

# Ontario Priorities Housing Initiative (OPHI)

## PROGRAM GUIDELINES

2023-24

# Program Guidelines Summary

## Rental Housing Component

The Rental Housing component will:

- Increase the supply of community rental housing for off-reserve Indigenous households on, or eligible to be on, social housing waiting lists.
- Ensure that safe, adequate, and affordable rental housing is available to Ontario Indigenous households.

## Eligibility Criteria - Projects

Eligible projects must be non-profit/municipal/co-operative developments or partnerships, and be one of the following:

- New construction, including additions and extensions;
- Acquisition and, where required, rehabilitation of existing residential buildings to maintain or increase the affordable rental housing stock; or,
- Conversion of non-residential buildings or units to purpose-built rental buildings/units

Projects that are **not eligible** include:

- Projects proposed by private sector proponents without non-profit/municipal/co-operative partnership
- Secondary suites in owner-occupied housing
- Nursing and retirement homes
- Shelters and crisis care facilities
- Owner-occupied housing
- Student residences

## Eligibility Criteria – Units

Units must be modest in size and amenities relative to other housing in the community. Units are expected to be self-contained. Proponents who wish to develop congregate living buildings (rooms with shared living spaces) for supportive housing may be eligible for program funding and should provide a rationale to receive funding.

The following provincial minimum and average size requirements must be used as a guideline for new construction projects.

	<b>Bachelor</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>
<b>Minimum</b>	40.0 m <sup>2</sup>	48.7 m <sup>2</sup>	60.4 m <sup>2</sup>	83.6 m <sup>2</sup>	102.2 m <sup>2</sup>
<b>Average</b>	41.8 m <sup>2</sup>	55.0 m <sup>2</sup>	67.4 m <sup>2</sup>	92.9 m <sup>2</sup>	109.2 m <sup>2</sup>

Up to 30 percent of the total available space may be used for non-residential purposes, including common areas and services used directly with the residential accommodation such as office space for support services providers.

## Project Submission Process

Ontario Aboriginal Housing Services (OAHS) will solicit proposals and select projects to recommend to the Ministry of Municipal Affairs and Housing (MMAH) for funding approval.

Recommended projects shall:

- Be approved by the Board of Directors based on board procurement practices
- Be able to sign a Partnership Agreement and confirm registration of security (in a format that is applicable) no later than **December 15** of each program year
- Be able to start construction within 120 days after signing a Partnership Agreement and be completed within four years
- Be financially viable from a construction and operating cost perspective – based on Indigenous Program Administrator confirmation
- Meet the current Ontario Building Code and comply with the CMHC-provided checklist in Appendix B (below)
- Have rents that on average for the project are at or below 80 percent of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for the community or as approved by the MMAH for a minimum of 20 years (see “Affordability Criteria and Rents” on page 30 for additional details)
- Demonstrate that the applicant’s required contribution of 25% of total capital costs has been secured.
- Be designed to maximize achievable reductions in energy consumption and greenhouse gas emissions relative to minimum requirements (i.e., meet or exceed the current National Energy Code or Ontario Building Code requirements for new construction; and maximize the achievable energy savings where possible when planning work or retrofits for renovations/repairs). The MMAH will provide guidance and requirements for energy consumption and greenhouse gas emissions reductions in a separate communication to OAHS.
- Have an occupancy plan in place to ensure that units will be occupied in a timely manner

Further, Indigenous Program Administrators are encouraged to give priority consideration to projects that:

- Have Contributions by others, including the local municipality, and proponent – to be used in partnership with OPHI Rental Housing funding.
- Include family-sized (multi-bedroom) units.

- Are fully accessible and/or have units that are accessible to persons with disabilities.
- Provide community employment benefits including:
  - Work contracts for small and medium-sized businesses
  - Job creation for apprentices, Indigenous Peoples, women in construction, veterans and newcomers to Canada
- Have support service funding in place, if applicable.

## **Project Approval Process**

Project approval will be based on construction readiness, the ability to meet the program's eligibility criteria, financial viability, and value for money.

Indigenous Program Administrators are required to create and submit Project Information Forms through TPON. Once approved, a project will receive a Conditional Letter of Commitment (CLC) from the MMAH, which confirms MMAH's approval and outlines the steps to take prior to signing a Partnership Agreement with OAHS which outlines the legal obligations and reporting requirements for the project.

## **Funding**

Funding for the Rental Housing component is provided as a 20-year forgivable capital loan.

The OPHI Rental Housing component will fund up to 75% of the pro-rated share of the capital costs of the affordable units. Total capital costs include land, financing, hard (construction) and soft costs **less** any HST rebates.

To encourage the development of family-sized units, and in recognition of the variance in costs across the province, per unit funding caps have been eliminated under the OPHI Rental Housing component. Factors such as unit bedroom size, unit type (e.g. low-rise apartment, high-rise apartment, townhouse), or geographic location of the project will be considered when determining project funding amounts. The MMAH, however, will only approve projects that are determined to provide value for money and are modest relative to other housing in the community.

Applicants are required to perform their due diligence to ensure that a project is financially viable from a construction cost and on-going operating context, costs per unit are accurate and the program expenditures represent a prudent and best value use of public dollars.

OAHS, at its discretion, may require further information from the applicant or an independent analysis to confirm project financial viability including soft, hard and land costs (including any details regarding acquisition and local market conditions) to develop affordable housing units.

## **Payment Process**

The MMAH will advance funding directly to OAHS, who will be responsible for making project payments to successful applicants. OAHS will advance funds based on the completion of construction milestones and compliance with the program requirements.

Funding will be advanced based on the following instalments:

- 50% at signing of the Partnership Agreement and confirmation of registration of security, and construction agreement (containing a development schedule and standard construction payment schedule)
- 40% at confirmation of structural framing for new construction or 50% completion for acquisition and rehabilitation projects
- 10% at confirmation of occupancy, submission of Initial Occupancy Report including an updated capital cost statement in a form acceptable to the MMAH

All final payments are required to be requested within four years of signing the Partnership Agreement.

## **Funding Commitment**

As funding allocations must be committed for the program, the deadline to execute Partnership Agreements and confirmation of security is December 15 of each program year to allow time for reallocation of funds if necessary.

## **Contributions by Others**

In addition to the mandatory program requirements, applicants are encouraged to provide additional contributions in order to increase the financial viability of the project and/or to provide deeper affordability for tenants.

Contributions by others may include such items as: planning approvals application fees; building permit fees; and full property tax exemptions as well as contributions of municipal grants, and municipally-owned land.

Contributions by applicants may include such items as land or cash, including that from fundraising and donations.

## **Income Verification**

All households must be on, or eligible to be on, the waiting list for social housing. Annual income verification is at the Indigenous Program Administrator's discretion.

## **Affordability Criteria and Rents**

Projects approved under the Rental Housing component must remain affordable for a minimum period of 20 years. Affordability is defined as having rents for the project that are at or below 80 percent of Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) at the time of occupancy. Average rent is calculated using actual rents paid by tenants and includes any rent supplements.

Projects may include both OPHI Rental Housing and market units, but only units with rents that meet affordability requirements will receive OPHI funding.

If rent supplements are used for OPHI-funded units to provide deeper affordability for tenants, the total rent received by the housing provider, including rent from the tenant and any rental supplements cannot exceed 100 percent of CMHC AMR. In addition, the total of the rent paid by the tenant and any federal and/or provincially funded rent supplements paid to the housing provider must be used to calculate the weighted average rent in a project.

Rent increases after initial occupancy must be made in accordance with rules established in the *Residential Tenancies Act, 2006*. Rents must remain at or below 100 percent of CMHC AMR (with rental supplements) and rent paid by tenants must not exceed 80 percent of CMHC AMR.

### **ALTERNATE AVERAGE MARKET RENT VALUES**

The intent of the funding is to develop affordable rental housing units for low to moderate income households and to provide longer-term public benefit. As such, the units created under this component must adhere to the affordability rule of being at or below 80 percent of CMHC AMR.

If Canada Mortgage and Housing Corporation Average Market Rents are not available for certain communities, or OAHS believes that the CMHC AMR may impact project viability, OAHS may request alternate average market rent values.

OAHS may request alternate average market rent values by submitting a business case, provided by the housing provider, to the MMAH for a project that includes a strong rationale for alternate average market rent values to justify project viability. All such requests will be reviewed on a case-by-case basis and approval is not guaranteed.

## **General Requirements**

### **Construction**

- Projects must start construction within 120 days of signing a Partnership Agreement no

later than December 15, 2023.

- Projects that do not start construction within 120 days of signing a Partnership Agreement may, at the MMAH's discretion, have program funding withdrawn.
- Written confirmation of construction start must be provided.
- Site inspections will be conducted at the discretion of the MMAH.
- Projects must complete construction within four years of signing a Partnership Agreement.

The housing provider must notify OAHS as soon as possible if a project is at risk of not being completed within the four-year deadline.

### **Indemnification and Repayment**

There are obligations for all OPHI parties with regard to the indemnification and recovery of government funding. Specific obligations and provisions are included in the Partnership Agreement.

## **Appendix B: Canadian Environmental Assessment Act (CEAA) Pre-screening Guidelines**

The *Canadian Environmental Assessment Act, 2012* (the “CEAA 2012”) has replaced the *Canadian Environmental Assessment Act, 1992*. Under CEAA 2012, housing- related activities do not currently constitute physical activities as described in the *Regulations Designating Physical Activities*. Accordingly, the Pre-Screening Guideline (the “Guideline”) has been simplified and updated to reflect the provisions of the CEAA 2012 and replaces all previous versions of the Guideline.

OAHS is required to consider this checklist when recommending project proposals to the MMAH for funding approval. OAHS must confirm to the MMAH that the proposed project complies with the CEAA 2012, as per Canada Mortgage and Housing Corporation requirements. The answers to the two questions must be “NO” for the CEAA 2012 to be complied with.

- Is the project carried out on federal lands\*?
- Has the project been specifically identified by the Minister of the Environment in an Order Designating Physical Activities?

\*NOTE: “federal lands” includes lands that belong to, or that may be disposed of by, His Majesty in right of Canada, but does not include lands under the administration and control of the Commissioner of Yukon, the Northwest Territories, or Nunavut.