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PROVINCIAL HOUSING REPAIR FUNDS—EXPENDITURE PLAN

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, August 29, 2008, from the Commissioner of Community and Health Services, with the addition of Recommendation No. 5 as follows:

> **5. That the Regional Chair be requested to write to the Province of Ontario, requesting that funding for this program be ongoing.**

1. RECOMMENDATIONS

It is recommended that:

1. The Expenditure Plan for the $2.676 million in provincial social housing building repair funding as detailed in the confidential attachment to this report be approved for submission to the Province, and further, that staff be authorized to update the Plan and seek provincial approval as needed during the implementation period to ensure actual program costs remain within budgeted funds.

2. The $2.676 million received from the Province for social housing building repairs be deposited to the Non-Profit Housing Capital Repairs and Maintenance Reserve Fund until withdrawn in accordance with the approved Expenditure Plan.

3. That the funds be advanced to housing providers in accordance with the provincial program requirements described in this report and within the framework of repayable additional subsidy advances and secured loans previously approved by Council, and that as such,
   - The Commissioner of Community and Health Services be authorized to approve advances of additional subsidy pursuant to section 111 of the *Social Housing Reform Act, 2000*, to a housing provider for building repairs of up to $500,000 in aggregate, subject to availability of funds. The Commissioner be authorized to approve and execute on behalf of The Regional Municipality of York all required subsidy advance documents and agreements, subject to prior review by Legal Services, and that,

   - The Commissioner of Community and Health Services together with the Commissioner of Finance be authorized to jointly approve secured loans to a housing provider where building repairs will exceed $500,000 in aggregate, subject to availability of funds in the approved budget. The Commissioners be authorized to jointly approve and execute on behalf of the Region all required loan and security documents and agreements, subject to prior review by Legal Services.

4. Staff report each year on the advances of additional subsidy and secured loans made in support of social housing building repairs with provincial and or regional funds.

2. PURPOSE

This report describes the provincial program requirements for the disbursement of the $2.676 million provided for social housing building repairs and seeks approval for an Expenditure Plan and its submission to the Province. The Plan must be submitted to the Province by September 30, 2008.

As provincial funds are to be in addition to, rather than a replacement of regional building repair budgets, the Plan pertains only to projects to be completed with provincial funds. However, the annual report back to Council will reflect both work completed with provincial funds and any work undertaken with funds approved in the annual regional budget.

The private attachment (see *Private Attachment* 1) to this report is to be considered in a closed session of Committee and Council because its subject matter pertains to the security of property.

3. BACKGROUND

Regional strategy to address housing provider building repair funding needs

Housing providers across the Province have insufficient reserves to address their long-term capital needs. The Region works with local housing providers to improve their asset management practices and to maximize effective use of their existing capital reserves. However, some housing providers already have repair needs in excess of their available resources. To address this issue, on September 27, 2007, Council approved the Interim Strategy to Fund Housing Provider Building Repair Requirements through the adoption of Clause No. 7 of Report No. 7 of the Community Services and Housing Committee; on March 27, 2008, Council approved the 2008 Housing Provider Building Repair Funding Plan through the adoption of Clause No. 7 of Report No. 2 of the Community Services and Housing Committee. These reports established a funding framework to enable social housing providers to complete necessary building repairs. The framework incorporates two funding instruments, as detailed below:

1. Advance of Additional Subsidy Agreements
    - Repayable, non-interest bearing subsidy advances of up to an aggregate maximum of $500,000.
2. Secured Loan Agreements
    - Consolidate any previous advances where the total funds provided will exceed $500,000.
    - Interest bearing, with the payment schedule determined based on the housing provider's capacity to pay, but with repayment beginning at the latest upon retirement of the first mortgage.
    - Secured as a collateral mortgage registered on title, with said registration subject to the consent of the Ministry of Municipal Affairs and Housing.

With both funding models, the Region oversees the housing provider's repair process, providing technical assistance as needed and reviewing tender documents, contract awards, etc. to ensure that the housing provider pursues appropriate competitive processes and incorporates recognized best practices.

In establishing this framework, however, the Region has consistently noted that costs related to the capital funding deficit in former federal and provincial housing programs should rightly be borne by senior levels of government and not by the Region. The Region and other service managers have repeatedly raised building repair funding issues with the Province.

Provincial contribution to housing provider building repair funding

In March, 2008, the Province announced that it would provide a total of $100 million to the 47 Service Managers to support the repair of the existing housing stock. The funds were allocated based on each Service Manager's respective share of the social housing devolved under the *Social Housing Reform Act, 2000*. As a result, in June, 2008, the Region received $2.676 million for housing provider building repairs. At the same time, the Province issued the program rules governing use of the funds. The funds were announced as a one-time allocation, but it is to be hoped that this acknowledgement of provincial responsibility signals at least the prospect of an on-going provincial role in funding the repair of the existing social housing portfolio.

4. ANALYSIS AND OPTIONS

Provincial program requirements

The key elements of the provincial program are as follows:

- The Region must provide the Province with an Expenditure Plan outlining the intended use of the funds and must spend in accordance with the Plan.

- Funds are not to be deposited into Housing Provider reserve funds or invested for a long period.
- Service Managers may advance the funds to housing providers as interest-bearing loans, but the interest earned must be reinvested in future social housing repairs.
- Provincial funds are not to replace approved budgeted repair funds.
- Municipal funding administration costs are not an allowable program expense.
- Improvements to accessory facilities, such as community centres, are not eligible expenditures.
- Provincial funds may not be provided to federal co-operative housing providers or to new Affordable Housing Program buildings.

Proposed Expenditure Plan

The private attachment to this report outlines the expenditures proposed for the provincial funds. The final allocation will depend upon the outcome of project specification work and tender processes. It is also possible that additional, higher priority work may be identified in the course of implementing the Plan, in which case the Region will have to submit a revised Plan to the Province. It should be noted that in accordance with provincial expectations, the Plan excludes work expected to be covered by the Region's existing annual budget allocation for building repairs. The attachment is provided to Council in private in order to ensure that the proposed allocations remain confidential until the necessary authorities, legal agreements, budgets and tenders are approved.

Although it may be possible to begin some of the work noted in the Plan in 2008, the bulk of the work identified will be scheduled for 2009/2010. In developing the Plan, staff considered the 2005 Building Condition Assessments completed for each housing provider as well as more current information gathered through site inspections and from the 2007/2008 building repair work undertaken with Regional assistance. The Plan represents a best estimate of the work required and expected costs. However, with rising oil prices and other inflationary pressures impacting the construction industry, the estimates may need revision during the course of the Plan. Additional, unexpected work may also be identified during that time. As such, regional staff have confirmed with the Province that the Plan can be amended periodically to reflect actual cost experience. Staff will continue to report to Council annually on work completed with advances of additional subsidy or loans provided from provincial or regional funds.

5. FINANCIAL IMPLICATIONS

The provision of provincial funds will allow for $2.676 million in additional capital repair funds to be made available to social housing providers with no additional tax levy impact. The availability of this funding will be considered when developing 2009 budget estimates. Furthermore, any interest earned on the funds deposited into the Non-Profit Housing Capital Repairs and Maintenance Reserve Fund will off-set future repair costs.

Furthermore, although the funds were announced as a one-time allocation, it is hoped that this acknowledgement of provincial responsibility signals at least the prospect of an on-going provincial role in funding the repair of the existing social housing portfolio.

6. LOCAL MUNICIPAL IMPACT

Social housing communities are located in every municipality in the Region. Enabling housing providers to appropriately maintain their properties ensures that the residents of those properties have suitable living environments and that local neighbourhood concerns are addressed.

The provision of provincial funding reduces the tax-levy impact of social housing repairs, with a net benefit to all York Region property tax payers.

7. CONCLUSION

Social housing properties are valuable community assets. Providing access to funding to appropriately maintain these properties is a prudent long-term investment in the stability of local communities. The provincial funding provided, while not adequate to fully fund housing provider building repair requirements, is a promising first step in the process to re-engage the provincial government in this vital aspect of local infrastructure.

For more information on this report, please contact Sylvia Patterson, General Manager, Housing and Long Term Care at Ext. 2091.

The Senior Management Group has reviewed this report.