

6

2007 HOUSING PROVIDER BUILDING REPAIR FUNDING

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report, March 13, 2008, from the Commissioner of Community and Health Services:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

This report provides information on the housing provider building repair projects funded by the Region in 2007.

3. BACKGROUND

Council approved additional 2007 subsidy advances to housing providers for building repairs.

On September 27, 2007, Council adopted Clause No. 7 of Report No. 7 of the Community Services and Housing Committee, entitled "Interim Strategy to Fund Housing Provider Building Repair Requirements". The report authorized the Commissioner of Community and Health Services to approve advances of additional subsidy to housing providers for building repairs. The advances were subject to the availability of funds in the approved budget of \$757,000 and to a limit of \$500,000 per housing provider. The report required staff to report back to Council regarding funding expenditures and project details.

2007 building repair funds were allocated to the Non-Profit Housing Capital Reserve Fund pending distribution to designated housing providers.

All of the funds approved in the 2007 operating budget were committed to four housing providers to fund a number of repair projects. As a condition of the additional subsidy agreements, regional funds are issued as progress payments as required, and not in advance. Given the time required to retain consultants to develop project specifications, to issue tenders, and with constraints such as product order times and the construction season, \$691,671 of the approved funds remained unspent as of December 31, 2007. As a result, on December 13, 2007, Council adopted Clause No. 7 of Report No.10 of the Finance and Administration Committee, entitled "Transfer of Unexpended Funds to Non-

Profit Housing Capital Reserve Fund". This report authorized the contribution of unspent but allocated building repair funds to the Reserve and the subsequent withdrawal of those funds as required to provide funds to housing providers in accordance with the additional subsidy agreements.

4. ANALYSIS AND OPTIONS

The 2007 housing repair budget was allocated to four housing providers. Details of the funding provided and the repairs performed are included in *Attachment 1* to this report.

4.1 Building repair funds were provided through additional subsidy agreements

Each of the four housing providers was required to enter into an additional subsidy agreement with the Region in order to receive funding. The key terms of the agreements are as follows:

- Funds provided can only be used for approved projects as listed in the agreement.
- The housing provider must obtain the Region's approval of tender documents, contract awards, progress payments, etc.
- Funds are advanced only as needed to process project payments.
- The Region is entitled to view all relevant documents and to attend site meetings.
- Repayment is required based on 50% of the housing provider's annual operating surplus.
- Until the funds are repaid in full, the housing provider must submit annual capital plans to the Region for approval and may only spend in accordance with the approved plan.

The terms of the agreement are designed to ensure that the Region has the tools required to provide appropriate oversight to the expenditure of regional funds.

4.2 The Region co-ordinated housing provider building repairs funded by additional subsidy

Regional staff work closely with each housing provider to ensure that building repairs funded by the Region are conducted professionally and in the most cost effective manner possible. Regional staff:

- Prepare consultant specifications.
- Supervise tender processes.
- Approve contract awards.
- Attend site meetings.
- Monitor work progress.
- Provide advice to the housing provider's board of directors.
- Assist with tenant/member communications.

- Review and approve invoices and construction draws before the housing provider issues payment.
- Identify any problems with the work and assist the housing provider in resolving issues with consultants and contractors.

4.3 Regional co-ordination of building repairs reduced costs

Regional oversight ensures that housing providers use effective competitive processes to achieve the best possible project pricing. Regional coordination of the efforts of multiple providers requiring similar work creates opportunities for cost savings. Three of the four housing providers who received 2007 funding required furnace replacement. Regional staff coordinated the furnace replacement specification development and tender processes. This coordination effort reduced the project consulting costs by 40% and resulted in each furnace costing 20% less than the best price that housing providers have been able to achieve independently.

5. FINANCIAL IMPLICATIONS

A total of \$757,000 was approved in the 2007 operating budget for housing provider building repairs. These funds were allocated in their entirety to four housing providers. Regional staff closely supervises the work undertaken with Regional funds to ensure best value for dollar is achieved. These funds were provided as repayable advances of additional subsidy. Housing providers are required to repay the Region as their annual operating surpluses permit. While these are unsecured loans, the Region has recourse under the *Social Housing Reform Act, 2000* should a provider fail to meet the terms of their agreement.

Allocated funds totalling \$691,671 not advanced to housing providers by the end of December 2007 were transferred to the Region's Non-Profit Housing Capital Reserve Fund. These funds will be withdrawn and provided to housing providers in accordance with the additional subsidy agreements.

6. LOCAL MUNICIPAL IMPACT

The housing providers approved for building repair funding in 2007 are located in the Towns of Georgina, Newmarket and Aurora. Providing building repair funds enables housing providers to ensure their buildings are adequately maintained and that residents receive appropriate levels of service.

7. CONCLUSION

The Region approved \$757,000 in the 2007 operating budget to assist housing providers with building repairs. The 2007 building repair funds were committed to four housing providers, as detailed in *Attachment 1* to this report.

For more information on this report, please contact Sylvia Patterson, Director, Housing Services at Ext. 2091.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the March 19, 2008 Committee meeting.)