



Northumberland County

Affordable Housing

Capital Grant

Program Guidelines

2021

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1.0 Introduction

Northumberland County Council approved the Northumberland Affordable Housing Capital Grant Program in 2021 with the goal of increasing the supply of affordable rental housing in Northumberland County. The Program will help achieve the goals of the Northumberland Affordable Housing Strategy.

The County will provide financial contributions as well as one-year conditional project approvals to support applicants in seeking additional funding as needed. County Council has allocated \$1 million from its housing reserves for this program.

2.1 What is Affordable Rental Housing?

The County's Municipal Housing Facilities By-law (By-law 17-2021) defines affordable housing as housing in which the maximum monthly rent is less than or equal to the average market rent (AMR) for Northumberland County for that size of unit. For the purposes of this program, the average monthly rent can be increased by \$100 over the average market rent if the maximum monthly rent includes the cost of utilities (i.e., heat, hydro, and hot water).

Where utilities are metered separately for each unit and residents are required to pay the utility costs directly, the maximum monthly rent is set at AMR. In 2021, the AMRs for Northumberland County by unit size are as follows.

Table 1: Affordable Rents: Northumberland County; 2021

Unit Size	100% AMR	Maximum Monthly Rent if utilities are included
Bachelor unit	\$982	\$1,082
One-Bedroom unit	\$1,106	\$1,206
Two-Bedroom unit	\$1,237	\$1,337
Three+ Bedroom unit	\$1,483	\$1,583

Source: County of Northumberland as provided by the Ministry of Municipal Affairs and Housing

Please note that the affordable rents will be updated on an annual basis and the rents for the affordable units under this program must stay at the affordable level for the term of the agreement.

3.0 What is the Northumberland Affordable Housing Capital Grant Program?

The Northumberland County Affordable Housing Capital Grant Program is a grant in the form of a forgivable loan¹ of up to \$20,000 per unit for affordable rental housing. The program provides the following financial and in-kind assistance to selected applicants:

- A forgivable loan for capital expenses of up to \$20,000 per unit for projects with rent limits in place for 25 years (inclusive of a 5-year transition period)
- A letter of support with conditional approval for a year
- Other incentives may be provided, such as a waiver or grant in lieu of development charges and property taxes (under the County's Affordable and Rental Housing Policy)

The forgivable loan and any other assistance will only be provided for the eligible affordable rental housing units in a project. Additional conditions, including affordable rents which are lower than the identified average market rents (AMRs) may be required if other incentives are provided by the County.

Please note that any planning approvals required, such as a Municipal Official Plan amendment, subdivision plan, land severance and consent, zoning by-law amendment, minor variance, and site plan application, as well as building, plumbing, and septic system permits, are the purview of the member municipality. As such, it is the responsibility of the applicant to obtain approvals and permits from the member municipality. Approval under the Northumberland Affordable Housing Capital Grant Program does not guarantee approval of the planning applications. The planning applications are still subject to the full review process and must meet the County and member municipality's planning objectives and requirements.

4.0 Who Should Apply?

Northumberland property owners, community agencies, and non-profit and for-profit residential developers who are planning to build new affordable rental housing units or convert non-residential buildings to new affordable rental housing units may be eligible to receive funding. Homeowners in Northumberland who are planning to add a secondary unit in their owner-occupied home which will be rented out may also be eligible.

¹ A forgivable loan is a loan in which some or all of the loan can be forgiven if the recipient meets certain conditions.

Projects must meet all the criteria identified below to be considered eligible for the Northumberland Affordable Housing Capital Grant Program.

Types of Eligible Projects

- New purpose-built rental housing construction
- Acquisition and/or rehabilitation of existing residential buildings to increase or prevent the loss of affordable housing stock (e.g., a single home converted to two units, an apartment building in disrepair)
- Conversion of non-residential buildings or units to purpose-built affordable residential rental buildings or units (e.g., a commercial building converted to rental housing)
- Addition of new affordable buildings or units to existing residential and non-residential buildings (e.g., adding a rental housing unit above a store)
- Social/affordable housing redevelopment which involves building new affordable units on existing social housing sites
- Secondary suites or additional residential units (e.g., coach house or apartment over a garage) which are being rented out and where the homeowner lives in the primary dwelling.

For the purposes of this program, a rental unit is any living accommodation used or intended for use as rented residential premises and is self-contained, i.e., has its own bathroom and kitchen facilities.

Location

The proposed project must be located in Northumberland County.

Length of Affordability

Rents for the affordable units receiving the forgivable loan must be maintained at the affordable level, i.e., 100% AMR for the current year, for a minimum period of twenty five (25) years inclusive of a five (5) year phase out. During the phase out, market rents can be charged when the units become vacant, subject to provincial legislation.

In the event that rents for occupied affordable rental units are increased beyond the provincial rent increase guideline, or beyond the affordable level (i.e., 100% AMR for the current year) for vacant affordable rental units, before the end of 25 years from the signing of the agreement, the entire amount of the forgivable loan received will be payable.

Rental Tenure

Eligible projects are affordable rental housing where there is a landlord-tenant relationship and tenants are recognized by the Residential Tenancies Act, 2006 or in non-profit housing cooperatives recognized by the Co-operative Corporations Act. Short term rentals, i.e., those rented out for less than a year and which do not require a lease are not eligible for this program.

Affordable rental units receiving the forgivable loan must be maintained as rental units for a minimum period of 25 years. In the event that these are converted to another tenure, such as ownership or condominium tenure, before the end of 25 years from the signing of the agreement, the entire amount of the forgivable loan received will be payable.

Selection of Residents

Gross household incomes of residents in the affordable rental housing units must not be more than the maximum income limits identified in the following table based on the unit size. These maximum household income limits will be updated on an annual basis. The landlord must follow the County's requirements for tenant selection, income verification for the first year of residency (i.e., when the tenant applies for the housing unit), reporting, and overall administration of affordable rental housing units.

Table 2: Maximum Gross Annual Household Income for Residents of Affordable Rental Housing Units

Unit Size	Rents at 100% AMR	Rents include Utilities
Bachelor unit	\$39,280	\$43,280
One-Bedroom unit	\$44,240	\$48,240
Two-Bedroom unit	\$49,480	\$53,480
Three+ Bedroom unit	\$59,320	\$63,320

Note: These household income limits are based on the income required to pay 30% of gross annual household income based on the affordable rents (average market rents) identified in Table 1.

Please note that the County will retain the right to implement a rent supplement agreement on at least 50% of the affordable rental units in each project.

Additional Requirements

Homeowners applying for funding to build a secondary suite or additional residential unit must also meet the following criteria:

- The home noted in the application must be their only residence
- The homeowner must be a Canadian citizen, landed immigrant, or have refugee claimant status
- Property taxes, insurance and mortgage payments must all be up to date
- Insurance coverage for the full market value of the home must be current
- The home must be deemed structurally sound to accommodate the renovation (based on the permit issued by the local municipal Building Department)
- Zoning must be in place to allow the secondary suite or additional residential unit.

Applicants to convert a non-residential use to purpose-built rental housing, to renovate/rehabilitate existing purpose-built rental units, and/or to add purpose-built rental housing units to an existing building must also meet the following criteria:

- The existing building must be deemed structurally sound to accommodate the renovation (based on the permit issued by the local municipal Building Department).
- Zoning must be in place to allow for the addition of the purpose-built rental unit to an existing residential or non-residential building.
- Property taxes, insurance and mortgage payments must all be up to date.

The County reserves the right to prioritize funding in any given year based on the uptake of the program. Funding may be prioritized based on the depth of affordability, accessibility features that go beyond Ontario Building Code requirements, location of the project, how the project meets the local needs of the community and the County as a whole, construction readiness, size of the project, and other criteria.

5.1 Application and Review Process

The following outlines the steps to apply for the Northumberland Affordable Housing Capital Grant Program.

1. Attend a pre-application meeting with County staff to determine if the proposed project is eligible for the program and to obtain the form and templates for the required documentation.
2. Complete and submit the application form and ensure all the required documentation is included. The application forms are available online or in-person from County offices. There is no fee to apply for this program. The following must be included in the submission.

- a. Details of the proposed project (including the location, total number of residential units, number of affordable rental units, and unit mix/size of affordable rental units)
- b. Development qualifications of the applicant (i.e., previous experience of applicant or applicant's contractor in building housing)
- c. Management qualifications (if the proposed project is a purpose-built rental building with four (4) or more units)
- d. Project design and consistency with the County's and member municipality's planning principles (please see the website of Northumberland County and the member municipality)
- e. Development schedule
- f. Capital and operating financial plans, including cost of construction and other sources of funding
- g. Community consultation and communications outreach plan (if the proposed project is a purpose-built rental building with four (4) or more units)
- h. How the project meets the local affordable and rental housing needs of the member municipality, particularly the affordable housing targets identified for each member municipality and/or for Northumberland as a whole (The Northumberland Affordable Housing Strategy identifies the needs and targets for the County and each community and can be accessed at:
<https://www.northumberland.ca/en/county-government/reports-plans-and-studies.aspx#affordable-housing-strategy>)
- i. Any additional funding from other programs, including funding from the federal, provincial and member municipal governments
- j. Photos of the existing building prior to the renovation or conversion (if the proposed project is for the renovation or conversion of an existing residential or non-residential building or for a secondary suite or additional residential unit in an existing home)
- k. Orders for repairs required by local building officials/fire department, if applicable.
- l. Rental plan, i.e., how the project will be advertised and how residents will be selected. If the proposed project is a secondary suite or additional residential unit to be rented out to a family member or friend of the applicant, the applicant

has to clearly state the relationship, the potential renter's total household income, where they are currently living, and the reason for moving to the secondary suite or additional rental unit.

3. Applications and supporting documentation will be reviewed by County staff to ensure they meet all the eligibility requirements. The applicant will be informed in writing if their application does not meet the eligibility requirements.
The review by County staff will be based on whether the project meets the eligibility requirements. In addition, County staff may also consider whether the applicant has secured other funding, such as from senior levels of government or local municipal incentives. It should be noted, however, that a project which has been granted funding from other programs does not necessarily mean it will receive funding from the Northumberland Affordable Housing Capital Grant Program.
County staff may also consider whether the project meets the identified local housing needs and affordable housing targets.
4. County staff may request additional supporting documentation, request a clarification, and/or perform an initial site visit and inspection of the subject property, as necessary.
5. Successful applicants will be informed in writing and provided with a conditional letter of approval which will be applicable for a year from the date of approval and conditional on the applicant receiving all necessary planning and building permit approvals from the member municipality. The decision will be considered final and appeals will not be entertained.
6. The applicant will be invited for another meeting with County staff to review the next steps, including a timeline for obtaining planning approvals and completing construction.
7. Upon receipt of all required planning approvals from the member municipality and County, the applicant will schedule another meeting with County staff to provide the updated construction schedule, updated estimates of construction cost, and confirmation of funding which equals the total estimated construction cost, including all funding sources (e.g., equity, line of credit from bank, loan, funding from provincial and federal programs, etc.).
8. Within sixty (60) days following the receipt of all planning approvals from the member municipality and County, the successful applicants will sign a Municipal Housing Facilities Agreement which will include the following.
 - a. The term of the agreement
 - b. The number of affordable rental housing units provided
 - c. Requirement that each unit meets the definition of affordable rental housing
 - d. The monthly rent and occupancy costs which can be charged for each rental housing unit for the first year of the term and the mechanism by which such monthly rent and occupancy costs may annually increase and the restrictions on

- such annual increases to provide for the maintenance of the depth of affordability for the term of the agreement
- e. A provision whereby housing units subject to the agreement shall not be rented to the applicant/housing provider, shareholders, or directors of the applicant/housing provider, on any individual not at arm's length to the applicant/housing provider, unless the applicant/housing provider is a non-profit co-operative as defined in the Co-operative Corporations Act, 1990 or is a not-for-profit corporation or unless otherwise agreed to by the County.
 - f. If the affordable housing unit is to be rented out to a family member or friend of the applicant, provisions whereby a formal landlord-tenant relationship will be in place and that the unit will continue to be rented out at the affordable rental rate even if the applicant's family member or friend moves out of the unit.
 - g. A requirement that tenants will be selected in accordance with any policies adopted by the County and where possible shall be low or moderate income households.
 - h. A provision that the applicant/housing provider will be responsible for tenant income verification for the first year of tenancy.
 - i. A requirement that the agreement will be registered on title.
 - j. A provision whereby the agreement will be binding on the applicant's/housing provider's heirs, successors and assignees.
 - k. A condition that if the affordable rental units under the agreement are sold during the period of the agreement, the purchaser will be required to enter into an agreement with the County. If the purchaser is unable to meet the requirements of the agreement, the full amount of the forgivable loan and any other incentives provided by the County will be payable to the County.
 - l. A list of the benefits being conveyed to the applicant/housing provider.
 - m. A requirement that if the applicant/housing provider does not carry out its obligations under the agreement, the entire amount of the benefits conveyed under the agreement, including the full amount of the forgivable loan and any other incentives provided by the County will be payable to the County.
 - n. A communication protocol with the County related to the services provided under the agreement for the purpose of project monitoring, enforcement, and public announcements
 - o. Annual reporting and auditing requirements for projects with three (3) or less units, including the following.
 - i. Initial Occupancy Report
 - ii. Annual Occupancy Report

- iii. Information on the household income and household composition of residents in each of the affordable rental units for the initial year of tenancy.
 - iv. The requirement to retain all books, accounts, records (including records related to rent collection and tenant income and eligibility requirements), receipts, vouchers, and other documents that pertain to the project for a period of not less than seven (7) years from the end of each fiscal year of the project.
 - v. The requirement to cooperate with the County in conducting an operational review or audit at any time during the length of the affordability period.
- p. Annual reporting and auditing requirements for projects with four (4) or more units, including the following.
- i. Initial Occupancy Report
 - ii. Annual Vacancy and Arrears Report
 - iii. Annual Occupancy Report
 - iv. Information on the household income and household composition of residents in each of the affordable rental units for the initial year of tenancy.
 - v. The requirement to retain all books, accounts, records (including records related to rent collection and tenant income and eligibility requirements), receipts, vouchers, and other documents that pertain to the project for a period of not less than seven (7) years from the end of each fiscal year of the project
 - vi. The requirement to cooperate with the County in conducting an operational review or audit at any time during the length of the affordability period.
- q. Other terms and conditions as required.
9. The full amount of the forgivable loan under this program will be provided for projects with three (3) or less units once a building permit has been issued by the member municipality. For projects with four (4) or more units, 50% of the full amount of the forgivable loan under this program will be provided once a building permit has been issued by the member municipality and the remaining 50% of the forgivable loan will be provided at occupancy.

Please note that no cash advances will be issued, and the County has a right to alter the payment schedule outlined above.

Additionally, please note that approval under the Northumberland Affordable Housing Capital Grant Program does not guarantee approval of the planning applications. The planning applications are still subject to the full review process and must meet the County and member municipality's planning objectives and requirements.

The County retains the right to audit projects once they are completed and to recover funds provided through this program if the program funding provided exceeds the total cost of construction.

There is no fee to apply for this program, but the applicant will be responsible for all associated planning and building permit fees and charges.

County Staff Contact

If you have any questions or require additional information on this program, please contact:

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