

Indigenous Supportive Housing Program (ISHP)
Capital Funding Program Guidelines
April 2022

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Introduction

Supportive housing is widely recognized as being a key component to assisting people living with complex physical and mental health issues to achieve and maintain housing stability. When delivered appropriately, supportive housing is proven to prevent homelessness and to assist people with lived experience of homelessness to secure and maintain housing.

The Multi-Ministry Supportive Housing Initiative (MMSHI) is a joint initiative between three ministries – the Ministry of Municipal Affairs and Housing (MMAH), the Ministry of Health (MOH), and the Ministry of Children, Community and Social Services (MCCSS) – which together have 17 supportive housing programs (as of January 2022) assisting people with a wide range of needs.

These program guidelines are effective April 1, 2022, and may be updated or amended from time to time.

ISHP Capital Funding Streams

Please note that all ongoing operating cost associated with capital projects funded under ISHP will be the responsibility of the service provider (SP) and the SP will be expected to articulate how they plan to manage these costs as part of the proposal.

Please refer to Capital Funding Requirements later in this document for further guidance on approval, reporting and payment processes related to capital.

Eligible capital streams include the following:

New Facilities:

- Acquisition and, where required, rehabilitation of existing buildings to create transitional housing or permanent supportive housing.
- Conversion of existing buildings to create transitional or permanent supportive housing.
- Expansion of an existing transitional housing or permanent supportive housing facility.
- Conventional or modular construction of a new permanent supportive or transitional housing facility or expansion of a current transitional or permanent supportive housing construction project in-progress to increase capacity.

Retrofits:

- Renovation, retrofitting, repair and upgrading of existing transitional housing and permanent supportive housing facilities, for example, to meet building code standards and public health requirements. (Note that retrofit / renovation costs below \$50,000 should be considered as an operating expense.)

ISHP New Facilities Stream

New Facilities Eligibility

Recommended projects shall:

- Be approved by the Board of the Indigenous Program Administrator (IPA);
- Be able to sign a Contribution Agreement and registration of mortgage security or an alternate form of security (conversion, conventional, or modular housing projects) no later than November 30 of each program year;
- For acquisition projects, the executed Agreement of Purchase and Sale must have a closing date no later than March 1 of each program year;
- Commence construction, acquisition, rehabilitation and/or conversion within 120 days of the date of commitment and be completed within two years of the date of commitment;
- Meet the current Ontario Building Code, public health, and other applicable requirements;
- Reflect the best value for money, for example by using competitive procurement processes where possible, and ensuring that costs per unit are reasonable;
- Include information on how the on-going operating financial requirements for the project will be met; and
- Address community housing/homelessness needs.

In addition, for New Facilities projects:

- have rents that on average are at or below 80 per cent of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for the community or as approved by MMAH for a minimum of 20 years; and
- Provide a clear indication about the types of supports that will be made available directly, or via partnership (via agreement, Memorandum of Understanding, or other arrangement). Support services must be provided for a minimum period of 10 years.

IPAs will give priority consideration to projects that:

- Have contributions by others, including the IPA, host municipality, and proponent, to be used in partnership with ISHP funding;

- Are sponsored by providers that agree to project affordability periods beyond the minimum 20-year term to ensure the longer-term supply of affordable housing stock;
- Have energy efficiency features that reduce and/or eliminate greenhouse gas emissions; and
- Are fully accessible and/or have units that are accessible to persons with disabilities.

New Facilities Project Approval Process

Once approved, a project will receive a Conditional Letter of Commitment from the MMAH, which confirms ministry approval and outlines the steps to take prior to signing a Contribution Agreement.

The Contribution Agreement shall describe legal obligations and reporting requirements for the project. All IPAs are required to enter into Contribution Agreements directly with SPs and shall require the forgivable loan to be secured through a mortgage or alternate form of security.

The deadline to commit funding – i.e., execute Contribution Agreements and submit executed Agreements of Purchase and Sale (for acquisition projects), registration of mortgage security or an alternate form of security (for conventional, conversion, or modular housing projects) – will be November 30 of each program year, to allow time for realignment between operating and capital funding, or reallocation of funds if necessary.

The MMAH reserves the right to return a project application for revision and resubmission if it is not consistent with these Program Guidelines and/or required information is missing.

New Facilities Funding

New Facilities capital funding must be provided as a secured forgivable capital loan.

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

New Facilities Payment Process

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

Funding for acquisition, rehabilitation and/or modular housing will be advanced to IPAs based on the following instalments:

1. Up to 90 per cent following signing of the Contribution Agreement; and
 - submission of Agreement of Purchase and Sale for acquisition; or,
 - registration of mortgage security or an alternate form of security that is acceptable to the MMAH.

2. Remaining funding upon confirmation of completion and submission of required documentation including registered security.

Up to 100 per cent of the funding may be provided, if required, to finance the purchase. If the capital funding provided under the ISHP is insufficient to cover the cost of the acquisition of the building and/or any rehabilitation work required, the SP must demonstrate the additional funding sources being accessed to complete the project.

Funding for conventional and other projects will be based on the following instalments:

- 50 per cent at signing of the Contribution Agreement and submission of mortgage security registration or alternate form of security that is acceptable to the MMAH;
- 40 per cent at confirmation of 50 per cent construction completion; and
- Remaining upon confirmation of completion and submission of required documentation.

All final payments are required to be made within two years of signing the Contribution Agreement. IPAs are required to ensure that all projects are completed and request the final payment prior to this deadline.

New Facilities Project Reporting

SPs are required to provide the IPA with regular milestone updates, along with detailed construction / acquisition / rehabilitation progress reports describing project progress and potential issues of concern that might delay or jeopardize the project.

Any delays to the construction start or completion timelines for New Facilities projects must be communicated to the MMAH as early as possible. Extensions to the construction start and completion timelines are subject to MMAH approval.

SPs are required to report on the following information for performance indicators:

- Number of new facilities/housing (and number of units) created (i.e. acquisition, conversions, modular units) by type of housing; and
- The population targeted for the housing project.

SPs must confirm that capital projects funded under the ISHP meet the affordability requirements and/or continue to be used for their intended purpose.

New Facilities Affordability Criteria and Rents

Approved New Facilities projects must remain affordable for a minimum period of 20 years. Affordability is defined as having average rents for the supportive housing units in the project that are at or below 80 per cent of CMHC Average Market Rent (AMR) for the service area and unit type at the time of

occupancy. If the SP wishes to provide greater affordability to tenants, then rent supplements may also be utilized.

Average rent is calculated using actual rents paid by tenants, and any rent supplements provided by the SP. If rent supplements are used in ISHP units to provide deeper affordability for tenants, the SP shall ensure that total rent received by a SP, including rent from the tenant and any rental supplements from any source shall not exceed 100 per cent 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 SP must be used to calculate the weighted average rent in a project.

While individual unit rents may be set above or below the 80 per cent threshold, in no instance shall an ISHP-funded unit have a rent that is greater than the CMHC AMR for the relevant bedroom type for the area.

If CMHC AMRs are not available for certain communities, or in instances where in the opinion of SPs the CMHC AMRs do not reflect the actual AMRs in the local market area, SPs may request an alternate AMR by submitting a business case including a local market rent survey for the MMAH's consideration.

Projects may include both ISHP units and market units; however, only units with rents that meet affordability requirements will receive ISHP funding.

Rent increases under this program must be in accordance with the Residential Tenancies Act, 2006 (RTA) rent increase guideline. The Transfer Payment Agreement provides that rent increases follow the RTA rent increase guidelines (irrespective of whether they apply) and that average rent for a Supportive Housing New Facilities Project must still remain at or below 80 per cent of CMHC AMR.

ISHP Retrofits Stream

Project Submission and Approval Process

The IPA is responsible for selecting all eligible projects, monitoring progress, completion of projects, quality of work, and for advancing funds.

Once an eligible project has been approved by the IPA, an executed loan agreement and promissory note securing the funding must be provided for MMAH review and approval to commit the funding.

MMAH reserves the right to return a project application for revision and resubmission if it is not consistent with the Program Guidelines or if information is missing or incomplete.

Retrofits Funding

Retrofit funding must be provided as a secured forgivable capital loan based on the cost of the work items approved by the IPA. Loans are to be secured by a mortgage registered on title upon project completion.

Retrofits Payment Process

Funding will be advanced to SPs and based on the following instalments:

- 50 per cent when a completed Project Information Form along with an executed loan agreement between the IPA and SP, and signed promissory note are submitted and approved by MMAH;
- 40 per cent at confirmation of 50 per cent project completion; and
- 10 per cent at confirmation of final project completion and mortgage registered on title.

MMAH may consider a higher upfront payment based on local need with supporting documentation.

Retrofit activities must start within 120 days of the date of the funding agreement.

IPAs are responsible for project selection and approval, monitoring progress and completion of projects, quality of work, and for the advancement of funds. Retrofit activities must be completed in two years of the date of loan agreement.

Any delays to the repair start or completion timelines for Retrofit projects must be communicated to the MMAH as early as possible. Extensions to the repair start and completion timelines are subject to MMAH approval.

Retrofits Project Reporting

SPs are required to report on the following information for performance indicators:

- Number of units retrofitted/repaired.
- Vulnerable population group(s) targeted for the housing project.

SPs must confirm that Retrofit projects funded meet the affordability requirements (i.e., with rents at or below AMR for the bedroom type for the local area) and/or continue to be used for their intended purpose (i.e., as supportive housing), for a minimum period of 10 years following completion.