

CANADA/NEWFOUNDLAND AND LABRADOR AGREEMENT FOR INVESTMENT IN AFFORDABLE
HOUSING 2011-14

Investment in Affordable Housing 2011-14

Public Report on Outcomes, 2012-13



Housing

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Introduction

In 2011, the Governments of Canada and Newfoundland and Labrador signed a three year extension of Federal-Provincial Housing funding under the Investment in Affordable Housing 2011-14 (IAH 11-14). IAH 11-14 provides \$40.86 million in Federal-Provincial funding to increase the supply of affordable housing in Newfoundland and Labrador, and provide assistance to allow existing homeowners to improve the condition and affordability of their residences. IAH 11-14 came into effect on April 1, 2011. Under the terms of the agreement, Provinces and Territories have agreed to report publicly on how funding has been spent and progress has been achieved in meeting the objectives outlined within the Agreement.

Background

Newfoundland and Labrador Housing Corporation is the province's largest landlord with approximately 5,556 non-profit social housing dwellings province-wide. NL Housing is governed by a Board of Directors representing different geographic regions and special interest groups and reports to the provincial government through the Minister Responsible for the Newfoundland Labrador Housing Corporation. The Chairperson of the Board also serves in a dual capacity as Chief Executive Officer and is responsible for the day-to-day operations of NLHC.

NLHC's head office in St. John's, along with seven regional offices and one sub-office, ensure that all residents of Newfoundland and Labrador have access to the corporation's programs and services.

A Social Housing Plan for Newfoundland and Labrador - *Secure Foundations*, released by the Provincial Government in August 2009, outlines a long-term vision for social housing in the province. It is aimed at improving the housing circumstances of low-income households and helping create healthier communities. *Budget 2012 - People and Prosperity – Responsible Investments for a Secure Future* also allocated \$29.8 million for a variety of housing

programs, including \$11 million for maintenance, \$12 million for renovations and improvements, and the province's \$6.81 million contribution to IAH.

As a significant piece of its program delivery, since 2003 and Phase I of the Affordable Housing Initiative, NL Housing has partnered with the Canada Mortgage and Housing Corporation (CMHC) to reduce housing need in the province. These investments include those made under several phases of the Affordable Housing Initiative, the Provincial Home Repair Program, the 2006 Housing Trusts, and continuing to the present day under the Investment in Affordable Housing. These investments have resulted in over 1000 new affordable housing units being constructed in the province. The Provincial Home Repair Program has, over the past 35 years, has provided more than \$324 million in loans and grants to approximately 50,000 low-income households throughout the Province.

The Agreement

Under the terms of IAH 2011-14, a total of \$40.86 million is available over a three year period to invest in Affordable Housing in Newfoundland and Labrador. Funds are cost-shared equally between the Federal and Provincial governments.

The agreement's objective is to improve the living conditions of households in need by improving access to Affordable Housing off-reserve that is sound, suitable and sustainable. This objective aligns with the goals and objectives of the Government of Newfoundland's Social Housing Plan, *Secure Foundations*, as well as the Corporation's mandate to provide secure and affordable housing for households with low-to-moderate incomes.

Funding under the agreement is delivered in two distinct streams: the construction of new affordable rental housing in partnership with the private and non-profit sectors under the Affordable Housing Program, and the provision of financial support to homeowners who require upgrades to their residences under the Provincial Home Repair Program.

2012-13 Accomplishments

Overview

In year 2 of the Investment in Affordable Housing (IAH), NL Housing and CMHC once again invested \$13.62 million into building new rental housing (\$5.42M) and improve the housing conditions of low and moderate income homeowners (\$8.2M). This represents 1/3 of the total funding available under IAH and is cost-shared equally by the Federal and Provincial governments.



Under the Affordable Housing Program, CMHC and NL Housing commit \$5.42 million annually in funding to private and non-profit groups, funding which is distributed over a three-year period through a proposal call. Though the original allocations under the 2011 proposal call have changed somewhat, it is still anticipated that 183 private sector and 41 non-profit sector units will be built as a result of the most recent proposal call. As of the end of

2012-13, 47 private sector units and 4 non-profit sector units have been completed. The remaining units were still under construction heading into 2013-14.

Under the Renovation Program funding stream, CMHC and NL Housing commit \$8.2 million in funding to complete renovations for low and moderate income households, seniors, persons with disabilities and not for profit groups. This funding is primarily delivered through the Provincial Home Repair Program. When including unilateral provincial investments above cost-sharing, in 2012-13 over \$6.7M was delivered in grant funding to 1,758 regular, “non-emergency” clients. An additional \$2.0M was delivered under the “emergency” component to 569 clients. The program also has a repayable loan option if the cost of repairs exceeds the maximum grant available, through which 392 homeowners received \$1.5M in repayable loans. This investment has helped to stimulate the economy and create jobs in Newfoundland and Labrador, while completing home upgrades that allow homeowners to remain in their homes and improve the safety, energy efficiency and affordability of their shelter.

IAH 11-14 also requires Provinces and Territories to make specific allocations of funding to support victims of Family Violence. Through contributions made through the Renovation

Program stream to enhance women's shelters 10 additional units have been made available to victims of family violence in St. John's (4 units) and Marystown (6 units).

Objectives and Indicators

Governments must be accountable to the public for the use of public funds through an open and transparent process which identifies expected outcomes, measures performance, reports on results to the public and provides for follow-up. In this context each government is responsible for reporting annually to the public regarding the investments and achievement of intended outcomes under this Agreement.

Overall Outcome: The parties intend that the overall outcome to be achieved through the carrying out of this Agreement will be to reduce the number of households in need by improving access to Affordable Housing that is sound, suitable and sustainable for households in need.

Indicator(s)

- a. Number of Households no longer in housing need as a result of *Investment in Affordable Housing*.
- b. Number of victims of family violence who were able to leave violent situations as a result of investments under the agreement.

Through investments made under IAH 11-14, nearly 2800 households will see their housing situation improved through access to new affordable rental housing or through home repair projects that will increase the affordability and quality of their homes.

Under AHI 11-14, 18 shelter beds have been created in 5 women's shelters across the province, the most significant investment being through the addition of 10 beds at the Iris Kirby House in St. John's. It should also be noted that NL Housing's commitment to provide affordable and emergency housing to victims of family violence extends to the Social Housing program, where they receive the highest priority of any applicant seeking subsidized housing.

During 2012-13, NL Housing also incorporated the need for affordable housing in a sale of land in the Southlands area of St. John's. As a result, those developing housing in that area are required to design 10% of all units in smaller configurations in an effort to make them more affordable.

Outcome: Increase the resources available to address the Housing needs of households in need by encouraging contributions by others, including the private and not-for-profit sectors

Indicator: a. Additional dollars generated through local partnerships toward addressing housing need as a result of the *Investment in Affordable Housing*

NL Housing's Affordable Housing Program, which is funded on a cost-shared basis with CMHC through the IAH 11-14, is designed to encourage private sector investment in affordable housing. Successful private sector proponents receive a one-time limited capital assistance in the form of a forgivable loan in the amount of \$40,000 per rental housing unit (\$55,000 in Labrador). In return, the proponent agrees to provide affordable rental rates for a minimum of 10 years, at or below the maximum rental rate. However, proponents must also make an equity investment of at least 10 percent of the capital development cost of affordable housing units. This equity investment can include such things as cash, the current appraised value of land, or an existing building for conversion to residential use. In 2012-13, private sector proponents secured \$2,138,400 in mortgage financing and contributed \$817,400 in owners equity.



For most private sector proponents, the cost to construct an affordable housing facility is higher than the capital assistance and the proponent's equity investment. This results in proponents seeking private capital through a financial institution to complete the project, which NL Housing views as a further generation of affordable housing dollars.

NL Housing does not require equity investments by non-profit proponents under the Affordable Housing Program. NL Housing's contribution to non-profit proponents is

\$125,000 per unit, which is sufficient to complete construction of the projects without the need for owner equity or mortgage financing.

Outcome: Reduce the demand for services and institutional living by increasing and extending independent living for households in need being seniors and persons with disabilities.

Indicator a. the number of seniors or persons with disabilities who are able to remain living independently.

NL Housing completed a proposal call for the Affordable Housing Program to generate affordable rental projects for funding under IAH 11-14. Of the projects that have been approved, a total of 76 units will be allocated specifically to seniors and a further 39 for supportive housing.

In addition, beginning in 2011 NL Housing made it a requirement that all units constructed under the Affordable Housing Program must incorporate universal design principles, and at least one in every 10 units must be fully accessible. This will allow persons with disabilities who qualify to live in an Affordable Housing Program building to access any unit in the building. Newfoundland and Labrador is the first province to make this a requirement for the construction of affordable housing.

2012-13 Outcomes, Indicators and Results

Outcomes	Indicators	Results
<i>The parties intend that the overall outcome to be achieved through the carrying out of this Agreement will be to reduce the number of households in need by improving access to Affordable Housing that is sound, suitable and sustainable for households in need.</i>	Number of Households no longer in housing need as a result of Investment in Affordable Housing.	2719 households received assistance through home repair programs in 2012-13. 51 new affordable housing units were completed in 2012-13.
	Number of victims of family violence who were able to leave violent situations as a result of investments under the agreement.	New beds created in women's shelters in Marystown(4), St. John's (10), Gander (3) and Conception Harbour(1) ; NL Housing considers victims of family violence to be the #1 priority under its Social Housing program.
<i>Increase the resources available to address the Housing needs of households in need by encouraging contributions by others, including the private and not-for-profit sectors</i>	Additional dollars generated through local partnerships toward addressing housing need as a result of the Investment in Affordable Housing	In 2012-13, Private sector proponents have committed \$817,400 in owner equity through the Affordable Housing Program, and have secured a further \$2,138,042 in mortgage financing.
<i>Reduce the demand for services and institutional living by increasing and extending independent living for households in need being seniors and persons with disabilities</i>	The number of seniors or persons with disabilities who are able to remain living independently.	76 new seniors rental units funded under the IAH. All new units constructed under the IAH must incorporate universal design principles, and at least one in every 10 units must be fully accessible.

