June 26, 2008

His Worship Fred Eisenberger
Mayor
City of Hamilton
City Centre
77 James Street North
Suite 230
Hamilton ON L8P 4Y5

Dear His Worship Eisenberger:

Further to the Minister’s letter of March 31, 2008, please be advised that a transfer of $5,682,882.00 has been made to City of Hamilton’s account.

The Ministry of Municipal Affairs and Housing is pleased to be able to provide the above-noted funds for the purpose of social housing capital repairs including energy efficiency improvements.

As referenced in the March 31, 2008 correspondence, we are providing more details on the reporting and accountability provisions which apply to this transfer. The attached guidelines outline the scope of eligible expenditures, reporting requirements, provisions for independent verification or audit, and recovery of funds.

The Ministry would also appreciate being advised of any proposed communication events and announcements for possible provincial involvement to demonstrate support for the repair or renewal of social housing.

We look forward to receiving additional information on how the above grant was used, and the success of this capital repair funding.

If you have questions about the guidelines or expenditure of these funds please contact your Municipal Service Office (MSO) Team Lead, Tony Brutto at 519-873-4032, Email: Tony.Brutto@ontario.ca.

Yours truly,

[Signature]

Janet Hope
Assistant Deputy Minister (A)

Encl: As attached
$100M Social Housing Capital Repair Fund Guidelines

Background

- The 2008 Provincial Budget announced $100M in capital repair funding for social housing units. The funding is a one-time payment to all 47 Service Managers (SM). The $100M was allocated on the basis of each SM's current share of the social housing stock.

- The funds will be advanced to the SMs by June 30, 2008. This commitment is intended to respond to urgent capital repair needs, including energy efficiency improvements achieve tangible results and deliver positive impacts on social housing residents at the earliest possible time.

Repair Plans and Schedules:

- The ministry requests that SMs submit a capital repair plan outlining how they propose to spend the allocation, related timelines and scope of proposed repairs (for example, emergency repairs, health and safety repairs, or energy efficiency improvements). SMs can refer to the results of the project operational reviews, specifically, the maintenance administration section, or emergency maintenance plan, or the results of the Building Condition Assessment.

- A final repair plan and expenditure budget must be submitted to the SM's local Municipal Service Office (MSO) team lead by September 30, 2008. Questions should be directed to the local MSO team lead. If SMs wish to do so, interim or draft plans can be submitted to the MSO for review and comment prior to September 30, 2008.

Communications

- The ministry would like to work with the SMs to identify communications opportunities for major projects ($1m or more). If an event or announcement is being considered for a specific project, the ministry would like as much advance notification as possible in order to assess whether provincial participation is appropriate. We encourage joint public communication and announcement of successful projects resulting from the use of these funds.
Accounting

- The Recipient shall keep and maintain at its usual place of business all records, invoices and other documents relating to the Grant in a manner consistent with generally accepted accounting principles and clerical practices, and shall maintain such records and keep them available for review by the Ministry and its agents for a period of 5 years from the date of completion of the expenditures or termination of this Agreement.

- The Recipient agrees to provide any additional information reasonably required by the Ministry.

Purchasing Goods and Services

- The Recipient shall acquire all goods and services through competitive or comparative selection processes based on current municipal best practices that ensure the best value for funds expended.

Conflict of Interest

- The Recipient shall ensure that the project is carried out in all its aspects without a conflict of interest by any person associated with the project in whatever capacity

- For these purposes, a conflict of interest includes a situation in which the person associated with the Project and any member of his or her family is able to benefit financially from his or her involvement in the project.

- The Recipient shall disclose to the Ministry, without delay, any actual or potential situation that may be reasonably interpreted as an actual, perceived or potential conflict of interest and shall identify how the conflict of interest will be resolved.

Right to Recover Funds

- The Province reserves the right to recover up to and including the amount of funds provided, if it is determined that the funds provided were not used, or will not be used for the intended purposes.
DRAFT REPORTING TEMPLATE

The following information should be presented in an Excel format that will be forwarded to all Service Managers separately. A sample report is attached.

1. Number of units repaired

2. Number of buildings repaired.

3. The project address

4. Client type (seniors, families, singles, supportive, aboriginal, others) and the number of households assisted as a result of the repairs undertaken

5. Type of unit repaired by building type
   a. high rise
   b. low rise
   c. townhouse
   d. semi-detached
   e. single detached
   f. Other—specify

6. Repair by provider type
   a. Public housing
   b. Non-profit
   c. Co-operative

7. Amount spent per unit repaired – average repair cost for all units if the repair impacted the entire building or project, like a roof repair or structural repair.

8. Total amount spent per fiscal year (April 1 to March 31)

9. Age of building with repaired units or building related repairs

10. Reason for repair
    a. health and safety – emergency
    b. replace aging systems (mechanical, electrical, structural)
    c. renewal of housing stock
    d. energy efficiency repairs
    e. other, please specify, for example, improved accessibility
Use of the Funds

The $100 million commitment is in response to requests from the social housing sector for increased funding to address urgent capital repair needs. The funds are to be directed to existing social housing units and projects that are now in the Social Housing Reform Act (SHRA) portfolio or were eligible under the Social Housing Agreement (SHA). Repairs to buildings that are privately owned with Rent Supplement units are not eligible for this funding.

- The funds should be committed to high priority repair projects and not deposited into reserve funds or invested for a long period. The plans submitted by SMs should identify timing as explicitly as possible.

- Value for money should be a key consideration when negotiating with housing providers.

- The funds must be spent in accordance with the final repair plan and expenditure budget submitted by the SM; the funds may not be deposited into reserves as long term investments. Under the province’s transfer payment guidelines the funds may be recovered if they are not used for the intended purpose or intended outcomes are not achieved.

- The SM can arrange for a loan of their allocations to housing providers, but the loans must be used for repairs in accordance with the final repair plan and expenditure budget submitted by the SM. A valid loan agreement should be in place prior to the loan being made. As the loans may not be repaid for several years, the service managers will be asked to verify in writing to the ministry that funds repaid from these loans in the future will be dedicated to social housing repairs or stabilization funds to be used for future capital repairs.

- If the funds are loaned to a housing provider, the SM should indicate how the loan will be secured and who assumes liability for these loans. In addition, any interest earned on repair loans should be reinvested in social housing capital repairs.

- The repair funds may be augmented with other energy efficiency financing programs, like the Ontario Power Authority’s new $47 million three-year energy improvement program, to be launched in June of this year. The funds should not be used as a source of financing to pay back an OPA loan, any other loans or to service debt on a loan used for repairs.
Eligible costs

- The funding should be in addition to funding included in 2008 SM budgets for repairs. It should not replace existing approved budgeted funds for repairs.

- Eligible expenditures include costs directly related to the stated purposes provided the expenditures are necessary and prudent to achieve the purpose of the grant.

- Soft costs are eligible up to 10% of the total SM allocation. Costs directly related to identifying the need for repairs like preparation of Building Condition Audits or reserve fund studies, as well as drawings, engineering, architectural and quantity surveying fees, procurement and tendering costs and permit fees are eligible. Municipal staff time is not an eligible expense.

- Service Managers will define their highest priority projects. The intent is that the most needed repairs will be undertaken first.

- The primary project selection criteria is health and safety, and the provision of habitable, clean, and safe housing that meet municipal, provincial and federal standards, codes, regulations and legislation. Additional repairs that prevent deterioration and result in preservation and renewal of the social housing stock are eligible.

- Eligible repair projects could include a wide range of items and are not limited to the following examples:
  - Site work - driveways and parking lots, drainage, retaining walls, handrails
  - Structure – columns, foundation walls, chimneys
  - Building Exterior – roofs, exterior walls, balcony decks
  - Building Interior – ceilings, walls, stairs, corridor handrails, elevators
  - Electrical, plumbing, and mechanical systems

- Energy efficiency improvements and repairs that reduce operating costs and energy consumption are eligible expenses. This may include new energy efficient appliances, water usage improvements to reduce operating costs, as well as major component projects like furnace replacements or electrical upgrades.

- Pest control is an eligible expense as a health and safety measure if it is deemed to be a health hazard.

- Removal of mould is an eligible health and safety related repair.
• If funding remains unspent after immediate and urgent health and safety repairs are undertaken, other repairs may be undertaken as a second priority like improving accessibility to assist seniors. This could include investment in major new building facilities, such as elevators or lifts to retain senior or disabled residents in existing projects. Investments in new facilities (elevators) will be considered as eligible where they are essential to maintaining project viability and longevity, on a case by case basis.

• The funds can be used for the ‘renewal’ of the existing stock. Eligible costs include repair and renovation costs if units are replaced, but not repairs that involve 'cosmetic' work on units or common areas. The general intent is that eligible costs under ‘renewal’ include repairs, rehabilitation, replacement and renovation that extend the life of the units to maintain them in a habitable, safe, condition.

Ineligible Costs

The following outlines costs that although important, are not considered to be eligible for funding under this initiative:

• The following expenditures are not eligible: any expense paid for by another funding source; direct operating costs; entertainment expenses; alcoholic beverages; taxes and fines; and interest.

• Projects that involve accessory facilities for a project, like improvements to playing fields, recreation or community centres, playground equipment, and swimming pools are not eligible costs but site work repair and structural repairs to common areas are eligible.

• Ongoing and regular maintenance, like cleaning of eaves troughs

• Purchase of security cameras.

• Repairs to federal cooperative projects that were not devolved to the province under the SHA and were retained by the federal government.

• Funds should not be used for new development projects unless they involve renewal of the existing social housing stock.

• Projects funded under the Affordable Housing Program.
Reporting Requirements

- The provincial transfer payment accountability guidelines require periodic reporting on the use of funds, service deliverables and outcomes achieved. A brief written annual report should be prepared as well as a final report to be delivered within three months of program completion or complete use of funds. These reports focus on generic data categories with some project specific information. The intent is not to duplicate current reporting tools like the Annual Information Return (AIR) and Building Condition Audit (BCA) reports.

- Photographic records of before and after conditions are recommended

- The annual report would indicate the following:
  - The number of units repaired by type of building (high rise, low rise townhouse semi-detached)
  - Funding program (non-profit, cooperative or public housing)
  - If project common areas or site work was undertaken, instead of unit repairs, these repairs should be noted
  - The number of projects repaired
  - The age of the buildings repaired
  - The number of benefiting households and the client group (i.e. seniors, families etc)
  - The amount of funding committed and balance remaining to commit
  - How funds were used, i.e., whether they leveraged financing, or provided direct capital repair funding
  - The time table to commit the balance of the allocation.

- If soft costs are incurred, the amounts allocated to soft costs should be noted as well as the types of expenses incurred.

- The final report would compile the data noted above along with a final financial statement on the expenditure of the funds.

- The Province reserves the right to verify or audit any information submitted for completeness and accuracy, and to ensure that funds were used on eligible expenditures and for the purpose intended. SMs and service providers should retain invoices, claims and all contract documentation such as procurement procedures and practices, and evidence that contracts were in place for repairs undertaken and completed. The Province acknowledges that SMs will not retain all contracts between service providers and private contractors but the housing providers should be advised that this material may be requested for audit purposes.