



County of Wellington
Social Services Department – Housing Services
DIRECTIVE

Directive Number: 2014-09
Effective Date: December 23, 2014

This directive has been developed by the County of Wellington in its role as Consolidated Municipal Service Manager (CMSM) and applies to housing providers funded under the following social housing programs:

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| √ | Provincially Reformed Non-Profit Housing Programs (MNP, PNP & OCHAP) |
| √ | Provincially Reformed Co-operative Housing Programs (Co-ops) |
| √ | Municipal Non-Profit Housing Program (Section 56.1 Pre-1986) |
| | Local Housing Corporation (LHC) |
| √ | Federal Non-Profit Housing Program (Section 95 Pre-1986) |

SUBJECT: Extraordinary Capital Funding

LEGISLATIVE REFERENCES: Housing Services Act, 2011
 Ontario Regulation 367/11, s. 98(7)

POLICY REFERENCES: Extraordinary Funding HS 2014-PA17.0

DIRECTIVE REFERENCES: N/A

ATTACHED: Appendix A: Capital Priority Scale
 Appendix B: Business Case Template

BACKGROUND:

Housing providers are required to manage their operations and finances responsibly, which includes seeking out opportunities to maximize revenues and minimize costs.

Housing providers receive funding from the CMSM and funding levels provided are expected to be adequate for providers to maintain their assets. However, the CMSM recognizes that:

- Unexpected expenses and circumstances can occur which may cause deficits;
- Housing projects' annual reserve contribution rates, which are included in the overall funding to the housing providers, and current reserve fund balances may be insufficient to meet long-term capital requirements;

- Capital grants provided through the Social Housing Repair Fund (2008 - 2009) and the Social Housing Renovation and Retrofit Programme (SHRRP, 2009 - 2011) helped reduce the rate of reserve fund depletion but were not sufficient to eliminate long term financial shortfalls;
- When financial shortfalls are experienced, housing providers will turn to the CMSM for support.

On June 25, 2003, County Council passed the Extraordinary Funding for Social Housing Providers policy, which prescribed some of the requirements for a request for additional capital funding.

On October 30, 2014 this policy was removed from use and replaced by the County of Wellington's HS 2014-PA17.0 Extraordinary Funding policy. The intent of this directive is to formally establish the requirements and procedures for extraordinary capital funding requests.

DIRECTION:

Housing providers may submit a request for onetime extraordinary capital funding from the County of Wellington Housing Services department, in such a manner as prescribed in this directive.

To respond to a possible need by housing providers for financial support, the CMSM may provide an additional subsidy to assist a housing provider that requests additional funding for a specific capital use. The County of Wellington in its role as CMSM, reserves the right to refuse any housing provider request for onetime extraordinary funding.

PROCEDURE:

1. Upon first identifying a potential or actual capital funding shortfall, the housing provider must immediately contact their Housing Advisor to inform and consider the variety of options for correcting the capital funding shortfall. A formal request of the Service Manager for Extraordinary Capital Funding must be a last option considered.
2. Should the housing provider and Housing Advisor opt to submit a formal request for Extraordinary Capital Funding, they must do so in the following manner:
 - The formal request will be in the form of a business case that clearly identifies the reason for the request, including all relevant material and data. Housing providers are encouraged to work with their Housing Advisors in the development of their business case. A business case template is attached as Appendix B;
 - The housing provider must submit the formal request for Extraordinary Capital Funding directly to the Social Services Administrator and the Director of Housing.
3. If the CMSM determines that additional funding is appropriate, it may impose one or more of the following terms and conditions to the funding which may include:
 - a) repayment
 - b) ongoing reporting requirements
 - c) required operational change
 - d) a requirement for the use of a consultant
 - e) any other terms and conditions the CMSM sees fit to impose on the funding

4. The CMSM will notify the housing provider, in writing, of its decision. The CMSM's decision is final and binding on both the CMSM and the housing provider with respect to:
 - (a) the payment of an additional subsidy
 - (b) the amount of any additional subsidy
 - (c) any prescribed terms or conditions to be imposed

APPROVAL PROCESS:

Final approval authority for housing provider extraordinary funding requests may come from the County of Wellington Social Services Committee and County of Wellington Council. In extraordinary circumstances, where time does not permit submission to Committee and Council due to the nature, timing or circumstance of the emergency funding request; final approval authority may be at the discretion of the Social Services Administrator, County of Wellington Treasurer and the County Warden. Housing providers are expected to meet all deadlines for submission as required by the CMSM.

Funding approvals will be issued on a case by case basis, according to the criteria set out below:

1. Housing providers can request additional funding for capital expenditures if the request can be ranked on the Capital Priority Scale (attached as Appendix 1);
2. Housing providers are expected to meet all deadlines for submission as required by the CMSM. Failure to meet a deadline by the provider is not a valid reason for an extraordinary circumstances exception to the standard approval process;
3. Housing providers may request additional funding for capital expenditures before their reserve fund has been completely depleted if the provider has a long term plan that demonstrates anticipated reserve fund depletion. This information will be confirmed by the housing provider's most recent 5-year capital plan provided to the CMSM;
4. Housing providers may be expected to use funds from their accumulated surplus amounts;
5. A depleted Capital/Replacement Reserve Fund does not guarantee that additional subsidy will be granted. The CMSM will consider the housing providers' spending habits and patterns over past years to ensure that every effort was taken to remain a fiscally responsible housing provider. If past spending patterns or purchasing practices have been deemed irresponsible, the CMSM may deny the request;
6. A federal housing provider which is otherwise entitled to a subsidy under the HSA s.102 may apply to a CMSM for an additional subsidy with respect to its housing projects.

If you have any questions, please contact the Housing Advisor.



Harry Blinkhorn
Acting Director of Housing

Appendix A: Capital Priority Scale

The capital work required will be assessed against the following priority ranking scale (scale is from highest to lowest).

Priority Ranking	Priority Category	Definition
1	Health and Safety	<p>Conditions that:</p> <ul style="list-style-type: none"> • Are hazardous • May lead to loss of life or critical injury • Threaten health or wellbeing of individuals using the property (i.e. residents, staff) • Must be corrected or removed as a first priority
2	Building Structure	<ul style="list-style-type: none"> • Current and ongoing conditions or deficiencies that lead to the deterioration of a building's structural elements which must be investigated and corrected if necessary • Building deficiencies and structural integrity which must be maintained at all times • Failure to mitigate deficiencies will lead to potentially life threatening conditions which may eventually render a building: <ul style="list-style-type: none"> - Structurally unsound - Physically obsolete, and - Incapable of performing the task for which it was designed
3	Legislation requirements	All buildings must be maintained or upgraded in compliance with all applicable legislation requirements
4	Building Functionality	Building elements that have reached the end of their useful life must be replaced or upgraded in order to maintain the tenants' "quality of life" and to prevent the building from becoming physically or functionally obsolete
5	Cost-Effective Initiatives	Upgrades with cost-effective initiatives that will improve the operational efficiency of a building and have a reasonable return of investment

Appendix B: Business Case Template

All additional capital funding requests must be submitted directly to the Social Services Administrator and the Director of Housing and must include the information prescribed below:

SECTIONS	CONTENT
1. Executive Summary	A short description of the proposed capital project (one to two paragraphs)
2. Housing Provider Information	<ul style="list-style-type: none"> • Legal name • Project name • Project address • Updated mortgage information(i.e. term, balance) • Other loan information • Building mandate or client group • Contact person for the purposes of the funding request
3. Background on the Project	<ul style="list-style-type: none"> • Describe the need identified • Describe the current situation (i.e. age and condition of component, functionality, impact on tenants, etc.) • Indicate the urgency, if any
4. Other Options Explored to Address the Issue/ Need	<ul style="list-style-type: none"> • Describe the options that were explored in an attempt to address the capital funding shortfall • Describe all alternate funding sources that were explored (i.e. rebates, etc.)
5. Roles and Responsibilities of Parties Involved	List all those who are/have been involved in the project, including their roles and responsibilities (staff, board, maintenance staff, consultants, etc.)
6. Existing Residents	<ul style="list-style-type: none"> • Describe the impact of the proposed work on the residents, if any • Include a relocation plan if residents need to be temporarily relocated.
7. Project Capital Budget	Attach a detailed development budget that: <ul style="list-style-type: none"> • Identifies all costs for development, repairs/retrofit, consultants, permits, etc. • Identifies funding accounts, including the amount from the housing provider's own funds, amount requested from the CMSM, grants, rebates or other funds to be directed to the project
8. Project Schedule	Proposed timelines for carrying out the project
9. Project Risks/Constraints	Outline any environmental concerns, financial impacts, shared facility agreements, NIMBY, issues with adjacent properties, etc. related to or impacted by the project