

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

Investment in Affordable Housing 2011-14

Public Report on Outcomes, 2011-12



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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.

Disclaimer: This report and the outcomes, indicators and results therein, pertain only to funding provided on a cost-shared basis (50-50) by the Governments of Canada and Newfoundland and Labrador under the *Investment in Affordable Housing 2011-14*. They do not reflect additional investments made unilaterally by the Government of Newfoundland and Labrador to further improve housing conditions in the province, including additional contributions made to the Provincial Home Repair Program and Home Modification Program over and above cost-sharing required under the agreement. For this reason, the results outlined in this report may not align with the reporting on programs contained in Newfoundland and Labrador Housing's 2011-12 Annual Report and other public material.

Background

Newfoundland and Labrador Housing Corporation is the province's largest landlord with approximately 5,573 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 2011 Standing Strong: For Prosperity. For Our Future. For Newfoundland and Labrador* also allocated \$25.9 million for social housing infrastructure, including \$10.4 million for maintenance and \$12 million for renovations and improvements. Newfoundland and Labrador's cost-shared contribution to Investment in Affordable Housing 2011-14 is included in this allocation.

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.

2011-12 Accomplishments

Overview

In year 1 of the Investment in Affordable Housing (IAH), NL Housing and CMHC 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 funding stream for 2011-12, CMHC and NL Housing committed \$5.42 million in funding to 20 private and non-profit groups in 18 communities for the first year of Affordable Housing delivery. Once construction of these projects is completed, 126 new affordable rental housing units will be available in communities ranging in size from Port au Port West-Aguathuna-Felix Cove (445) to Corner Brook (27,202). Projects for 2011-12 were selected through a Request for Proposals that generated proposals for Affordable Housing delivery over the three years of the agreement.

Under the Renovation Program funding stream for 2011-12, CMHC and NL Housing have committed \$8.2 million in funding to complete renovations for low and moderate income households, seniors, persons with disabilities and not for profit groups. This includes a Federal and Provincial investment of \$7.6 million into the Provincial Home Repair Program (PHRP) that has made it possible for more than 2,000 low-income homeowners to renovate and repair their homes this past year. 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, 18 additional units will be made available to victims of family violence in St. John's (4 units), Gander(3 units), Marystown (10 units) and Conception Harbour (1 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, 2600 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.

18 shelter beds have been created in 5 women's shelters across the province, the most significant investment being through the additional 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.

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-profits 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.

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.

For Affordable Housing projects approved in 2011-12, private sector proponents have committed \$2.52 million in equity investment for the construction of new affordable housing projects. Proponents have also secured over \$5.4 million in bank financing to cover capital costs over and above the forgivable loan amount and their personal equity

contribution. In total, NL Housing anticipates that upwards of \$14 million dollars in owner equity and mortgage financing will be invested over the life of the IAH.

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 both 2011-12 and 2012-13 funding under IAH 11-14. Of the projects that have been conditional approved, a total of 76 units will be allocated specifically to seniors and a further 39 for supportive housing. Seniors may also be housed in non-seniors Affordable Housing units, of which an additional 131 have been approved for 2011-12 and 2012-13.

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.

2011-12 Outcomes, Indicators and Results

Outcomes	Indicators	Results
<p><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></p>	<p>Number of Households no longer in housing need as a result of Investment in Affordable Housing.</p>	<p>2600 households will have their housing situation improved through investments made under the IAH through either home repairs (2474) or new affordable rental housing (126).</p>
	<p>Number of victims of family violence who were able to leave violent situations as a result of investments under the agreement.</p>	<p>New beds created in women's shelters in Marystown(10), St. John's (4), Gander (3) and Conception Harbour(1) ; NL Housing considers victims of family violence to be the #1 priority under its Social Housing program.</p>
<p><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></p>	<p>Additional dollars generated through local partnerships toward addressing housing need as a result of the Investment in Affordable Housing</p>	<p>Private sector proponents have committed \$2,519,294 in owner equity through the Affordable Housing Program, and have secured a further \$5.4 million in mortgage financing.</p>
<p><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></p>	<p>The number of seniors or persons with disabilities who are able to remain living independently.</p>	<p>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.</p>

