Homelessness Prevention Program Capital Funding Information Sheet

To support communities in maintaining and expanding the supply of supportive housing and in maintaining the availability of emergency shelters where there is a local need, the Homelessness Prevention Program allocates funding towards capital expenses.

Eligible capital expenses include the following:

(A) Supportive Housing

- New Facilities
  - Acquisition and, where required, rehabilitation of existing buildings to create transitional housing or permanent supportive housing.
  - Conversion of existing buildings to create transitional or permanent supportive housing.
  - Expansion of an existing transitional housing or permanent supportive housing facility.
  - Conventional or modular construction of a new permanent supportive or transitional housing facility or expansion of a current transitional or permanent supportive housing construction project in-progress to increase capacity.
- Retrofits
  - Renovation, retrofitting, repair and upgrading of existing transitional housing and permanent supportive housing facilities, for example, to meet building code standards and public health requirements. (Note that retrofit / renovation costs below $50,000 should be considered as an operating expense.)

(B) Emergency Shelters

- New Facilities
  - Costs to assist with the acquisition of buildings that would be converted/upgraded to provide emergency shelter.
  - Conversion of an existing property and/or expansion of an existing facility to create additional emergency shelter spaces.
  - Conventional or modular construction to increase emergency shelter capacity.
- Retrofits
  - Renovation, retrofitting, repair and upgrading of existing emergency shelters to meet building code standards and public health requirements (e.g., building self-contained bedrooms, adding walls/partitions, washrooms)

Capital Funding Requirements

Recommended projects shall:

- Be approved by the Project's Board;
- Be able to sign a Contribution Agreement and registration of mortgage security or an alternate form of security (conversion, conventional, or modular housing projects) no later than November 30 of each program year;
- For acquisition projects, the executed Agreement of Purchase and Sale must have a closing date no later than March 1 of each program year;
- Commence construction, acquisition, rehabilitation and/or conversion within 120 days of the date of commitment and be completed within two years of the date of commitment;
- Meet the current Ontario Building Code, public health, and other applicable requirements;
- Reflect the best value for money, for example by using competitive procurement processes where possible, and ensuring that costs per unit are reasonable;
- Include information on how the on-going operating financial requirements for the project will be met; and
- Address local housing/homelessness needs.

In addition, for Supportive Housing New Facilities projects:

- Have rents that on average are at or below 80 per cent of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for the community or as approved by MMAH for a minimum of 20 years; and
- Provide a clear indication about the types of supports that will be made available directly, or via partnership (via agreement, Memorandum of Understanding, or other arrangement). Support services must be provided for a minimum period of 10 years.

In addition, for Emergency Shelter Solutions New Facilities projects, facilities must operate for their intended use for a minimum of 20 years.

Priority consideration may be given to projects that:

- Have contributions by others to be used in partnership with HPP funding;
- Are sponsored by providers that agree to project affordability periods beyond the minimum 20-year term to ensure the longer-term supply of affordable housing stock;
- Have energy efficiency features that reduce and/or eliminate greenhouse gas emissions; and
- Are fully accessible and/or have units that are accessible to persons with disabilities.

Affordability Criteria and Rents

Approved Supportive Housing New Facilities projects must remain affordable for a minimum period of 20 years. Affordability is defined as having rents for the project that are at or below 80 per cent of Canadian Mortgage and Housing Corporation's (CMHC) Average Market Rent (AMR) at the time of occupancy.

Average rent is calculated using actual rents paid by tenants, and any rent supplements provided by the Service Manager.

While individual unit rents may be set above or below the 80 per cent threshold, in no instance shall an HPP-funded unit have a rent that is greater than the CMHC AMR for the relevant bedroom type for the area.

Projects may include both HPP units and market units; however, only units with rents that meet affordability requirements will receive HPP funding.

Rent increases under this program must be in accordance with the Residential Tenancies Act, 2006 (RTA) rent increase guideline. The Transfer Payment Agreement provides that rent increases follow the RTA rent increase guidelines (irrespective of whether they apply) and that average rent for a Supportive Housing New Facilities Project must still remain at or below 80 per cent of CMHC AMR.

Retrofits

Retrofit projects must meet the affordability requirements (i.e., with rents at or below AMR for the bedroom type for the local area) and/or continue to be used for their intended purpose, for a minimum period of 10 years following completion.