

CORPORATE POLICY



Policy Title: **Affordable Rental Housing Grant Program**
Policy Category: **Municipal Services**
Policy No.: M-010
Department: Integrated Planning & Public Works
Approval Date:
Revision Date:
Author: Tanja Curic, Senior Policy Planner
Attachments: N/A
Related Documents/Legislation: Municipal Act, 2001, s. 107(1)
Key Word(s): Affordable Rental Housing, Grant Program

POLICY STATEMENT:

The City of Waterloo has developed an Affordable Rental Housing Grant Program to foster the construction and retention of local affordable housing. The Program will guide the allocation of available funding, providing financial support to Not-For-Profit organizations that create and/or retain affordable housing in the City for low to moderate income households. This Affordable Rental Housing Grant Program aligns with the City's strategic goal of Healthy Community and Resilient Neighbourhoods, and specifically, with the objective of increasing the amount of affordable housing in the City.

PURPOSE:

The Affordable Rental Housing Grant Program will provide grants to eligible Not-For-Profit organizations to help offset some of the capital costs (including fees/charges) of providing affordable rental residential units to low to moderate income households in the City of Waterloo. This policy provides a framework for the distribution of available program funds. This policy sets out eligibility criteria, evaluation and selection criteria and processes, as well as preferences. The policy supports understanding, transparency, consistency in grant application, assessment, and allocation decision-making.

Mandatory Policy, *Municipal Act*: No

Policy Administration Team, Review Date: May 13, 2022

Corporate Management Team, Review Date: May 25, 2022

DEFINITIONS:

Applicant: A Not-For-Profit organization applying for a grant under this Program, subject to the Program's requirements.

Affordable Units: Are rental housing units whereby the rent of a unit, inclusive of all utilities, is set at or below 80 percent of Canada Mortgage and Housing Corporation's (CMHC) Average Market Rent, by bedroom type, in the regional market area, for a minimum of 25 years.

CAO: The Chief Administrative Officer of the City of Waterloo, and includes their designate.

Chief Financial Officer: The Chief Financial Officer of the City of Waterloo, and includes their designate.

City: The Corporation of the City of Waterloo.

Contribution Agreement: An agreement signed between the City and the Applicant under this Program.

Council: The Council of the Corporation of the City of Waterloo.

Equity-Seeking Groups: A group as identified on ground(s) set out in Section 1 of the Human Rights Code, that identify barriers to equal access, opportunities and resources, in relation to housing affordability, due to economic disadvantage and/or discrimination. Based on the findings of the City's Housing Need and Demand Analysis (Council Report IPPW2020-071), equity-seeking groups include, but are not limited to:

- Indigenous Peoples
- Racialized communities
- People with disabilities

Evaluation and Selection Committee: A committee of City staff who are responsible for the review and evaluation of grant applications, as appointed by the City's Commissioner of Integrated Planning & Public Works.

Not-For-Profit: An organization, where no part of its income is payable to, or otherwise available for, the personal benefit of a member or shareholder thereof. This includes all types of Not-For-Profit organizations and includes rental co-operatives that are incorporated with a Not-For-Profit status.

Program: The Affordable Rental Housing Grant Program of the City.

VisitAble: Housing that incorporates accessibility features with, at a minimum, the following three basic features that help to foster a more livable and adaptable built environment:

- a no-step entrance (at the front, back or side of the residential unit and building);
- wider doorways and clear passage on the main floor of the residential unit, and within common areas of a multi-unit residential building; and
- a main floor bathroom within the residential unit that can be accessed by visitors who use mobility devices.

SCOPE:

This policy applies to:

- All Not-For-Profit Applicants to the Program.
- Staff responsible for the delivery and administration of the Program.
- The Evaluation and Selection Committee.
- Council's delegated authority in relation to the Program.

POLICY COMMUNICATION:

At a minimum, this policy will be communicated by means of:

- Posting the policy on the City of Waterloo website.
- Posting the policy on the City of Waterloo intranet so it is accessible by staff.
- Providing a copy to all staff involved in the delivery and administration of the Program, the Evaluation and Selection Committee, and the CAO.
- Including the website location for the policy in all Program application information and communications. Applicants will be required to indicate on the grant application form that they have reviewed and understood the policy.

It is the Applicant's responsibility to be proactive in seeking out grant application information and ensuring compliance with submission deadlines.

POLICY:

1.0 Grant Program Considerations

- 1.1 Grants under the Program are intended to assist Not-For-Profit organizations in constructing new, or retaining existing, affordable housing for low and moderate income households in the City of Waterloo. Program

grants are intended to help Not-For-Profits offset some of the capital costs of constructing / retaining affordable housing units in the local community.

2.0 Eligibility Criteria

2.1 Applicants are eligible to apply for funding under the Program subject to meeting the following minimum requirements:

2.1.1 Applicants must:

- Be a Not-For-Profit organization; and
- Own or have an accepted offer to purchase the subject lands. Notwithstanding the foregoing, an exemption is made where the subject lands are secured under a long-term lease from a Not-For-Profit type organization (such as the City of Waterloo, Region of Waterloo, CMHC) for affordable housing purposes.

2.1.2 The project must:

- Be located within the geographic boundary of the City of Waterloo (can be located anywhere in the City subject to the City's Official Plan and Zoning By-law policies);
- Be located on lands as described in 2.1.1 above;
- Be rental tenure (i.e., the entire building must operate as rental);
- Have at least 30% of the residential units in the project be affordable rental housing meaning said units have rents, inclusive of all utilities, set at or less than 80% of CMHC's Average Market Rent in the regional market area at the time of application submission, for a minimum of 25 years; and,
- Be one (1) of the following project types:
 - New construction (includes additions and extensions);
 - Acquisition and rehabilitation of existing rental affordable housing that is at risk of being lost; or
 - Conversion of non-residential buildings (in whole or in part) to rental affordable housing.

2.2 Projects that are not eligible include:

- a) Projects by commercial enterprises (i.e., for-profit);
- b) Ownership housing;
- c) Secondary suites;
- d) Long term care facility;

- e) Purpose-built student housing;
- f) Shelters and crisis care facilities;
- g) Transitional or time limited housing without security of tenure;
- h) Repairs/renovations to existing buildings, unless part of an acquisition proposal or the works result in the creation of new affordable housing units; and
- i) Community Housing that receives ongoing federal subsidies and/or provincial subsidies.

Except with respect to 2.2a), the City's Commissioner of Integrated Planning & Public Works has the ability to modify the ineligibility criteria with respect to a particular Call for Applications provided that the revised ineligibility criteria is reflected in that Call for Application materials.

Eligible Costs

- 3.1 Program funding is restricted to capital costs for affordable rental housing units such as land and construction costs and includes development application fees and development charges relating to such units.
- 3.2 Capital costs incurred by a Not-For-Profit organization for the construction of the affordable housing units by a for-profit entity that has been retained by the Not-For-Profit organization to construct the Affordable Units may only be considered an eligible cost if the affordable housing units are to be owned and operated solely by the Not-For-Profit organization, or where there is an agreement between the Not-For-Profit and the for-profit entity whereby the affordable housing units are secured by the Not-For-Profit organization through a long-term lease and operated solely by the Not-For-Profit organization, to the satisfaction of the City.

4.0 Ineligible costs

- 4.1 For-profit construction of affordable housing units, except as specified in Section 3.2 herein.
- 4.2 Operating expenses are not eligible (including employee wages, debt payments, losses from a previous fiscal year, etc.).

5.0 General Program Requirements

- 5.1 The Program will be structured as a Call for Applications from time to time, where interested Not-For-Profit organizations apply within a defined application window and are awarded available funding on a competitive basis and in accordance with this policy.
- 5.2 The City will issue a Call for Applications under this Program from time to time, based on Program funding availability. The City will issue at least one (1) Call for Applications under this Program.
- 5.3 Any Call for Applications issued under this Program will be open for a period of at least 45 calendar days.
- 5.4 Program information along with any Call for Applications information and documents will be posted on the City's website at www.waterloo.ca.
- 5.5 The CAO may establish a minimum and/or maximum grant amount under this Program on a per application/project basis.
- 5.6 The CAO may establish maximum income conditions to any grant, based on the maximum amount of gross annual income of a household, to be eligible for a grant under this Program.

6.0 Required Application Information

- 6.1 All applications under this Program must include the following items, noting that any incomplete, misleading or false information may render the application/award invalid at the City's sole discretion:

Applicant Qualifications

a) satisfactory proof that the Applicant is:

- a Not-For-Profit organization;

b) a summary describing the Not-For-Profit organization, including:

- a copy of incorporation documents (if applicable);
- if a partnership, a copy of the partnership agreement or letter/memorandum of understanding and a list of partners;

- a solicitor's certification that there is no ongoing or pending litigation or liens against the Applicant or any related entity or any liens filed against the property;
- who it serves;
- its contact information (including contact information for partners if applicable);
- examples of similar projects it has been involved in, and any past project experience in developing and managing affordable rental housing projects;
- the names and experience of the project management team;

c) confirmation of ownership of the application land(s) or proof of an accepted offer to purchase the subject lands; if the proposed project is to be located on lands for which a long-term lease has been secured from another Not-For-Profit type agency, the following will be required:

- a letter from the land owner providing consent to the Applicant to apply for the grant on the basis of an in-principle agreement to construct affordable housing units on the lands; and
- confirmation that the term of the land lease is 25 or more years in duration;

d) full disclosure of any relationship with a for-profit entity/organization;

e) in the case of a relationship with a for-profit entity/organization pursuant to Section 3.2 herein, copies of all relevant agreements between the Not-For-Profit organization and the for-profit entity/organization constructing the affordable housing units, to the satisfaction of the City;

Project Concept and Design Details

f) a summary describing the proposed project, including:

- the address of the project and proximity to transit, services and amenities;
- the type of project, as per section 2.1.2;
- the total number of affordable and market rate housing units, the approximate size of said units, and the number of bedrooms in each unit;
- project rents for the affordable housing units and any market rate units;
- affordability period of the affordable housing units;
- how the project is consistent with urban design best practices and accessibility standards;

- whether the project can be carried out under current land use regulations (including the Zoning By-law), and identification of any known variances and/or amendments;
- project schedule;
- who the affordable housing units are intended to serve and how the units meet community need (e.g., unit type, household composition, housing options for equity-seeking groups, etc.);
- how the project will be tenanted (e.g., use of Region's Community Housing waitlist, other waitlist) and any tenant supports; and,
- property management details;

g) preliminary building plans and/or site plans, if available;

Financial Viability

h) evidence, subject to the satisfaction of the City's Chief Financial Officer, of financial competence and project viability including:

- two most recent audited financial statements; if not available additional information provided to substantiate or establish liquidity and debt management is required;
 - the bullet above does not apply to grant requests of \$50,000 or less, unless required by the City;
- project proforma;
- details of any equity to be contributed by the Applicant;
- details of other sources of government funding, if applicable;

i) the amount of funding requested; and

Other

j) any other information that may be required by the City, the CAO, the City's Commissioner of Integrated Planning & Public Works, and/or the Evaluation and Selection Committee.

7.0 Recommended Supplemental Application Information

7.1 The following supplemental information is recommended to help with project evaluation and prioritization:

- description of how the proposed project incorporates VisitAble design;

- supporting information from a qualified professional that the proposed project interior exceeds accessibility requirements in the Building Code and that the exterior achieves the City's Accessibility Standards;
- supporting information from a qualified professional that the project exceeds energy efficiency requirements in the Building Code; and
- any other supplemental information that, in the opinion of the Applicant, demonstrates how the proposed project meets sustainable design and affordable rental housing / community needs.

8.0 Preferred Evaluation Criteria:

8.1 Applications that meet some or all of the following criteria will be considered stronger and scored higher than those that only meet the minimum eligibility requirements:

1. Magnitude and depth of affordability

- Projects that propose more than 30% of the units to be available at or below 80% of CMHC's Average Market Rent in the regional market area;
- Projects that propose a deeper level of affordability.

2. Duration of affordability

- Projects where the affordable housing units will be affordable for greater than 25 years and a plan for ensuring long term affordability is in place.

3. Community need

- Projects that meet the needs of the community, including (but not limited to):
 - small to mid-rise developments;
 - one-bedroom units;
 - large (3-5 bedroom) units on a lower storey;
 - projects by and/or for Equity-Seeking Groups;
 - address high-need household categories on the Region of Waterloo's Community Housing waitlist.

4. Location

- Projects located in a designated Node or Corridor (as identified on the City's Official Plan Schedule 'B' – City Structure) or a Major Transit Station Area (as identified on Official Plan Schedule 'J' – Station Areas) will be prioritized as will projects in proximity to lower order transit (transit-supportive development),

commercial services and amenities over projects not located in proximity to transit, commercial services and amenities.

5. Planning approvals

- Projects that substantially comply with zoning and/or projects that are construction ready will be prioritized over concept proposals.

6. Accessibility

- Projects that include VisitAble design and the interior exceeds accessibility requirements in the Building Code and the exterior achieves the City's Accessibility Standards.

7. Energy Efficiency

- Projects that include energy efficiency features and exceed energy efficiency requirements in the Building Code.

9.0 Application Evaluation and Selection:

Screening for Application Eligibility

9.1 In order for an application to be considered for funding, it must:

- Meet the Program eligibility criteria (see Section 2.1); and
- Be complete and have all supporting documentation to comply with the application requirements.

9.2 Applications will be screened by the City's Planning Division staff for basic eligibility as they are received. Applicants will be notified if their application is ineligible or incomplete.

9.3 Submission of an incomplete application may make an application ineligible for a grant.

Late Submission of Grant Applications

9.4 Applications submitted after the grant deadline will not be accepted or reviewed by the Evaluation and Selection Committee.

Application Evaluation Criteria

9.5 Applications will be evaluated using the criteria and weighting as outlined in Table 1. The evaluation criteria weighting may be modified from time to time by the City's Commissioner of Integrated Planning & Public Works.

Table 1: Application Evaluation Criteria

Evaluation Criteria	Weighting
Mandatory Requirements (section 2.0)	Yes/No
Applicant Qualifications (section 6.0)	20%
Project Concept & Design (section 6.0)	25%
Preferred Criteria (section 8.0)	35%
Financial Viability (section 6.0)	20%
Total	100%

The Commissioner of Integrated Planning & Public Works may on a case-by-case basis establish a more detailed scoring matrix (identify the specific evaluation criteria points assignment within the weighting assessment categories outlined in Table 1) as part of a Call for Applications.

Application Evaluation and Selection

- 9.6 Each application will be reviewed, evaluated and scored on its merits by the Evaluation and Selection Committee made up of City staff, as appointed by the City's Commissioner of Integrated Planning & Public Works.
- 9.7 Applications will be evaluated based on the criteria outlined in Table 1, subject to Section 9.5. Higher scores will be given to applications that exceed minimum eligibility requirements and those that meet some or all of the preferred evaluation criteria.
- 9.8 As part of the evaluation process:
- Applicants may be contacted to verify and provide clarification on the application;
 - Applicants may be contacted to provide additional supporting information; and/or
 - Applicants may be required to attend a meeting with members of the Evaluation and Selection Committee to clarify any information contained in the application.
- 9.9 Each member of the Evaluation and Selection Committee will independently review each application on its merits and assign a score to the application. Then the Evaluation and Selection Committee as a

group will meet to discuss their individual assessments of the application to arrive at a consensus assessment.

- 9.10 The Evaluation and Selection Committee will recommend to Council's delegated authority a recommended disbursement of available grant monies to Applicants based on scoring pursuant to Section 9.9. This will be done by way of a recommendation memorandum, acceptable to the City's Commissioner of Integrated Planning & Public Works.
- 9.11 Funding less than an Applicant's request may be approved, based on the amount of affordable housing to be provided, the availability of Program funding, and/or desire of the City to support multiple projects.

Delegated Authority

- 9.12 Council delegates to the CAO the authority to:
- (a) approve grants under the Program in accordance with this policy;
 - (b) determine the amount of such grants to be issued under this policy, and any conditions thereto;
 - (c) determine whether to award one or more grants, or no grants; and
 - (d) approve and execute Contribution Agreements on behalf of the City, including amendments to such agreements, where the form and content of said agreements is to the satisfaction of the CAO in consultation with the City's Director of Planning and the City Solicitor.
- 9.13 The CAO may further delegate any or all of the authorities granted by Council to the City's Commissioner of Integrated Planning & Public Works.
- 9.14 Final approval of all grants, and the amount thereof, is a decision of the CAO, or designate, at their sole discretion.

Decision

- 9.15 The successful Applicant(s) will be notified by email of the decision on its application, after the decision is made.

Appeals

- 9.16 There is no appeal from a decision of the Evaluation and Selection Committee or Council's delegated authority. Unless otherwise determined by the City, at its sole discretion, the decisions of the Evaluation and Selection Committee and Council's delegated authority regarding an

Applicant's eligibility, application assessment, and grant allocation will be considered final.

10. Conditions of Approval

- 10.1 The City will enter into a Contribution Agreement with the selected successful Applicant(s) based on the proposal obtained at the time of selection. If a proposal does not precisely and entirely meet the requirements of this policy, the City reserves the right to enter into negotiations with the selected Applicant(s) to arrive at a mutually satisfactory arrangement with respect to any modifications to the proposal.
- 10.2 As a condition of approval, a successful Applicant will be required to sign a Contribution Agreement with the City, satisfactory to the CAO in consultation with the City's Chief Financial Officer, Director of Planning and the City Solicitor, committing to the delivery and maintenance of affordable housing units, prior to:
- the commencement of any works to which the grant will apply; and
 - the City issuing any grant money.
- 10.3 A successful Applicant will be required to agree in the Contribution Agreement to the following items:
- the grant amount to be received under this Program and its timing;
 - the work to be completed and the timeframe by which a building permit must be obtained and construction commenced, and the units completed;
 - regular project progress updates;
 - the number of Affordable Units to be provided, rental rates and duration of affordability;
 - funding received under this Program must be used for the purposes outlined in the recipient's application;
 - requirements for annual reporting to the City by the Applicant including verification of rents for the Affordable Units for the duration of the agreement;
 - non-compliance terms and processes, and default provisions; and
 - any other terms and conditions as required by the City to ensure the grant monies received from the City are used to support affordable housing within the proposed project.

- 10.4 A successful Applicant, whom is incorporated, will be required to provide a corporation profile report listing all directors and officers of the corporation.
- 10.5 A successful Applicant will be required to provide a postponement in favour of the City from any mortgagee/chargee or encumbrance of the property.

11. Grant Payment:

- 11.1 Grant funds will typically be awarded in one lump sum payment.
- 11.2 The grant funds will typically be paid at time of Building Permit issuance unless otherwise agreed upon by the City.
- 11.3 Parties to acknowledge and agree that the City will not provide the successful grant Applicant(s) a further waiver of fees and charges, excluding any waiver's related to an Affordable Housing Strategy item of the City of Waterloo.
- 11.4 Applicants are encouraged to consider applying to other funding programs, such as those offered by the Region of Waterloo and CMHC, to improve and increase the affordability and viability of projects.

12.0 Additional Matters:

- 12.1 The City is not responsible for any costs incurred by an Applicant in relation to the Program, including without limitation, costs incurred in anticipation of a grant or through the application process.
- 12.2 The City reserves the right (at its sole discretion) to reject or decline any or all applications submitted in response to its Call for Applications and to request clarification and additional information on any application.
- 12.3 Submitting an application does not guarantee the approval thereof or the allocation of any funding that may be requested as part of an application. The amount of funding allocated to a successful application is at the City of Waterloo's sole and absolute discretion. The City of Waterloo reserves the right to award funding under this Program to all or part of a successful Applicant's proposed affordable housing project.

- 12.4 The following will make an Applicant/application ineligible for a grant:
- Currently in financial arrears or litigation with the City of Waterloo or Region of Waterloo;
- 12.5 The following may make an Applicant/application ineligible for a grant as determined at the discretion of the CAO:
- Non-compliance with legislation, City by-law and/or policy, or active litigation with the Corporation of the City of Waterloo, any of its officers, employees, volunteers or elected officials.
- 12.6 The Program funding will be limited to affordable rental housing units and will not fund any market rate units in a project.
- 12.7 The City may establish penalties for non-compliance with any term or condition of this Program, and may include such penalties in the required grant agreement(s).

Program Implementation

- 12.8 Day to day administration and monitoring of the Program will be managed by the City's Planning Division, in consultation with other Divisions as required.

Monitoring and Reporting

- 12.9 Staff will monitor the following throughout the implementation of the Program:
- Uptake of the Program in relation to funding availability; and
 - Feedback from Applicants regarding the Program and application process, to inform opportunities to streamline and/or clarify this policy.
- 12.10 Staff will provide an information report to Council on the grant(s) approved by the CAO, or their delegate, after a Call for Applications has occurred and a grant(s) awarded.

Interpretation

- 12.11 The CAO, City's Commissioner of Integrated Planning & Public Works, Chief Financial Officer, the City's Director of Planning shall have the authority to administer this policy and make interpretations thereto, including any or all parts of this policy.

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.