ATTACHMENT 1

Overview of Affordable Housing Program
Rental and Supportive Component

Program Element	Description	Impact
Overall Funding Levels	Average program funding per unit cannot exceed $70,000 for each project.	Groups will need to contribute significant equity to projects given the level of program funding available.
Affordability Period	Rents must be kept affordable for 20 years.	Groups do not necessarily have to keep rents affordable for longer than the stipulated 20 years.
Initial Rent Levels	Initially, average rents in projects must be set by Service Managers, such that average rents do not exceed 80% of Average Market Rents as defined by the Canada Mortgage and Housing Corporation (CMHC).	Lower rent levels will reduce cash flows of projects, in turn reducing the amount of financing groups will be able to secure from net rents. This will result in groups having to input significantly greater amounts of equity.
Rent Increases	In the first 10 years, groups will be required to limit rent increases to amounts legislated by the *Tenant Protection Act* (or successor legislation). Rents in years 11-14 may be increased upon application to the Service Manager to cover unforeseen energy or capital repair costs, rents for vacant units in years 15-20 can be set to market levels by the owner.	Restricting rent increases to legislated increase amounts may not allow for material increases in household income to be reflected in greater rental rates. Leases will be written in such a way as to show rent at the Average Market Rent level less a program benefit being conferred annually by the proponent. This will allow for rent increases above legislated amounts to take place where household income increases significantly.
Program Timelines	All projects built under the AHP must be built and occupied by March 31, 2010.	Given the complexity of multi-unit development, this timeline could be challenging for many proponents. In order for projects to be considered for funding they will need to be substantially along the development path.

Program Element	Description	Possible Impact
Federal Funding	38% of total funding (up to$26,600/unit) will be advanced to proponents throughout development. Funds will be in the form of a forgivable loan. The federal government will forgive 5% of the amount to the Province each year; the Province will extend this forgiveness to Service Managers under certain undefined circumstances.	Groups will receive funding during certain development milestones during development.
Provincial Funding	62% of total funding (up to$43,400/unit) will be advanced to proponents on a monthly basis over 20 years. The monthly payment will include an additional interest component.	Groups will need to borrow provincial funding, paying it back over time from proceeds of their monthly affordability payment.
Tenant Targeting	Of the 370 units allocated to York Region, 52 units must be allocated to those suffering from mental illness, 38 for Victims of Domestic Violence, and 10 for those having a dual diagnosis of mental illness and cognitive impairment.	The ability to ensure that proponents meet these overall targets is not in the control of the Region. An array of proponents may recommend various combinations of tenant targets that do not in total meet the overall targeting requirement. We have informed the Province that the Region will use best efforts to meet the overall target. Further, the on-going ability to meet tenant targets may not be in the control of either the proponent, or the Region. The Province could, for example, reduce support funding to the target groups impairing the ability to serve these tenants.

Program Element	Description	Possible Impact
Minimum Regional Contribution	Municipalities are only required to ensure that properties taxes for AHP projects do not exceed the rate charged for single family residences.	York Region complies with this requirement.
Minimum Equity Requirements	Private proponents are required to have minimum equity of 10% of the project cost; mixed private/non-profit proponents are required to have minimum equity in the amount of 4%. Solely based non-profit proponents require no minimum equity amount.	Notwithstanding these minimum equity requirements, it can reasonably be expected that proponents will need to provide significant equity in excess of these minimum requirements.
Unit Sizes	The Province has mandated maximum units sizes.	Units will be modest in size, meeting an underlying principle of the Regions Housing Strategy.
Project Financing	All non-municipal projects will be required to obtain primary financing from lenders selected by the Province who, in turn, will be required to obtain CMHC mortgage insurance. This financing will allow amortization periods of up to 40 years.	Groups will be subjected to a rigorous due diligence process on the part of the lender and CMHC which will support any decision made by the Region to allocate program funding. The Region will explore the ability to finance its own projects at the longer 40 year amortization period.