

**Canada-Ontario Affordable Housing Program (AHP)
2009 Extension**

Northern Component



**Northern Home Repair
Northern Multi-Unit Repair**

Ministry of Municipal Affairs and Housing
© Queen's Printer for Ontario, 2009
ISBN 978-1-4435-0778-3 (PDF)
Disponible en français

Table of Contents

Northern Component – Overview	1
Program Requirements.....	2
Client and Unit Eligibility.....	2
Eligible Activities and Costs	4
Ineligible Projects	5
Earning of Loan Forgiveness	5
Third Party Contracts	6
Income Verification	6
Ministerial Consents	6
Environmental Assessment.....	6
Submission Dates.....	7
Funding	8
Payments.....	8
Priority Target Groups.....	9
Energy Efficiency	10
Stacking	11
Reporting.....	12
APPENDIX A – Maximum Income Levels (2009).....	13
APPENDIX B – Average MLS® Resale Price – Q4, 2008.....	14
APPENDIX C – SAMPLE Promissory Declaration	15
APPENDIX D – Ministerial Consent Requirements.....	17
Reasons for Ministerial Consent.....	17
Ministerial Consent Documentation	17
APPENDIX E – CEAA Considerations	18
APPENDIX F – Suggested Funding Guideline	19
APPENDIX G - Municipal Services Offices (MSO) - Contacts	20
APPENDIX H - Reporting Requirements.....	21

Northern Component – Overview

The Northern component consists of two sub-components:

1. *Northern Home Repair* is designed to assist low- to moderate-income homeowner households repair their homes to bring them to acceptable standards.
2. *Northern Multi-Unit Repair* assists landlords of rental projects to rehabilitate affordable rental units.

The Northern component provides assistance in the form of a forgivable loan. Its objectives are to:

- Provide low- and moderate-income individuals and families with an opportunity to repair their homes, bring them up to health and safety standards and improve accessibility for persons with disabilities
- Encourage the repair of modest and affordable rental housing
- Prevent the loss of affordable housing stock in Northern communities.

“Northern” is defined as Ontario north of the French River, including Nipissing District, and excluding Indian Reserves.

Highlights of the AHP Extension (2009) - Northern Component

- Northern Service Manager’s (SM) will be required to submit a business case no later than July 31, 2009 that outlines funding requested for two years (2009-10 and 2010-11). Funding for the Northern component will be based on the SM’s business case as approved by the ministry.
- The loan forgiveness period for Northern Home Repair only is a minimum of 10 years and is at the discretion of the SM. Northern Multi-Unit Repair projects will retain the 20-year loan forgiveness period.
- Average AHP contribution has increased to \$25,000 per unit, to a maximum of \$50,000 under the Northern Component.
- SMs should access Rental Component funding for new affordable rental construction.
- Rural and Native Housing (RNH) Homeownership units are eligible for funding.
- Funding for repairs to the RNH Rental portfolio must be accessed through the Social Housing Renovation and Retrofit Program (SHRRP.)
- As CMHC’s Residential Renovation Assistance Program –Disability (RRAP-D) addresses accessibility repairs, Northern projects requiring more than 50% of AHP funding for accessibility repairs or construction are not eligible.

Program Requirements

Client and Unit Eligibility

Northern Home Repair

Northern Home Repair assists low- to moderate-income homeowners repair existing residences.

Eligible households must:

- Have a household income at or below the 60th income percentile for the SM area or province, whichever is lower (see Appendix A)
- Own a home that is their sole and principal residence with a market value, upon completion of repairs, at or below the average MLS resale price for the SM area (see Appendix B).

The province will supply annual updates to the 60th percentile of income figures and quarterly updates to the average MLS resale price data. In communities where MLS data are non-existent, market values may be determined by the SM. They may use these or more restrictive ceilings or figures, such as Household Income Limits (HILs.)

Income verification of homeowners will be the responsibility of the SMs. They should establish an approach to income verification to ensure households meet program eligibility criteria.

Units eligible for Northern Home Repair funding must be the sole and principal residence of the homeowner. Duplexes are eligible provided the owner resides in one of the units as their sole and principal residence. Secondary residences are not eligible for funding.

Repairs to the Rural and Native Housing (RNH) home ownership portfolio are eligible for Northern Home Repair funding.

SMs have the authority to approve all Northern Home Repair projects. They will be required to submit project information and proof of loan security to the ministry.

- Loans up to \$25,000 may be secured by promissory notes (see Appendix 3 for a sample)
- If Northern Home Repair funding exceeds \$25,000, mortgages registered on title are required
- The cost associated with registration fees for security may be included in the capital costs of the project.

Maximum funding available under the Northern Home Repair component is \$50,000 per unit at an average of \$25,000 per unit in the SM area.

Eligible costs include major repairs, rehabilitation and – where houses are overcrowded – additions to homes. Repairs should address health and safety concerns and bring houses up to a reasonable standard. The loan amount should not exceed the market value of the home after the completion of repairs.

SMs should ensure that repairs are warranted and completed by a contractor who is of no relation to the homeowner. A minimum of two estimates must be submitted prior to project approval. Original copies of all financial invoices must be kept for reporting and audit purposes. Invoices must have a business number and include GST and PST (or HST when implemented).

SMs are responsible for monitoring projects to ensure that repairs are warranted and that work has been completed and assessed. Municipal building officers should be consulted to determine which repairs may require a building permit and to ensure that works are inspected after completion.

SMs 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 homeowner and the SM.

Please Note

Northern Home Repair projects must remain affordable for a period of 10 years. The forgiveness period for Northern Home Repair funding has been reduced to 10 years at the discretion of the SM and is earned at a rate of 10% a year for 10 years. SMs may choose to maintain the 20-year loan forgiveness period, in which case forgiveness is earned at a rate of 8% per year for the first 10 years, and 2% per year for the remaining 10 years. The earning of loan forgiveness begins on the Interest Adjustment Date (IAD). The IAD is defined as the date upon which the security (mortgage or promissory note) is registered and/or signed.

To earn forgiveness, applicants must maintain continued ownership and occupancy of the dwelling and adhere to all other terms and conditions of the loan commitment. A homeowner who sells or vacates the home is responsible for paying back any outstanding loan amount. Alternatively, an eligible new buyer may choose to take on the conditions of the loan in order for the home to remain affordable. Any funding paid back to the SM is to be reinvested in the Northern component, unless otherwise directed by the ministry.

Northern Multi-Unit Repair

Northern Multi-Unit Repair assists landlords of projects with two or more rental units to rehabilitate those that are affordable.

Eligible projects under Northern Multi-Unit Repair include renovation of rental properties of two or more units. Units must be modest relative to community norms in terms of floor space and amenities. SMs may establish more detailed size and amenity requirements based on community norms.

Tenant households, at the completion of repairs, must have an income at or below the 60th income percentile for the SM area or province, whichever is lower.

SMs have the authority to approve all Northern Multi-Unit Repair projects. They must submit project information and provide proof of loan security to the ministry.

- Project loans up to \$25,000 may be secured by promissory notes (see Appendix C for a sample)

- When Northern Multi-Unit Repair project funding exceeds \$25,000, mortgages registered on title are required
- The cost associated with the registration fees for security may be included in the capital costs for the project.

Additional conditions on the funding to be verified by the SM include:

- Certificate of insurance, as appropriate
- The SM and proponent have signed a Funding Agreement
- The proponent is in compliance with the Funding Agreement.

The maximum funding available under Northern Multi-Unit Repair is \$50,000 per unit, with an average of \$25,000 per unit. 100% of funding for all Northern Multi-Unit Repair projects will be provided once the above conditions have been met.

SMs should ensure that repairs are warranted and completed by a contractor who is of no relation to the project owner. A minimum of two estimates must be obtained prior to project approval. Original copies of all financial invoices must be kept for reporting and audit purposes. Invoices must have a business number and include GST and PST (or HST, when implemented).

Transitional housing, rooming houses and group homes are also eligible for repairs and rehabilitation funding as long as they are not receiving support from the Ministry of Health and Long-Term Care (MOHLTC) or Ministry of Community and Social Services (MCSS). Transitional housing is defined under this component as second stage housing in which a resident pays rent and is covered under tenant legislation.

Rental projects must remain affordable for 20 years. Landlords must agree to maintain rent levels at or below CMHC average market rents for the full 20-year period. Forgiveness of Northern Multi-Unit Repair funding is earned at the rate of 5% per year for the 20-year period. The earning of loan forgiveness begins on the Interest Adjustment Date (IAD). The IAD is defined as the date upon which the security (mortgage or promissory note) is registered and/or signed.

Eligible Activities and Costs

Eligible repairs under Northern Home Repair and Northern Multi-Unit Repair may be in one or more of these areas:

- Structural
- Electrical
- Plumbing
- Heating
- Fire safety
- Septic systems and well water
- Remediation for an overcrowded dwelling.

Repairs may include updating or rehabilitating electrical, plumbing, water, and heating services; replacing or adding windows, doors, roof shingles, siding, fascia, soffits, gutters and downspouts; upgrading walls and attic insulation; modifications to a home to make it physically accessible; or adding habitable square footage in a home that is overcrowded.

In addition to repairs under these categories, other eligible costs include labour and applicable taxes, building permits, legal fees, certificates, appraisal fees, inspection fees, drawings and specifications and any other costs that the SM deems reasonable and that are agreed to by the ministry.

Ineligible Projects

Repairs to nursing and retirement homes (except seniors' buildings not receiving supportive services), shelters, and crisis care facilities (including hostels) are not eligible for funding. As CMHC's RRAP-D addresses accessibility repairs, Northern projects requiring more than 50% of AHP funding for accessibility repairs or construction are not eligible.

Funding for repairs to social housing and the RNH Rental portfolio must be accessed through the Social Housing Renovation and Retrofit Program (SHRRP).

Earning of Loan Forgiveness

Homeowners must maintain ownership and occupancy of the premises to earn loan forgiveness. Ownership and occupancy of the unit are to be monitored through annual reporting. Forgiveness is earned at a rate of 10% per year for the 10-year affordability period.

A default would occur if:

- The home is sold
- The homeowner ceases to occupy the unit as a sole and principal residence
- The unit or a portion of the unit is leased
- Misrepresentation by the homeowner related to eligibility for the program
- The Northern Home Repair funding is used for other purposes.

Under the Multi-Unit Repair sub-component, rents levels cannot exceed CMHC average market rent. Rent levels are to be monitored through annual reporting. Forgiveness is earned at a rate of 5% per year for the 20-year affordability period.

A default would occur if:

- The unit or project is sold
- Rent levels are increased beyond the rent increase guideline outlined in the *Residential Tenancies Act, 2006* during the first 10 years of the loan forgiveness period
- Rent levels are increased beyond the CMHC average market rent for the area during the 20-year affordability period

- Misrepresentation by the proponent related to eligibility for the program
- The Northern Multi-Unit Repair funding is used for other purposes.

The earning of loan forgiveness under both the Home Repair and Multi-Unit Repair sub-components begins on the Interest Adjustment Date (IAD). The IAD is the date upon which the security (i.e. the mortgage or promissory note) is registered and/or signed.

The ministry acknowledges that in certain circumstances, recovery of the non-forgiven portion of the funding could result in undue hardship (such as in the case of loss of employment or illness). These circumstances will be reviewed on a case-by-case basis.

Third Party Contracts

SMs may contract the delivery of units to third-party delivery agents while remaining responsible for the program as defined in the Administration Agreement (AA).

Income Verification

Initial income verification of homeowners or tenants will be the responsibility of the SM. In addition, incoming income levels that a homeowner or tenant cannot exceed should be established – these may be at or below the Northern Guidelines. The ministry will require confirmation at the time of occupancy that tenants' incomes do not exceed local criteria. The annual income verification process will be at the SM's discretion.

Ministerial Consents

Where it is proposed that: 1) a loan or mortgage to the owner of a social housing project be lent or insured by Canada Mortgage and Housing Corporation, Ministerial Consent will be required; 2) repairs be made to a project on social housing land, Ministerial Consent would likely be required under the *Social Housing Reform Act, 2000* (SHRA). For further information on Ministerial Consent requirements, please refer to Appendix D.

Environmental Assessment

Projects funded under the Northern component are subject to the *Canadian Environmental Assessment Act* (CEAA) (see Appendix E).

Submission Dates

July 31, 2009	SM submits business case, noting funding request and timelines for project commitment.
December 31, 2009	Review of Year One actual commitments and possible funding redistribution.
January 31, 2010	All Year One Northern component funding identified in approved business case to be committed by SMs. Uncommitted funding will be redistributed at this time.
December 31, 2010	Review of Year Two actual commitments and possible funding redistribution.
January 31, 2011	All Year Two Northern component funding identified in approved business case to be committed by SMs. Uncommitted funding will be redistributed at this time.
March 31, 2011	Program ends.

Funding

Northern SMs will be required to submit a business case no later than July 31, 2009 that outlines funding requested for two years (2009-10 and 2010-11). The purpose of the business case is to provide information on the local need for the program and how the SM intends to implement the funding within the time available. Funding for the Northern component will be based on the SM's business case as approved by the ministry.

SMs may vary the amount of funding per unit in order to address local priorities, up to a maximum of \$50,000 per unit. However, the average AHP funding over the SM's area must not exceed \$25,000 per unit. Repairs should commence within three months of project approval.

Payments

SMs are responsible for project selection, monitoring progress and quality of work and for the flowing of funds. Prior to funding a project, they should require proof that property taxes and mortgage payments are paid and up to date, and confirm that insurance coverage is for the full value of the home. See Appendix F for a suggested funding guideline.

Once SMs submit a completed Project Information Form (PIF) through the Affordable Housing Information Management System (AIMS), along with a copy of the required form of security, 100% of project funding will be provided within 20 business days following ministry approval.

Priority Target Groups

SMs are encouraged to target specific groups of people to meet local priorities:

- Aboriginal peoples
- New immigrants
- Persons with disabilities
- Working poor.

Energy Efficiency

A key aim of this program is to strengthen and expand energy efficiency. SMs are required, therefore, to ensure that approved projects meet minimum energy efficiency standards. Examples include window replacement using double pane, low E Argon windows and roof replacement using attic insulation to a minimum of R40.

More information on the range of energy efficiency products, incentives and measures is available from:

- Federal Office of Energy Efficiency – nrcan.gc.ca
- Ministry of Energy and Infrastructure – ontario.ca/mei
- Conservation Bureau of the Ontario Power Authority – conservationbureau.on.ca.

Stacking

Northern funding may not be stacked on a home or unit that has received Residential Rehabilitation Assistance Program (RRAP) funding if that commitment has occurred within the last 15 years. RRAP participation must be confirmed by the SM through the MSO (see Appendix G) where applicants state they have received these funds.

Northern funding may be stacked on a home or unit that has received Northern component funding under the original AHP, provided that the combined funding approved under both programs is not greater than \$50,000. Funding approved under the AHP Extension (2009) would need to be secured and the forgiveness would begin on the Interest Adjustment Date. This date is set based on the date on which applicable security is signed or registered.

Additionally, Strong Communities Rent Supplement Program (SCRSP) funding may be applied to a Northern component funded unit.

Reporting

SMs will be required to report to the ministry on the status of projects each financial quarter during the program delivery phase, and annually throughout the affordability period (see Appendix H). The existing Affordable Housing Information Management System (AIMS) will be upgraded and expanded to capture and track the required data. SMs should ensure that project information is updated in AIMS.

How to Make a Project Submission

Enhancements to AIMS are currently under development. In the interim, SMs will need to submit documentation to MSOs. Contact your local MSO for information on how to submit.

APPENDIX A – Maximum Income Levels (2009)

CMSMs	Income at 60th Percentile*
City of Greater Sudbury	\$67,600
Algoma DSSAB	\$59,300
Cochrane DSSAB	\$66,200
Kenora DSSAB	\$65,100
Manitoulin-Sudbury DSSAB	\$47,900
Nipissing DSSAB	\$57,400
Rainy River DSSAB	\$64,400
Sault Ste. Marie DSSAB	\$59,300
Thunder Bay DSSAB	\$67,100
Timiskaming DSSAB	\$54,600

* Based on 2006 census, rounded to the nearest hundred.

APPENDIX B – Average MLS® Resale Price – Q4, 2008

CMSMs	Average MLS® Resale Price
City of Greater Sudbury	\$203,809
Algoma DSSAB	\$117,746
Cochrane DSSAB	\$129,137
Kenora DSSAB	\$124,538
Manitoulin-Sudbury DSSAB	\$114,545
Nipissing DSSAB	\$176,145
Rainy River DSSAB	\$104,859
Sault Ste. Marie DSSAB	\$128,590
Thunder Bay DSSAB	\$133,670
Timiskaming DSSAB	\$106,158

Notes:

The maximum affordable house price will be updated approximately six weeks after the end of each quarter.

SMs may continue to establish local limits at or below the maximum limit.

APPENDIX C – SAMPLE Promissory Declaration

I/we hereby confirm that I/we are the owners of the house and property located at [insert address] and that no other person is the owner.

I/we hereby grant permission to [insert SM name] to make any necessary inquiries to verify my/our income, assets, liabilities and credit information.

I/we hereby acknowledge that if my/our funding application is accepted it will not apply to work completed prior to [insert date of signing].

I/we hereby certify that all information contained in this application, including income, is true and complete in every respect.

Dated at _____, this _____ day of _____, 20XX.

Signature of Owner

Print Name of Owner

Signature of Owner

Print Name of Owner

Signature of Witness

Print Name of Witness

PROMISSORY NOTE

Approved Home Repair Funding: _____

This Promissory Note is made by me/us in accordance with the terms of the accepted application dated _____ for my premises described above.

If I/we sell the above premises without the consent of the [insert SM name] or if I/we breach any terms of the accepted application I/we promise to pay [insert SM name] the whole of the approved Funding less an amount equal to the loan forgiveness as set out in the accepted application.

Dated at _____, this _____ day of _____, 20XX.

Signature of Owner

Print Name of Owner

Signature of Owner

Print Name of Owner

Signature of Witness

Print Name of Witness

APPENDIX D – Ministerial Consent Requirements

Reasons for Ministerial Consent

Ministerial Consents may be required for:

- Encumbrances – mortgages that are registered on title, registration of other instruments such as easements, funding agreements, etc.
- Postponement of first mortgages, replacement of mortgages.

Ministerial Consent Documentation

The ministry may require certain documents and/or other information in connection with an application for Ministerial Consent including:

- A comprehensive business case describing your plan(s) and how you will accomplish same
- Corporate name of proponent and location(s) of anticipated work
- Council and board resolutions
- Title search
- Tenant relocation plan
- Copy of Operating Agreement for Federal projects
- Financing arrangements
- Clean Phase 1 Environmental Site Assessments (ESA's)
- Consent of the first mortgagee.

Where a Ministerial Consent is required, it must be obtained **prior** to entering into a letter of agreement or Funding Agreement with the Service Manager.

Upon ministry receipt of three (3) copies of the complete consent package, there is a **10-business-day** average turnaround time for approval.

APPENDIX E – CEAA Considerations

Funding from CMHC is now subject to the Canadian Environmental Assessment Act (CEAA). To be eligible for funding, housing proponents must confirm that project proposals do not impose adverse impacts that cannot be mitigated.

Considerations include:

1. Projects that involve construction, expansion, modification or demolition within 30m of a water body.
2. Projects that involve construction, expansion or modification with a footprint of more than 500m² on land not serviced at the time of the commitment.
3. Does not involve the likely releasing of a polluting substance into a water body.
4. Projects that involve the demolition of a building where its floor area is more than 1,000m² or where the proposal is to be carried out within 30m of another building.
5. Does not:
 - (i) possibly affect the permafrost AND
 - (ii) take place on land not serviced at the time of the commitment AND
 - (iii) involve construction or expansion of a sidewalk, boardwalk, path, pedestrian ramp or access road longer than 100m.
6. Projects that involve construction or expansion or modification in a national park, park reserve, national historic site or historic canal.
7. Does not involve a USE OTHER THAN:
 - residential accommodations
 - institutional accommodations offices
 - common-carrier passenger facilities and services
 - retail sales facilities
 - medical, educational, informational or recreational facilities or services
 - food services
 - parking facilities
 - non-hazardous storage facilities
 - presenting artistic, cultural, sporting or other community-related events.

APPENDIX F – Suggested Funding Guideline

Suggested Funding Guideline	
Milestone	Flow of Funding
Scope of work approved by SM	Up to 50% of project repair funding
Stages of work	Advances are project specific based on approved scope of work
Evidence of completion of work	Balance of repair funds, subject to any lien holdbacks
45-day lien period ends	10% lien holdback applies

APPENDIX G - Municipal Services Offices (MSO) - Contacts

SMs are encouraged to contact their regional Municipal Service Offices if they require clarification or have questions regarding the AHP Extension (2009).

<p>Canada-Ontario Affordable Housing Program Housing Programs Branch 777 Bay Street, 2nd Floor Toronto ON M5G 2E5 General Inquiry: (416) 585-5013 Fax: (416) 585-7003 ontario.ca/mah</p>	
<p>Northeastern Municipal Services Office 159 Cedar Street, Suite 401 Sudbury ON P3E 6A5 General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 Fax: (705) 564-6863</p> <p>Contact: Cindy Couillard, Team Lead, Regional Housing Services Tel: 705-564-6808 Email: cindy.couillard@ontario.ca</p> <p>Serving: Districts of Sault Ste Marie, Algoma, Cochrane, Manitoulin, Nipissing, Timiskaming, and the City of Greater Sudbury</p>	<p>Northwestern Municipal Services Office 435 James Street, Suite 223 Thunder Bay ON P7E 6S7 General Inquiry: (807) 475-1651 Toll Free: 1-800-465-5027 Fax: (807) 475-1196</p> <p>Contact: Peter Boban, Team Lead, Regional Housing Services Tel: 807-473-3017 Email: peter.boban@ontario.ca</p> <p>Serving: Districts of Kenora, Rainy River, Thunder Bay</p>

APPENDIX H - Reporting Requirements

During the program delivery phase, quarterly reports will provide information on:

- Project address
- Project status (application approved; repairs commenced; work completed)
- Approval date
- Approved funding.

During the 10-year affordability period for the Home Repair sub-component, annual reports will provide information on:

- Utilization of funds
- Maintained homeowner occupancy
- Repayments received
- Details on repair projects funded through repaid funds.

During the 20-year affordability period for Multi-Unit Repair, annual reports will provide information on:

- Landlord maintaining ownership of project
- Average rent levels and depth of affordability
- Repayments received
- Details on repair projects funded through repaid funds.