

February 15, 2006

Mr. Michael R. Garrett
Chief Administrative Officer
Regional Municipality of York
P.O. Box 147
17250 Yonge Street
Newmarket, On. L3Y 6Z1


Dear Mr. Garrett:

Re: GTA Equalization

I have followed with interest the respective Council positions on equalization payments for the social services and social housing programs of the GTA. As I understand York Council's position from the attached media release, the 2006 budget for equalization payments is to be limited to the 2005 level adjusted for inflation, for a planned underpayment of \$6.6 million. In addition, final 2005 payments have been curtailed by \$2.4 million.

The City shares the view that continued funding of income redistribution programs from the property tax base is not appropriate. Nevertheless, up to now the Province has been reluctant to make the necessary legislative changes to upload social housing and social assistance.

Therefore, in accordance with procedures as set out in the attached letter from the Assistant Deputy Minister of Municipal Affairs and Housing, the City of Toronto is formally notifying York Region that, should the outstanding amount for 2005 not be received by February 22, 2006 the City will seek relief from the Minister through Section 136 (13) of the *Social Housing Reform Act, 2000* to offset any overdue payments using federal funds.

The City may also invoke section 136 (9) of the SHRA to seek interest and penalties in accordance with the regulations; and may invoke any other remedy or procedure available by law to it to recover the debt together with any interest or penalty that is charged on the debt under the SHRA.

...Cont'd Page 2

Please note that I recognize and appreciate the effort the CAOs and Treasurers have made to explain to their respective Councils that GTA equalization or 'pooling' is a legislated Provincial program and requires full compliance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shirley Hoy', with a stylized flourish at the end.

Shirley Hoy
City Manager

c.c. Doug Barnes, Assistant Deputy Minister, Ministry of Municipal Affairs & Housing
Terry McCarthy, Assistant Deputy Minister, Ministry of Community and Social Services
Colin Anderson, Deputy Minister, Ministry of Finance

Enclosures:

- Media Release (December 15 2002)
- MMAH procedural letter (June 29 2005)
- GTA Equalization Statement (January 4 2006)



Thursday, December 15, 2005

For Immediate Release

GTA Pooling an unfair program for York Region taxpayers

York Region has already paid more than \$654 million in GTA Pooling costs since 1998

NEWMARKET – With approval today of its 2006 Business Plan and Budget, York Regional Council is again requesting the Ontario Government to phase out GTA Pooling for Social Assistance and Social Housing and have discussions regarding a more equitable funding model. The Region's budget also imposes a three per cent pooling cap over 2005.

York Region contributes more than any other GTA municipality to GTA Pooling, with the funds directed to the City of Toronto to fund Toronto's social housing and social assistance programs. Halton and Peel Regions also consistently pay into GTA Pooling.

"It is completely unfair for York Region residents and businesses to be saddled with an extraordinary financial bill for another jurisdiction's Social Assistance and Social Housing costs," said York Regional Chair and CEO Bill Fisch. "GTA Pooling continues to represent a significant financial pressure on the Region's budget, and has become an unsustainable tax for our corporation."

Pooling was originally established by the Ontario Government in 1998 as a temporary financial stop-gap measure to assist with Social Assistance and Social Housing during provincial downloading of these services to municipalities.

In 2006, York Region's own Social Services and Social Housing commitment, combined with GTA Pooling costs, equals the amount allocated to the York Regional Police budget -- both totalling 27 cents per Regional tax dollar spent. When broken down:

- York Region Social Assistance costs – four cents of every 2006 Regional tax dollar spent
- York Region Social Housing costs – nine cents of every 2006 Regional tax dollar spent
- York Region GTA Pooling costs – 14 cents of every 2006 Regional tax dollar spent

"The Ontario Government must address the inequity of this funding model. Following 2006 payments, York Region will have paid nearly \$740 million toward GTA Pooling," said Fisch. "Compounding the issue is the fact that our Region has absolutely no accountability of how this money is being spent."

As part of its approved 2006 Business Plan and Budget, York Region will collect and pay the province \$84.2 million (representing a three per cent cap over the 2005 amount) compared to the estimated \$90.8 million being requested from the Ontario Government.

Throughout 2005, York Region collected \$86.7 million and paid the province \$81.7 million (representing a three per cent cap over the 2004 amount). York Region withheld \$5 million – the difference levied versus being paid.

"Annual GTA Pooling cost are increasing at rate that far exceeds the rate of inflation," said Town of Aurora Mayor Tim Jones, Finance and Administration Committee Chair. "Unless the Province takes action towards finding fair and equitable alternatives to funding Social Assistance and Social Housing in Toronto, GTA pooling will continue to have a detrimental impact on the choices York Regional Council is able to make in providing services for our own residents."

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Pooling Cost for York Region 1998 - 2005 (rounded to closest million):

1998 – \$93 million

1999 – \$84 million

2000 – \$77 million

2001 – \$79 million

2002 – \$76 million

2003 – \$79 million

2004 – \$79 million

2005 – \$87 million *(\$87 million collected, \$82 million paid based on 3% cap, \$5 million withheld)

Sub Total -- \$654 million

2006 – \$90.8 million *(\$84.2 million to be collected and forwarded)

Grand Total -- \$738 million

- 30 -

For more information on the Regional Municipality of York and the services our Region offers, please visit our Web site at: www.york.ca

Media Contact: Patrick Casey, Director, Corporate Communications, York Region
Phone: (905) 830-4444, Ext. 1235 or Cell 905 715-8211
Email: patrick.casey@york.ca

**Ministry of
Municipal Affairs
and Housing**

Housing Division
777 Bay St 16th Flr
Toronto ON M5G 2E5
Telephone: (416) 585-6277
Fax: (416) 585-6800

**Ministère des
Affaires municipales
et du logement**

Division du Logement
777, rue Bay 16^e étage
Toronto ON M5G 2E5
Téléphone: (416) 585-6277
Télécopieur: (416) 585-6800



June 29, 2005

Ms. Shirley Hoy
City Manager
City of Toronto
11th Floor East Tower
100 Queen Street West
Toronto, ON M4W 2N1

Re: GTA Equalization – Ministry Payment Processing

Dear Ms. Hoy:

In accordance with the *Social Housing Reform Act 2000* (SHRA), GTA service managers are required to make payments to other service managers in accordance with the notice, provided by the Minister.

At the request of GTA service managers, the Ministry of Municipal Affairs and Housing has been acting as a conduit by receiving payments from sharing GTA service managers and flowing the payments to supported GTA service managers. The Ministry will continue in this role until such time as an alternative process is in place or the Ministry provides notice that it will be discontinuing this role.

I would like to take this opportunity to confirm the role of the Ministry in this regard:

- The Ministry provides notice to the sharing GTA member of the monthly amounts due and notice they are to be received by the Ministry three days before the month end.
- The Ministry provides monthly statements to each GTA service manager providing a reconciliation of the payments received and the balances outstanding.
- The Ministry on receipt of a payment from a sharing GTA member processes a payment to the supported GTA member within seven business days.
- The Ministry is not liable for delays in payment flow between GTA service managers as a result of its role as a conduit for payments or for processing time required to receive and disburse payments on their behalf.

Amounts outstanding:

- If the sharing GTA service manager does not pay the supported GTA service manager, the supported GTA service manager may charge interest and penalties.
- Interest and penalties that a supported GTA member may charge another GTA member are the responsibility of the supported GTA service manager to recover directly from the sharing GTA service manager.

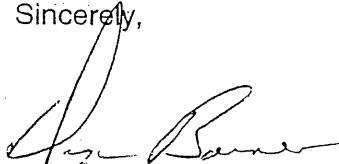
Ms. Shirley Hoy
City Manager
June 29, 2005

Federal funds:

- Under Section 136 (13), the Minister may use some or all of the amount of federal funding allocated to a sharing GTA service manager to pay all or part of an amount payable by that sharing GTA service manager to another supported GTA service manager.
- The Minister will invoke Section 136 (13):
 - Upon receipt of written notification from the sharing GTA service manager to redirect funds to the supported GTA service manager to offset in full or in part payments due a supported GTA service manager.
 - Upon receipt of written notification and documentation from the supported GTA service manager that the supported GTA service manager has provided sufficient notification to the sharing GTA service manager that it will request the Minister to invoke Section 136 (13) to offset overdue payments in whole or in part using federal funds.

If you have any questions, please contact Toni Farley, Director, Social Housing Branch, at 416-585-6375.

Sincerely,



Doug Barnes
Assistant Deputy Minister
Housing Division

CC

John Burke, Deputy Minister, Ministry of Municipal Affairs and Housing

✓ Joseph Pennachetti, Deputy City Manager and Chief Financial Officer, City of Toronto

**Ministry of
Municipal Affairs
and Housing**

Social Housing Branch
2nd Floor, 777 Bay Street
Toronto, ON M5G 2E5
Tel: 416 585-7533
Fax: 416 585-7003

**Ministère des
Affaires municipales
et du Logement**

Direction du logement social
2^e étage, 777, rue Bay
Toronto, ON M5G 2E5
Tél : 416 585-7533
Télééc : 416 585-7003



January 4, 2006

Kathleen Blinkhorn
Director, Social Housing Unit
Shelter, Housing & Support Division
365 Bloor Street East, 15th Floor
Toronto, ON, M4W 3L4

Re: GTA Equalization – December 2005 Statement of Account

Dear Ms. Blinkhorn:

Please find attached your statement of account for the month of **December 2005** with respect to GTA equalization. The attached statement provides a detailed reconciliation of the status of amounts receivable by the City of Toronto as of the end of December 2005.

As stated in our letter dated April 21, 2005 the ministry has implemented a process whereby we will provide each GTA member a monthly statement of their account, within 5 business days of the month end, for the prior month.

The Ministry is acting as a flow-through agent for payments but, as per the *SHRA*, payments are due to the receiving GTA member, and reconciliation of penalties for late payments must occur between GTA members.

If you have any questions regarding these calculations please contact David Yitagessu, Program Policy Advisor, Social Housing Branch, at 416-585-7322.

Sincerely,

Toni Farley
Director
Social Housing Branch

c: Chris Lawrence
Social Housing Consultant, Social Housing Unit
Shelter, Housing & Support Division
City of Toronto

Rob Hatton
Manager of Financial Planning, Finance Department
City of Toronto

Ministry of Municipal Affairs Housing - GTA Equalization
MONTHLY ACCOUNT STATEMENT
CITY OF TORONTO
Statement Date: 04/01/2006

This is the statement of your account for the month of December 2005 with respect to the equalization of social housing costs within the Greater Toronto Area (GTA).

	Month
Payments	DEC
Balance Carried Forward	(\$14,095)
DEC Payment Due	(\$7,145,875)
DEC Funds (Received)/Sent	\$3,372,108
Current Month Balance	(\$3,773,767)
GTA Funds (to date)	\$84,083,882
Balance Outstanding (to date)	(\$3,787,863)

Your current month balance outstanding is: **(\$3,773,767)**

The current month's payments, and outstanding balance, are due to you as follows:

Payments	Month	Region	Total
Balance Carried Forward	DEC	Durham	\$14,093
		York	\$2
		Peel	(\$0)
		Halton	\$1
DEC Payment Due	DEC	Durham	\$14,093
		York	\$3,606,840
		Peel	\$2,193,258
		Halton	\$1,331,684
DEC Funds (Received)/Sent	DEC	Durham	(\$14,093)
		York	(\$1,164,757) *
		Peel	(\$2,193,258) *
		Halton	
Current Month Balance	DEC	Durham	\$0
		York	\$2,442,083
		Peel	\$0
		Halton	\$1,331,684

* - Payments being processed

Your total balance outstanding to date is: **(\$3,787,863)**

Your total balance outstanding to date is due to you from:

	Month
Region	DEC
Durham	\$14,093
York	\$2,442,085
Peel	(\$0)
Halton	\$1,331,685

Please forward all **payments** to: Robert Balaban
Director, Controllershship and Financial Planning
Business Management Division
Ministry of Municipal Affairs and Housing
777 Bay Street, 3rd Floor
Toronto ON M5G 2E5

Please forward all **enquiries** to: David Yitagessu
Social Housing Branch
Ministry of Municipal Affairs and Housing
Tel. #: 416-585-7322
E-mail: david.yitagessu@mah.gov.on.ca