THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 6
OF THE REGIONAL
HOUSING COMMITTEE
MEETING HELD ON AUGUST 24, 2000

For Consideration by
The Council of The Regional Municipality of York
on August 31, 2000

Chair:	Mayor T. Taylor, Chair
Members:	Mayor M. Black Mayor W. Emmerson Mayor R. Grossi Mayor T. Jones Mayor J. Mortson Regional Councillor M. Di Biase Regional Chair B. Fisch, ex officio
Staff Present:	P. Carlyle, S. Cartwright, S. Patterson, M. Silver, J. Simmons, A. Wells, D. Willans, H. Brown

The Housing Committee began its meeting at 1:22 p.m. on August 24, 2000.

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ONTARIO HOUSING CORPORATION
PROPERTY INSURANCE IMPLEMENTATION

The Housing Committee recommends the adoption of the recommendation contained in the following report, August 2, 2000, from the Commissioner of Community Services and Housing:

1. RECOMMENDATIONS

It is recommended that:

1. The report on the Ontario Housing Corporation Property Insurance Implementation be received for information.

2. PURPOSE

This report advises Committee and Council of the implementation of a property insurance program by the province for properties owned by the Ontario Housing Corporation. This program applies to properties administered by York Regional Housing Authority.

3. BACKGROUND

Following the announcement by the Provincial government in 1997 to download the Social Housing program to local government, many Consolidated Municipal Service Managers (CMSMs) undertook a financial analysis to determine their risk in relation to the program. One area of significant concern is the province's policy to self-insure Ontario Housing Corporation (OHC) properties.

Self-insurance is a cost effective alternative to a commercial insurance for the province. OHC is able to cover any loss in a particular property from its large pool of capital and operating resources.

This approach was not feasible in an environment where local government carried the costs for social housing and the risk for unbudgeted costs. Individual CMSMs ran the risk of having to cover the cost of a catastrophic property loss (e.g. fire, natural disaster or man-made) as a significant and unbudgeted expense. A number of municipal organizations, including the Regional CAO's group, have advised the province that this is an unacceptable risk and have requested an immediate solution.

In August 1999 the province agreed as an interim solution to fund property losses that Local Housing Authorities could not manage within their approved budget. At the same time, the province committed to develop a long term solution to OHC property insurance requirements.

The province has since established commercial insurance policies for all Ontario Housing Corporation properties and has completed a competitive tender process for an insurance carrier. A property insurance contract has been awarded to Aon Reed Stenhouse, effective May 15, 2000. Implementation is currently underway. A copy of a letter from Lynne MacDonald, ADM Municipal Affairs and Housing is attached to this report.

4. ANALYSIS AND OPTIONS

The Ministry has designed the insurance program to be flexible. The term of the program is one year with the option to extend the agreement for two additional one-year terms. Local

Housing Authorities may opt out of the agreement after their devolution to CMSMs on the policy's anniversary date or continue in the program according to local requirements.

In implementing this program, the province has acknowledged a major concern in the municipal sector and has put in place an insurance program that protects CMSMs from a major loss and unpredictable costs. Flexibility in the program will also allow York Region to move quickly following devolution to integrate all of its Social Housing property insurance requirements.

Implementation of this insurance program also reduces the Region's exposure to a risk of increased pooling costs that would have resulted from a catastrophic loss in the broader GTA social housing portfolio.

5. FINANCIAL IMPLICATIONS

Costs for the implementation of the property insurance program will be managed within the 2000 budget. Financial risk to the Region has been reduced through this implementation.

6. LOCAL MUNICIPAL IMPACT

The implementation of the property insurance program also reduces the risk to local municipalities.

7. CONCLUSION

The implementation of a property insurance program in the Ontario Housing Corporation portfolio is a welcome response to municipal concerns with respect to financial risk management.

This report has been reviewed by the Senior Management Group.

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SOCIAL HOUSING ANNOUNCEMENTS
AMO CONFERENCE – AUGUST 15, 2000

The Housing Committee recommends the adoption of the recommendation contained in the following report, August 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

Announcements with respect to the timing and framework for the transfer of social housing from the Province were made at the Association of Municipalities of Ontario (AMO) conference on August 15, 2000. This report is intended to provide a summary of those announcements for the information of Committee and Council.

3. BACKGROUND

3.1 Social Housing Transfer

The Minister of Municipal Affairs and Housing announced that legislation to support the transfer of social housing to Consolidated Municipal Services Managers (CMSMs) will be introduced the fall. When passed, the actual administration will be transferred in two stages.

The first stage of the transfer involves public housing, in the case of York Region, the operations of the York Regional Housing Authority. This transfer would occur on January 1, 2001, transferring the ownership of the housing stock and the operations of the Housing Authority to the Region in the form of a new share capital corporation. Upon receiving the corporation, the Region will be in a position to move forward on strategies to integrate the operations of the York Regional Housing Authority with the Region of York Housing Corporation.

The second stage of the transfer would see the administration of provincial and federal non-profit housing devolved to municipalities over an 18-month period following proclamation of the legislation.

Many details of the transfer remain outstanding; however, it is known that the legislation will include the following components:

- Consistent, province wide standards, to ensure that there is no decline in the number of households receiving assistance through housing programs. (Must maintain service levels.)
- Preserving the number of units available for people with disabilities.
- Flexibility within provincial standards for municipalities to decide what programs best meets local needs.
- Simplified administration, replacing the range of different operating agreements and provincial programs with one stable, consistent accountability regime that would be contained in the legislation.
- A simplified funding model that would minimize administration costs and provides real incentive for providers to operate efficiently.

- Establishing a municipally controlled province wide body to co-ordinate functions that benefit from efficiency and economies of scale such as group insurance, benchmarking, etc.

- Mortgage financing will continue to be managed by the province under the guidance of a Capital Financing Advisory group.

As mentioned previously, details on the above are not yet available. Staff will monitor and report on developments as they occur.

4. FINANCIAL IMPLICATIONS

There is no immediate new financial impact on the Region at this time, however, the outcome of these activities will be the transfer of housing programs which will have significant impact on the Region from the perspective of costs of administration, maintenance of existing stock, and the long term costs of providing social and affordable housing to residents in York Region.

5. LOCAL MUNICIPAL IMPACT

Local municipalities are impacted as a result of Regional tax levies to support social housing costs.

6. CONCLUSION

These announcements provide CMSMs with the first concrete indication of provincial plans for devolution of social housing. Although many details remain to be resolved, CMSMs are now in a position to actively plan for the transfer.

This report has been reviewed by the Senior Management Group

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UPDATE – COMMITTEE PROCEEDINGS

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

1. Minister, Ministry of Municipal Affairs and Housing, July 11, 2000, regarding the transferring of responsibility for nominating candidates for all Local Housing Authority (LHA) Board positions to CMSMs and DSSABs. Received.

   The Committee resolved into Private Session at 1:33 p.m. to consider a property matter.

At 1:57 p.m. the Committee arose from private session with no report.

The Housing Committee adjourned at 1:59 p.m.

Respectfully submitted,

August 24, 2000 **T. Taylor**
Newmarket, Ontario **Chair**

(Report No. 6 of the Housing Committee was adopted, without amendment, by the Regional Council at its meeting on August 31, 2000.)