made within 15 business days of project approval, or within seven days of the closing date of the sale of the unit, whichever is later. All payments must be made to approved home purchasers within four years of the date of commitment, but in any event, no later than March 31, 2026.

## **Conditions for Repayment by Homeowner**

Repayment of the original down payment contribution must be made if the following situations occur while the OPHI Homeownership loan is outstanding:

- The unit is sold or leased.

- The unit is no longer the sole and principal residence of the loan recipient.
- The loan recipient becomes bankrupt or insolvent.
- The loan recipient misrepresented their eligibility for the program.
- The loan recipient used the proceeds of the loan for a purpose other than the acquisition of the unit.
- The death of the loan recipient.

Traditional interest will not be charged on the assistance. The original loan amount and the percentage share of the realized capital gains proportionate to the down payment assistance must be repaid in the above cases. For example, if the purchaser was assisted with five percent of the purchase price, the loan amount plus five percent of any capital gains/appreciation would have to be repaid.

If a unit is sold for less than the original purchase price, the difference between the down payment assistance and the depreciated amount will be repayable.

- Amount payable = Loan – (original purchase price – resale price)

For example, if the down payment assistance was \$10,000 for a home originally purchased at \$100,000 and then sold for \$92,000:

- Amount payable = \$10,000 - (\$100,000 - \$92,000) = \$2,000
- If the same home is sold for \$85,000, the principal shall be forgiven.

The Indigenous Program Administrator must be satisfied that the sale was at fair market value.

If a purchaser chooses to repay the down payment assistance without selling the home within the affordability period, the purchaser is still required to repay the proportionate percentage of any notional capital gain\* as of the date of repayment.

Only the principal amount would have to be repaid in the event of the death of a homeowner prior to the expiry of the affordability period.

Repayments are to be made into a Revolving Loan Fund and redistributed under the Homeownership component in the Indigenous Program Administrator's service area.

*\*Notional capital gains will be calculated based on the current fair market value of the home at the time of repayment of the loan. Fair market value shall be based on an independent appraisal acceptable to the Indigenous Program Administrator.*

## **Canada Mortgage and Housing Corporation**

In support of the Homeownership component, the Canada Mortgage and Housing Corporation will recognize down payment assistance as owner's equity in its underwriting evaluation.

## **Documentation Required for Records**

Indigenous Program Administrators are responsible for retaining the following

documents over the life of the program:

Eligibility information:

- The signed application form, including a declaration that all information is accurate
- The Notice of Assessment for all members of the household
- Copies of photo identification
- Unit eligibility information

Loan information:

- Agreements of Purchase and Sale
- OPHI Homeownership loan agreement
- Mortgage registration documentation
- Title search

Payment documents and default actions:

- Records of all payments and defaults
- Confirmation of compliance with the terms of the Loan Agreement (e.g., letter confirming that the unit remains the sole and principal residence of the eligible purchaser)
- Record of actions taken by the Indigenous Program Administrator and the participant on any defaults

## Ontario Renovates Component

The Ontario Renovates component provides financial assistance to renovate and/or rehabilitate off-reserve homes for Indigenous home owners.

The objectives of Ontario Renovates are:

- To improve the living conditions of off-reserve Indigenous households in need through financial assistance to repair deficiencies in affordable
- To foster independent living of seniors and persons with disabilities by providing financial assistance to support modifications and renovations to increase accessibility of ownership properties.

The Ontario Renovates component consists of Home *Repair* to assist low to moderate income homeowner households to:

- Repair their home to bring to acceptable standards while improving the energy-efficiency of the unit.
- Increase accessibility of their unit through modifications and adaptations.

### General Eligible Activities and Costs

Eligible repairs for Ontario Renovates may include the following activities:

- Repairs and rehabilitation required to bring a home/unit to an acceptable standard while improving energy efficiency. Examples include, but are not limited to:
  - Heating systems
  - Chimneys
  - Doors and windows
  - Foundations
  - Roofs, walls, floors and ceilings
  - Vents, louvers
  - Electrical systems
  - Plumbing
  - Septic systems, well water, and well drilling
  - Fire safety
  - Other repairs may be considered, with supporting documentation, at the discretion of the Indigenous Program Administrator
- Remediation for an overcrowded dwelling through the addition of habitable living space.
- Modifications to reduce physical barriers related to housing and reasonably related to the occupant's disability. Examples include, but are not limited to:
  - Ramps
  - Handrails
  - Chair and bath lifts
  - Height adjustments to countertops
  - Cues for doorbells/fire alarms

- Other modifications may be considered, with supporting documentation, at the discretion of the Indigenous Program Administrator
- Creation of self-contained secondary suites and garden suites for affordable rental purposes.

Other eligible costs may include labour and applicable taxes, building permits, legal fees, certificates, appraisal fees, inspection fees, drawing and specification and any other costs that the Indigenous Program Administrator deems reasonable and that are agreed to by the Ministry.

Repairs must commence within 120 days of the date of the funding agreement/letter of agreement. Copies of all financial invoices must be kept for reporting and audit purposes.

## **Energy Efficiency**

The Ministry strongly encourages the use of energy-saving products or systems for the required repairs to housing under the Ontario Renovates component such as ENERGY STAR certified products

## **Project Submission Process**

The Indigenous Program Administrator is responsible for selecting and approving all eligible Ontario Renovates projects, monitoring progress and completion of projects, quality of work and for the advancement of funds.

Once an eligible project has been approved by the Indigenous Program Administrator, completed project information along with proof of loan security (promissory note or mortgage registration) must be entered and approved in the Transfer Payment Hub System to confirm program take-up. The Ministry reserves the right to return an Ontario Renovates project application for revision and resubmission if it is not consistent with the Program Guidelines.

Loans may be secured by promissory notes. If funding exceeds \$25,000, a mortgage registered on title is required upon project completion.

Indigenous Program Administrators must confirm that property taxes and mortgage payments are up-to-date. Insurance coverage should be in place for the full value of the home or project.

For *Home Repair* projects, Indigenous Program Administrators must provide a sign-back letter of agreement to each homeowner outlining the scope of work, funding commitment and roles and responsibilities of both the homeowners and the Indigenous Program Administrator.

## **Affordability Criteria**

### *Home Repair*

Under the Ontario Renovates Home Repair subcomponent, eligible households must:

- Have a household income at or below the 60<sup>th</sup> income percentile for the Service Manager area or province, whichever is lower. Indigenous Program Administrators are responsible for household income verification. (See Appendix C)
- Own a home that is their sole and principal residence with a market value at or below the average resale price for the Service Manager area as updated annually by the Ministry. In communities where data is non-existent, market values may be determined by the Indigenous Program Administrator.

The Province will supply annual updates to the 60<sup>th</sup> percentile income figures. Indigenous Program Administrators may use these or more restrictive ceilings or figures, such as Household Income Limits (HILs).

## **Funding**

Funding is provided in the form of a forgivable loan to the proponent / homeowner based on the cost of the work items approved by the Indigenous Program Administrator. Indigenous Program Administrators may vary the amount of funding per unit in order to address local priorities, to a maximum of \$25,000. Funding for projects must not be greater than the cost of repairs net any HST rebates.

The period of forgiveness for *Home Repair* projects is a minimum of 10 years and is forgiven at an equal rate per year over the affordability period. The earning of loan forgiveness begins on the date of repair completion.

Funding for accessibility repairs made to a home and/or unit, up to a maximum of \$5,000 is in the form of a contribution without an affordability period and does not require repayment provided the funds are used for their intended purpose.

The applicant is considered to be in default and any outstanding loan amount must be repaid if the following situations occur:

- The unit or project is sold.
- Homeowners cease to occupy the unit as sole and principal residence.

If any of the following situations occur, the applicant is considered to be in default and the original loan amount must be repaid:

- Misrepresentation occurs related to eligibility for the program.
- Funding is used for other purposes.

Repayments made to the Indigenous Program Administrator are to be reinvested into Ontario Renovates projects unless otherwise directed by the Ministry.

## **Payment Process**

The Ministry will transfer funds electronically on a quarterly basis to Indigenous Program Administrators based on their projected planned commitments in the Investment Plan.

Once an eligible project has been approved by the Indigenous Program Administrator, a completed project information form along with a promissory note or mortgage registration and funding agreement/letter of agreement must be entered and approved in the Transfer Payment Hub System to confirm program take-up. Repair activities must start within 120 days of the date of the funding agreement/letter of agreement.

Indigenous Program Administrators are responsible for project selection and approval, monitoring progress and completion of projects, quality of work and for the advancement of funds.

## Appendix C: Maximum Household Income Level, 2019\*

<b>Service Managers</b>	<b>Income at 60<sup>th</sup> Percentile</b>
City of Brantford	\$88,400
City of Cornwall	\$77,200
City of Greater Sudbury	\$93,800
City of Hamilton	\$90,300
City of Kawartha Lakes	\$82,000
City of Kingston	\$89,200
City of London	\$84,500
City of Ottawa**	\$96,000
City of Peterborough	\$82,900
City of St. Thomas	\$83,600
City of Stratford	\$88,400
City of Windsor	\$86,600
County of Bruce	\$93,100
County of Dufferin**	\$96,000
County of Grey	\$80,200
County of Hastings	\$77,400
County of Huron	\$84,200
County of Lambton	\$91,600
County of Lanark	\$91,400
County of Lennox & Addington	\$87,400
County of Norfolk	\$89,500
County of Northumberland	\$88,700
County of Oxford	\$91,100
County of Renfrew	\$85,200
County of Simcoe**	\$96,000
County of Wellington**	\$96,000
District Municipality of Muskoka	\$86,600
Municipality of Chatham Kent	\$75,500
Regional Municipality of Waterloo**	\$96,000
Regional Municipality of Niagara	\$83,800
United Counties of Leeds & Grenville	\$86,800
United Counties of Prescott & Russell**	\$96,000
Algoma DSSAB	\$72,800
Cochrane DSSAB	\$91,100
Kenora DSSAB**	\$96,000
Manitoulin-Sudbury DSSAB	\$81,800
Nipissing DSSAB	\$79,200
Parry Sound DSSAB	\$77,800
Rainy River DSSAB	\$85,700
Sault Ste. Marie DSSAB	\$80,900
Thunder Bay DSSAB	\$89,200
Timiskaming DSSAB	\$78,600

\* Based on Statistics Canada, 2016 Census of Population, indexed to 2018 based on CPI.

\*\* In areas where 60<sup>th</sup> income percentile is greater than the provincial level, the provincial level 60<sup>th</sup> income percentile is used.