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INVESTING IN ONTARIO ACT FUNDING

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated March 15, 2010, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council commit the $52.7 million in funding received from the Province of Ontario under the *Investing in Ontario Act* to meeting capital facility needs in the area of social housing and homelessness.

2. The $5 million funding from the Social Housing Reserve Fund that had previously been identified for the development of a Women's Homeless Shelter in Newmarket be changed to be sourced from the *Investing in Ontario Act* funds.

3. Specific social housing and homelessness projects be brought forward through the appropriate committee as opportunities are identified.

2. PURPOSE

This report proposes that the funding received by the Regional Municipality of York from the Province of Ontario under the *Investing in Ontario* Act be committed to help address the Region's housing needs and fund homelessness initiatives.

A Council Workshop was held on January 28, 2010 to discuss this issue. While no decisions were made at that time, this report makes a recommendation based on the sentiments expressed at the workshop and brings forward this recommendation for Committee's consideration and approval.

3. BACKGROUND

The *Investing in Ontario* Act allocated 2007/8 provincial surplus to debt reduction and/or support for municipal infrastructure

In 2008, the Province of Ontario passed the *Investing in Ontario* Act which established rules to allocate the annual Provincial surplus for debt reduction and/or to support municipal capital needs, depending on the amount of the total provincial surplus. These rules are noted in Table 1.

Table 1
Allocation of Provincial Surplus under *Investing in Ontario* Act

Amount of Provincial Surplus	**Amount Allocated to:**	
	Reduce Provincial Debt	**Municipalities**
< $800 M	All	0
>$800 M, but ≤ $2.6 B	$600 M	Surplus exceeding $600 M
> $2.6 B	$600 M + surplus exceeding $2.6 B	$2 B

The Act indicates that funds received by municipalities are to be used for capital expenditure as per the Public Sector Accounting Board (PSAB). This requires that any facility be owned by the Region or its subsidiary. Furthermore, funds are not to be used to reduce debt on capital expenditures issued prior to receipt of funds.

Funds are allocated to Municipalities based on population. For two-tier structures such as in York Region, funds are distributed to the Upper tier based on the share of total capital expenditures (upper tier and lower tier combined).

For the Province's fiscal year 2007-2008, the Regional Municipality of York received an allocation of $52.7 million.

Use of *Investing in Ontario* funding was discussed during the 2010 budget process and Council Workshop was held on January 28, 2010

In its consideration of the 2010 budget, the Environmental Services Committee on November 11, 2009 recommended "that the Finance and Administration Committee give consideration to allocating the remainder of unallocated funds that have been received by the Region from Provincial surpluses pursuant to the *Investing in Ontario* Act to solid waste projects."

On December 3, 2009, The Finance and Administration Committee recommended the "Referral of the matter of the allocation of funds received from the Province under the *Investing in Ontario Act* to a Council Workshop to be held on January 28, 2010."

Furthermore, Regional Council in January 2010 approved the use of $12.4 million of the funding received by the Region under the *Investing in Ontario* Act be used to fund a 140 unit apartment building in Richmond Hill.

At the Council workshop on January 28, 2010, several potential uses for the *Investing in Ontario* funding were presented and discussed. The discussion focused on the needs within the affordable housing area which was identified as an area that required additional funding support.

4. ANALYSIS AND OPTIONS

Investing in Ontario Act funds are proposed to be used for social housing and homelessness initiatives, with specific projects to be identified in future budgets

Of the $52.7 million in funding received, $12.4 million has already been approved to partially fund construction of a 140 unit apartment building in Richmond Hill.

Another project had been identified for the construction of a Women's Homeless Shelter at a cost of $5 million. That project had been funded through the Social Housing Reserve pending decision on the use of the Investing in Ontario funds. Staff recommend that the source of funding be changed to utilize *Investing in Ontario* funds.

The remaining $35.3 million will be allocated as new initiatives are brought forward for consideration.

5. FINANCIAL IMPLICATIONS

The *Investing in Ontario Act* funding helps the Region to undertake capital projects to address community needs for social housing and homelessness initiatives. This funding helps to lower the burden on other funding sources such as tax levy or debt to be repaid by taxes.

6. LOCAL MUNICIPAL IMPACT

Committing *Investing in Ontario Act* funding to capital projects related to social housing and homelessness needs provides a social benefit to the Region in general. The location of specific projects to be funded with *Investing in Ontario Act* funding will be identified as these projects are developed and brought forward in subsequent budget processes.

7. CONCLUSION

Based on the needs within the social and affordable housing areas and the recognition that no other on-going funding is identified within the existing Regional budget for this purpose, this report proposes that funding received under the *Investing in Ontario* Act be committed to support Regional social housing and homelessness initiatives.

It is also proposed that the *Investing in Ontario Act* funding be committed to fund the Women's Homelessness Shelter project in the amount of $5 million.

For more information on this report, please contact Kelly Strueby, Director, Business Planning and Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.