

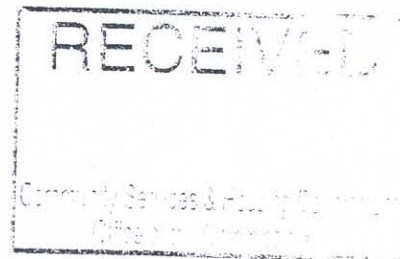
**Ministry of
Municipal Affairs
and Housing**

**Ministère des
Affaires municipales
et du logement**



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

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



January 24, 2006

Joann Simmons
Commissioner, Community Services and Housing
Regional Municipality of York
17250 Yonge Street, 3rd Floor
Newmarket, ON L3Y 6Z1

Dear Ms. Simmons:

RE: Affordable Housing Program – Housing Allowance Program Component

Thank you for your letter dated December 16, 2005 in which you expressed your concerns with the Housing Allowance Program component of the Affordable Housing Program and identified the issues that your Region faces in implementing the Program.

As you are aware, the Housing Allowance Program is fully funded by the federal government, which has established a number of Program parameters. These parameters have been incorporated in the Program Guidelines and the Provincial-Service Manager Housing Allowance/Rent Supplement Agreement.

The Housing Allowance Program is focused on utilizing existing housing supply, and not to provide income support. This is reflected in the Program Guidelines that state only vacant units are eligible for the Program. Tenants in existing tenancies may need income support, but do not require a unit, and as such housing allowance funding cannot be used for an existing tenancy. Canada Mortgage and Housing Corporation (CMHC) statistics show substantial vacancies across the province (1.6% in York Region). Putting people that are without housing – be they on the street, doubling up, or living with friends and family on a temporary basis – into these vacant units is the objective of the Housing Allowance Program. In addition, the Housing Allowance Program was not intended to be a rent-geared-to-income (RGI) program, and therefore funding is modest and short-term.

Housing allowances were allocated to service managers by utilizing a geographic allocation model based on need. The unit allocations were calculated by determining the proportionate distribution of the number of core need renter households for each service area across Ontario. The amount of the funding allocation by service manager is based on an average income-to-market-rent gap by service area. This approach is based on the difference between the average amount of income used for shelter

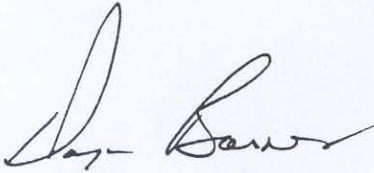
(calculated by taking 35% of the average income of households in core housing need) and the average market rent.

With respect to the administration fees associated with the Program, no additional funding is available at this time. However, administration fees will be flowed in advance to service managers in a two-staged approach upon approval of submitted Housing Allowance Take-Up Plans and confirmation of signed landlord agreements, to assist service managers with the up-front time and resources required for the Program.

Regarding your request to reallocate York Region's Housing Allowance funding; Program parameters clearly state that after March 31, 2008 unused, or uncommitted Housing Allowance funding must be reallocated to the overall Affordable Housing Program capital pool. Therefore, we cannot grant your request to allocate York Region's Housing Allowance funding of \$1.65 million to the Region's own capital pool, or the Region's Strong Communities Rent Supplement Program funding.

The province is committed to working with service managers to provide more affordable housing and alleviate the pressure on waiting lists for affordable housing. I hope that York Region will be able to work with us to develop a solution that will enable it to fully participate in the Housing Allowance Program, within the existing Program design. I encourage you to contact Susan Bacque, Director, Delivery Branch at 416-585-7021 if you wish to discuss this matter further.

Sincerely,



Doug Barnes
Assistant Deputy Minister
Housing Division

cc: M. Garrett, CAO, York Region
S. Patterson, Director of Housing Services, York Region
Susan Bacque, Director, Delivery Branch, MMAH