THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 2
OF THE REGIONAL
HOUSING COMMITTEE
MEETING HELD ON FEBRUARY 17, 2000

For Consideration by
The Council of The Regional Municipality of York
on February 24, 2000

Vice-Chair:	Regional Councillor M. Di Biase
Members:	Mayor W. Emmerson Mayor R. Grossi Mayor T. Jones Mayor J. Mortson Regional Councillor F. Scarpitti
Staff Present:	Cartwright, Christensen, Patterson, Simmons, Wells, and Willans

The Housing Committee began its meeting at 1:11 p.m. on February 17, 2000.

1

RENT SUPPLEMENT PROGRAM

The Housing Committee recommends the adoption of the following report, January 19, 2000, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council receive for information the following report regarding the Rent Supplement Program recently announced by Ministry of Municipal Affairs and Housing.

2. Staff be authorized to work with Ministry of Municipal Affairs and Housing staff to review and select applications for the Rent Supplement program and to prepare for future administration of this program by the Region.

2. PURPOSE

The purpose of this report is to provide information on the recent announcement made by the provincial government about a new Rent Supplement program.

3. BACKGROUND

In November of 1999 the province announced a new Rent Supplement program to fund up to 10,000 units using $50 million in savings resulting from signing the Social Housing Agreement with the federal government. On January 14, 2000, the province announced the allocation of the first 5,000 units to Consolidated Municipal Service Managers across the province. York Region has received an allocation of 260 units, which include 187 one-bedroom and 73 two+bedroom units. The number of units allocated to York Region is surpassed in the province only by the City of Toronto (1841), Peel Region (386) and Ottawa-Carleton Region (331).

The Rent Supplement program offers eligible low-income applicants rent-geared-to-income accommodation in non-profit and privately owned buildings. The program is primarily aimed at private sector landlords and builders who will enter into a Rent Supplement agreement with the province. Under this agreement, the province will refer tenants to the landlord, stipulate the rent to be paid by the tenant to the landlord, and pay a rent supplement to the landlord reflecting the balance of the market rent for the unit. The landlord will enter into a lease with the tenant and the standard relationship between the landlord and tenant will apply as per the *Tenant Protection Act*.

In order to encourage the construction of new rental accommodation, 25% of the allocation will be targeted to subsidies in newly constructed rental accommodation including buildings that have been converted to residential use from non-residential use. If there is insufficient take-up of these units within one year, these subsidies will be allocated to applications in existing buildings, where available.

3.1 Who Can Apply As A Provider

Non-profit housing providers are eligible to apply for subsidies in newly constructed buildings and/or existing buildings which are currently not being subsidized through an existing program. Support service providers can enter into partnership with landlords who would submit an application for subsidies under the supportive housing component of the program. Alternatively, support service providers can submit an application directly if they are also acting as landlord and intend to house clients in buildings which they own. In either instance, in addition to the Rent Supplement agreement, service providers will enter into a separate agreement with the province (Ministry of Community and Social Services and Ministry of Health and Long-Term Care) concerning service provision, referrals and other arrangements. Tenants will still be required to enter into a lease with the landlord.

Applicants for the program will have the option of entering into three to five year agreements. At the end of the term of the original agreement, the administrator of the program at that time (in this case, The Regional Municipality of York) will have the choice of whether to renew the agreement. There are caps on the maximum market rent allowed under this program. These caps will be finalized prior to selection of applications and will be reviewed on an ongoing basis to reflect changing market conditions.

3.2 Provider Selection Process

Regional staff from the Housing and Residential Services Division will, with the assistance of Ministry of Municipal Affairs and Housing and York Regional Housing Authority staff, determine local priorities, review and select applications from landlords for a conditional allocation. The Commissioner of Social Services will report to the Housing Committee and Regional Council on the allocations. The province, through York Regional Housing Authority, will sign the agreements with the landlords, based on the proposed allocations. The Region will ultimately assume responsibility for the day to day administration of the Rent Supplement program, as part of the devolution process, pending passing of the enabling legislation by the province.

Staff of the Housing and Residential Services Division have met with Ministry of Municipal Affairs and Housing staff to discuss the mechanism for delivery of the program. Meetings will also be held with staff of the Ministry of Community and Social Services and Ministry of Health and Long-Term Care to co-ordinate applications for supportive housing proposals.

3.3 Tenant Selection Process

The province, through York Regional Housing Authority, will be the delivery agent for the program until the transfer to the Region. Tenants will be selected through the co-ordinated access system currently managed by the York Regional Housing Authority on behalf of housing providers in the Region. Under existing tenant selection rules, homeless people and other disadvantaged groups are given priority to be housed. In the case of supportive housing, tenants will be referred to the province by the support service provider.

4. ANALYSIS

Participation in the Rent Supplement program by The Regional Municipality of York will provide rent subsidies to 260 families and individuals with low incomes in York Region.

The current rental market is very tight, creating significant competition for available units. Placing the units with private landlords will require a proactive approach by both the York Regional Housing Authority and the Region.

5. FINANCIAL IMPLICATIONS

The Rent Supplement program is funded by the province with savings realized from the signing of the Federal-Provincial Social Housing Agreement and has been committed for the three to five year terms of the agreements. When the agreements come up for renewal, the Region will be responsible to review the agreements and determine options for renewal and funding.

6. LOCAL MUNICIPAL IMPACT

The new Rent Supplement program will provide 260 low-income individuals and families across the Region with rent-geared-to-income accommodation.

7. CONCLUSION

The participation of The Regional Municipality of York in the delivery and future administration of the Rent Supplement program will facilitate the designation or possibly creation of new affordable housing units in the Region. It will also make it possible for 260 individuals and families with low income or at risk of becoming homeless to obtain and retain affordable housing.

This report has been reviewed by the Senior Management Group.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the February 17, 2000 Housing Committee agenda and a copy thereof is also on file in the office of the Regional Clerk.)

2
PROVINCIAL BUDGET CONSTRAINTS ON SOCIAL HOUSING

The Housing Committee recommends the adoption of the following report, February 1, 2000, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council receive for information the following report regarding a number of budgetary constraint measures recently announced by Ministry of Municipal Affairs and Housing.

2. PURPOSE

The purpose of this report is to provide up-to-date information on announcements made recently by the provincial government regarding initiatives to reduce social housing costs.

3. BACKGROUND

On November 18, 1999 the province announced a number of initiatives to reduce provincial government costs in an attempt to move towards a balanced budget. Reductions total approximately $300 million for the 2000/2001 fiscal year, of which over 10% ($37.1 million) are in social housing programs. The announcement identifies a target of $15 million in savings for municipalities. Part of these savings, however, will be offset by an increase in costs to the 47 Consolidated Municipal Service Managers (CMSMs) of approximately $6 million as the province will now be billing the Consolidated Municipal Service Managers for provincial costs to administer social housing programs.

A significant portion of the provincial “savings” involves a reallocation of federal housing dollars. The federal transfer was based on 1995/96 subsidy costs of approximately $525 million. Since then, annual subsidy costs have decreased significantly primarily due to lower mortgage rates, resulting in savings of about $80 million annually. On January 14, 2000, the province announced the allocation of $50 million of the $80 million “savings” to provide subsidies for 10,000 rent supplement units. It now appears that the balance of the savings ($30 million) is being retained by the province as part of their to provincial constraint measures.

4. ANALYSIS

On November 18, 1999, the Minister of Municipal Affairs and Housing announced a number of expenditure reduction initiatives to be implemented in 2000/2001 to reduce social housing costs. The Minister directed Ontario Housing Corporation (OHC) to:

- Develop alternative service delivery options for property management in the five largest housing authorities.
  - ❖ This measure does not affect York Region.

- Pursue the sale of 5,800 single and semi-detached units without reducing the number of Rent-geared-to-income units available. The expected proceeds of the sale are estimated to be $58 million.
  - ❖ This measure has no direct impact on York Region since the Region does not have single or semi-detached units. It does, however, raise concerns over the loss of affordable rental stock particularly in areas where alternative replacement may not be readily available.

- Identify $1.2 million in operational savings and reduce the cost of services to OHC provided by Ministry staff for a saving of $806,000.
  - ❖ These savings are to be found at the Ministry’s corporate level and will not affect the funding level of housing providers in York Region.

- Identify incentives to transfer tenants in high cost rent supplement units to more cost-effective subsidized housing to general annual savings in excess of $100,000.
  - ❖ This is targeted at specific buildings in Toronto and Peel Region but may have minimal positive impact on York Region through a marginal reduction in pooling costs for social housing.

The province also announced plans to reduce the operating budgets of non-profit and co-operative housing providers by $2.8 million. Under this plan, housing providers with manageable costs over $2,100 per unit will be capped at the $2,100 level, unless they are dedicated to housing the "hard-to-house" or victims of family violence. These budget constraints will take effect in 2000/2001. While detailed figures are not yet available from the province, initial assessment made by Region staff indicates that this initiative will have minimal impact on the Region since most of our housing providers operate within the $2,100 cap in manageable costs imposed by the province.

The Ministry of Municipal Affairs and Housing has begun reviews of a number of programs. The program reviews are done with the objective of finding additional "savings" from program areas such as mortgage financing, non-profit program administration and general administration.

5. FINANCIAL IMPLICATIONS

York Region has been funding social housing in the Region since January 1, 1998. Any budget constraint initiatives undertaken by the Ministry could result in savings in the social housing costs of the Region. Offsetting some of what may be savings due to "constraints" in the passing on to York Region of provincial administration cost. These costs had not previously have passed on and are estimated to be around $500,000 annualized.

The reallocation of "savings" by the province from the Federal-Provincial transfer is of significant concern. It has always been the expectation that such savings would be reallocated to assist Consolidated Municipal Service Managers (i.e., York Region) to meet the rising need for social housing and to support the long-term costs of maintaining the existing portfolio. Using some of these dollars to offset their own provincial funding pressures in 2000/2001 raises the concern that dollars may not be flowed through to Consolidated Municipal Service Managers if future savings are again realized in these programs.

6. LOCAL MUNICIPAL IMPACT

As all social housing costs are charged back to the Region by the province, it is expected that cost savings resulting from the expenditure reduction initiatives currently being undertaken by the province could result in future savings for the municipalities.

7. CONCLUSION

This report is intended to provide Regional Council with updated information on the cost-saving initiatives announced by the province. An initial assessment of the situation indicates that the budget constraint measures announced by the province will have minimal impact on the housing providers in the Region. The Region will have more information on social housing costs and the projected “savings” from budget constraints when the Ministry of Municipal Affairs and Housing releases its 2000/2001 Forecasts.

This report has been reviewed by the Senior Management Group.

3
SOCIAL HOUSING YORK NEWSLETTER LAUNCH

The Housing Committee recommends the adoption of the following report, February 1, 2000, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information by Committee and Council.

2. PURPOSE

The attached first issue of the “Social Housing York” newsletter be received for information and distribution.

3. BACKGROUND

Within the transition strategy for the transfer of social housing from the province to the Region, establishing a strong working relationship with Housing Providers is considered essential. With this in mind, Regional Councillors and staff have met with providers and have begun the process of reaching out to the community to share information and explain the Region’s new role in the provision of affordable housing.

A key commitment to the Housing Providers was the establishment of a regular communications vehicle to provide information about the progress of the transfer and Regional activities related to Social Housing.

4. ANALYSIS

In response to the need to provide regular information to Housing Providers and others interested in the transfer of Social Housing responsibility to the Region, a bi-monthly newsletter entitled “Social Housing York “ has been launched.

5. FINANCIAL IMPLICATIONS

The cost of producing and distributing the newsletter is part of the Community Services and Housing Department’s 2000 Budget Estimates.

6. LOCAL MUNICIPAL IMPACT

The newsletter will be distributed to Housing Providers and other stakeholders across York Region and will also be available on the York Region web site.

7. CONCLUSION

The distribution of the newsletter will provide information to increase stakeholder awareness and confidence in the transfer progress, demonstrating the Region’s commitment to making the transfer an inclusive process.

This report has been reviewed by the Senior Management Group.

4

HOUSING – DUE DILIGENCE EXERCISES

The Housing Committee submits for the information of Council the following report, February 2, 2000, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. This report be received for information by Committee and Council.

2. PURPOSE

To advise committee and Council of the progress of provincial Due Diligence in relation to the new Social Housing agreement signed with Canada Mortgage and Housing Corporation.

3. BACKGROUND

The Province of Ontario signed a new Social Housing agreement with Canada Mortgage and Housing Corporation on November 17, 1999. This agreement facilitates the transfer of social housing responsibility from the federal government to the province in all areas except Federally initiated co-operatives and paves the way for devolution to Consolidated Municipal Service Managers (CMSMs), in our case to York Region.

Under the agreement, the province has an opportunity to undertake a review of the federal portfolio of programs and projects with three objectives.

i) To determine if the proposed agreement is a favourable one for Ontario
ii) To determine at a high level, the financial and technical status of the federal portfolio
iii) To identify any projects that are not financially or technically viable.

The province has already completed some review at the level of the entire portfolio and the program structure within the portfolio. This included a high level financial review and modelling of potential savings available under the new agreement.

The province is planning to review a sample of federal project files to determine if the base funding amount offered by CMHC is generally appropriate at the housing project level, as well as to determine if there are projects which are not financially or technically viable and should therefore be removed from the transfer.

CMSMs have been invited to assign staff to participate in the reviews. We have been advised that three projects within York Region are within the selected sample, staff will be attending in an observer capacity.

4. ANALYSIS

4.1 Federal/Provincial Due Diligence

This due diligence exercise has been developed by the province to meet its own needs and does not represent the kind of review that York Region would expect to complete on projects prior to transfer to us. York Region’s participation in the province’s due diligence exercise will be only for information gathering purposes and to gain exposure to the federal project files. It is anticipated that if there were a project that the province did not wish to accept in the transfer for any reason, that the Region would be consulted prior to a decision being reached.

4.2 Provincial/Municipal Due Diligence

A separate due diligence exercise will be conducted by the Region of York prior to the transfer of provincial and federal programs. York Region will be negotiating with the province to ensure the development of a meaningful due diligence process prior to the transfer of provincial responsibility to us. It will be important to ensure that that process encompasses a full review of both the condition of the Housing Stock and a review of the operations of the Housing Providers involved in the transfer. The process must be designed to meet the needs of the Region of York and to ensure that the province buys in to the process, such that they can be held accountable for any costs arising from it.

5. FINANCIAL IMPLICATION

5.1 Federal/Provincial

The Federal/Provincial agreement establishes funding parameters for the former federal contributions to social housing and as such is a critical component of the social housing transfer. Concern has been expressed by CMSMs as to the province's handling of savings available within the transfer and the kind of long term obligations that are being created for CMSMs. It is understood that of the $80 million in savings for the 2000/2001 year, $50 million has been set aside for the new Rent Supplement program and the balance of $30 million has been retained by the province to meet its own savings targets, rather than being flowed through to municipalities.

5.2 Provincial/Municipal

Funds have been planned within the 2000 budget to allow York Region to perform the due diligence exercise. The Year 2000 budget contains $4,000 per project for technical review and $2,000 per provider for an audit/governance review for a total of $534,000. In negotiating the terms of the transfer with the province, a request will be made to have those costs reimbursed as transition costs.

6. LOCAL MUNICIPAL IMPACT

No new impacts anticipated at this time.

7. CONCLUSION

Regional staff will participate in the province's federal due diligence exercise as a learning opportunity and to gain exposure to the sample projects. A report will be brought back to committee upon completion of the exercise.

This report has been reviewed by the Senior Management Group.

5
UPDATE – COMMITTEE PROCEEDINGS

The Housing Committee advises Council of the following matters having been considered by the Housing Committee with the corresponding action as noted:

1. News Release from the Ministry of Municipal Affairs and Housing dated January 14, 2000, entitled, “Ontario Funding Affordable Housing in The Regional Municipality of York”. Received.

2. Lynn MacDonald, Assistant Deputy Minister, Housing Operations Division, January 17, 2000, regarding CMSM/DSSAB Housing Contacts. Received.

The Housing Committee meeting adjourned at 1:23 p.m.

Respectfully submitted,

February 17, 2000 **M. Di Biase**
Newmarket, Ontario **Vice-Chair**

(Report No. 2 of the Housing Committee was adopted, without amendment, by Regional Council at its meeting on February 24, 2000.)