

THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
June 10, 2009
Report of the
General Manager

FEDERAL AND PROVINCIAL INVESTMENT IN SOCIAL HOUSING INFRASTRUCTURE CAPITAL PLAN

1. RECOMMENDATIONS

It is recommended that:

1. The General Manager be authorized to execute necessary funding agreements in conjunction with The Region of York with respect to the federal and provincial economic stimulus funding, subject to prior review by Legal Services.
2. The Board of Directors endorse the increased capital budget and utilization of available economic stimulus funding.
3. The General Manager be authorized to submit capital expenditure plans to The Region of York for approval and staff be authorized to implement the plans, update them, if required, and seek regional approval, as necessary, to ensure that program funds will be expended within the timeframes provided.

2. PURPOSE

This report provides information about the federal and provincial social housing infrastructure funding and seeks approval to utilize this unique funding opportunity.

3. BACKGROUND

Federal and provincial budget announcements for repair and renovation funding over two years

Federal and provincial budget announcements committed both governments to a joint investment of \$1.2 billion in social and affordable housing in Ontario over the next two years.

Of this amount, \$704 million is designated for the renovation and retrofit of existing social housing stock.

It is critical to spend the money in the year committed or risk the possibility of losing it

Economic stimulus is the critical driver for this high priority funding. The federal government is messaging a strict “use it or lose it” policy and a stringent reporting process in order to meet its quarterly reporting commitment. Funds that are not spent in the fiscal year that they are committed, may be reallocated to other housing providers and/or Service Managers or taken back by the federal government to be redirected to other provinces or territories.

4. ANALYSIS AND OPTIONS

Board approved budget in March 2009 that included a capital project budget of \$3 million

Housing York Inc’s (HYI) annual budget approval was obtained at the Board of Director’s meeting held on March 11, 2009. A capital budget in the amount of \$3,092,350 was approved. With the announcement of the infrastructure repair and retrofit funding program, housing providers have a significant opportunity to further invest in their buildings and reduce future burden on insufficient capital reserves and reduce operating costs.

HYI’s Year-One Infrastructure Capital Plan calls for an additional 45 projects at an estimated \$3.9 million

To meet a provincial timeline, the Region recently requested that housing providers submit proposed capital repair projects for year-one of the infrastructure program. HYI submitted a plan that identified 45 projects with a projected cost of over \$3.9 million. The proposed additional capital projects will assist HYI in reducing energy consumption and operating costs and enhancing accessibility. The Region has submitted HYI’s plan, along with other housing provider’s plans, to the Province for their approval.

Both direct and indirect costs are associated with delivery of a capital project. Capital projects incur primarily direct costs, which are purchase of contracted services to perform the repair and rehabilitation work. However, indirect costs are necessary for project design, oversight, procurement of services, and the reporting requirements that will be required for each project. While all the program requirements are not fully known at this time, it is anticipated that infrastructure funding will substantially cover both the direct and indirect costs associated with those capital projects.

5. FINANCIAL IMPLICATIONS

The federal and provincial economic stimulus funding is a two-year program. Over the two-year program, HYI could receive a total of approximately \$6 million for repair and retrofit capital projects. The additional capital projects will be funded by the federal and provincial funding and will not require the use of HYI's capital reserves. In delivering the additional capital program, additional administrative costs may be incurred and if so, they will be funded either through program funding or retained earnings.

The availability of infrastructure funds reduces HYI's borrowing requirement for the energy management strategy.

HYI has developed a plan for year-one capital projects with an estimated cost of \$3.9 million.

HYI's capital reserve is currently projected to be sufficient until approximately 2015. If the economic stimulus funding is utilized, then the life of the existing reserve could increase to beyond 2018.

6. LOCAL MUNICIPAL IMPACT

HYI properties are located throughout all nine municipalities and maintaining the properties ensures that well managed, affordable housing is provided for residents across our communities.

7. CONCLUSION

Providing approval to pursue a revised capital plan to utilize infrastructure funding is a prudent investment and provides needed economic stimulus to our local economies.

For more information on this report, please contact Sylvia Patterson, Assistant General Manager, Housing York Inc. at Ext. 2091.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Sylvia Patterson,
Assistant General Manager

Joann Simmons
General Manager

June 2, 2009

DM/sb

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