9
HOUSING PROVIDER BUILDING REPAIR ACTIVITY AND INNOVATION FUND UPDATE

The Community and Health Services Committee recommends the adoption of the recommendation contained in the following report dated August 17, 2011, from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. Regional Council approve a one-time carryover of 2011 Social Housing Innovation program funds that have been committed but not spent by December 31, 2011. Funds committed but not spent by December 31, 2011 will be contributed to the Non-Profit Housing Capital Repair Reserve fund and withdrawn, as required, in 2012 to fulfil the funding commitments made to the housing providers under Social Housing Innovation Fund agreements.

2. PURPOSE

This report provides an update on the various programs that fund social housing providers' building repairs, sets aside the funds required to complete the capital work as part of The Regional Municipality of York's annual reconciliation process and fulfils the annual reporting requirement established by Council on March 27, 2008 through the adoption of Clause No. 7 of Report No. 2 of the Community Services and Housing Committee.

3. BACKGROUND

One of the major challenges facing the social housing stock in the Region continues to be the inadequacy of the housing providers' capital reserves for essential maintenance and capital repairs. Housing providers continue to contribute a portion of their annual revenues to reserve funds set aside for building repairs under the requirements of the *Social Housing Reform Act, 2000.* A large percentage of our providers currently have insufficient reserve contributions to meet the capital needs of their aging housing stock.

Building Condition Assessments completed in 2005 estimated that housing providers would need an additional $65 million from 2006 to 2020. Even projects that are well constructed at the outset and have been well maintained typically require substantial refurbishment after 20-25 years. Capital reserves are necessary for the maintenance of the buildings in areas such as roof replacement, heating system replacements, and other types of major repairs.

In order to begin to address the inadequacy of capital reserves, York Region in its role as a Service Manager has developed three regional strategies for meeting the gap in funding for capital reserves. These strategies include:

- Surplus Sharing Agreements
- Regional Additional Subsidy Program
- Regional Secured Loan Program

Additionally, the Service Manager has maximized both the Provincial 2008 one-time Building Repair funding, and the Social Housing Renovation and Retrofit funding (SHRRP).

4. ANALYSIS AND OPTIONS

The Region supports enhanced contributions to housing provider reserves through Surplus Sharing Agreements

The Region has supported housing provider efforts to build their reserves by allowing providers to contribute 50% of any in-year operating surpluses to their reserves. In September 2007, Council approved a framework permitting housing providers to contribute the Region's share of any annual operating surplus to their capital reserve funds through the adoption of Clause No. 7 of Report No. 7 of the Community and Housing Services Committee. Under the requirements of the *Social Housing Reform Act 2000* and some federal operating agreements, housing providers' annual surpluses could be subject to recovery by the Region. Allowing providers to retain surpluses creates an incentive for good business practices and builds reserve balances. Surplus retention is conditional upon the housing provider's compliance with the requirement to submit capital plans for Regional approval and to spend only in accordance with Regionally approved plans.

Sixteen Surplus Share Agreements are in place that have resulted in an additional $1.8 million to provider reserves.

The Region provides additional subsidy advances to fund building repairs

On September 27, 2007, through Council's adoption of Clause No. 7 of Report No. 7 of the Community Services and Housing Committee, the Region established an interim strategy to fund housing provider building repairs. The strategy authorized the Commissioner of Community and Health Services to approve additional subsidy advances of up to $500,000 per housing provider subject to availability of funds in the approved budget. Additional subsidy advances are repayable to the Region in accordance with the provisions of the *Social Housing Reform Act*, *2000* and are non-interest bearing.

Additional subsidy advances are allocated to participating housing providers through an agreement that describes the scope of work and establishes an accountability framework. Funds are advanced in accordance with the progress schedule of the work. Committed funds that are not expended within the calendar year are channelled to the Region's Non-Profit Housing Capital Repair Reserve.

For the 2010 fiscal year Additional Subsidy Agreements with a total commitment of $757,200 were executed with three housing providers. A summary of the additional subsidy allocations is attached to report as Table 1.

Table 1
2010 Additional Subsidy Agreements

Housing Provider	Agreement Amount
Prophetic Non Profit (Richmond Hill) Inc.	$200,000
OHR Somayach Residential Centre Inc.	250,000
John Fitzpatrick Steelworkers Housing Co-operative	307,200
Total	**$757,200**

In 2008, the Province provided one-time building repair funding

In 2008, the Region received $2.676 million from the province. These funds were meant to address immediate capital needs and alleviate some of the pressure on reserves. At the time of the last building repair program report, approved by Council on May 20, 2011 through the adoption of Clause No. 8 of Report No.4 of the Community and Health Services Committee, there was $365,000 remaining from the $2.676 million that had not yet been committed.

The Region's total allocation of $2.676 million has now been committed to a total of nine housing providers. Of this amount, there is $903,913 that has not yet been spent. For these providers they have not yet accessed the funds as they were also recipients of the SHRRP funds. Although the 2008 building repair funds were distributed first, Service Managers were required to distribute their entire allocations within a limited time frame, thus the primary focus was to complete the work under the SHRRP program first as any unspent funds would have been forfeited.

A summary of the Provincial building repair funding is shown in Table 2.

Table 2
2008 Provincial Building Repair Fund Allocations

Housing Provider	Agreement Amount
Centre Green Co-operative Homes Inc.	$231,800
Davis Drive Non-Profit Homes Corp.	242,600
HYI	401,500
HYI (Blue Door)	123,322
Inter Faith Homes (Centenary) Corp.	490,000
St. Matthews (Richmond Hill) Non-Profit Homes	350,000
Unionville Homes Society	498,200
Schomberg Lions Club Non Profit Housing Corp.	80,000
John Fitzpatrick Steelworkers Housing Co-operative	258,701
Total	**$2,676,123**

The federal and provincial governments are providing economic stimulus funding for building repairs through the Social Housing Repair and Retrofit Program

As part of the economic stimulus plan, the federal and provincial governments committed $1.2 billion to fund social housing building repairs in Ontario. Service Managers were required to allocate and distribute funds within tight project timeframes. York Region was allocated $15,627,326 million. Thirty housing providers were approved for $15,636,888 worth of repairs. Housing program and asset management staff have worked with providers to ensure that the work was completed within the aggressive timelines of the programs. Housing providers were very appreciative of this funding and were also grateful to the Region for the technical expertise provided by staff. It is anticipated that all the work will be completed by December 2011. A summary of the total allocation is shown in *Attachment 1*.

Building Condition Assessments and Energy Audits are planned for 2011 to update capital requirements

Building Condition Assessments are typically updated every three to five years. The most recent social housing portfolio Building Condition Assessment was completed in 2005. An update was tentatively scheduled for 2010, however due to the influx of federal and provincial building repair funds; a new baseline will be required to inform future need.

Good asset-management practices, including regular preventative maintenance, are essential to prolong the life of the housing asset and avoiding future costly repairs. Even with good asset-management practices, it is critical that providers are following these practices and not redirecting funds away from regular maintenance. Energy-efficient upgrades would help free up funds for maintenance. Most buildings would benefit from renewed mechanical and energy systems that reduce operating expenses and improve building safety. The bulk of the existing housing stock in York Region is 20-40 years old, therefore built prior to energy conservation being a focus. Few providers have taken advantage of the available incentive programs being offered. For those who have participated, it has typically been on a much smaller scale, i.e. installation of energy efficient light bulbs or appliance replacement. The Building Condition Assessments will prioritize current and future repairs to the building facilities, infrastructure and mechanical systems, and in most instances repairing the identified deficiencies will result in improved energy conservation.

Asset Planner Software will streamline the capital planning process and provide portfolio and sector wide data

In order to streamline our capital planning process, the Region is negotiating the acquisition of the "*Asset Planner Software*", a web-based capital planning tool currently utilized in numerous jurisdictions in Canada and the United States. It is endorsed by the Ministry of Municipal Affairs and Housing, and the Social Housing Services Corporation who support the social housing sector's desire to capture better system wide data. The platform promotes improved understanding of the physical condition of the buildings, improves the prioritization of capital demands, and helps users to make informed decisions to spend capital wisely. It also provides users and the Region with the ability to identify and leverage bulk purchasing opportunities, identify cost reduction strategies, and enhance our ability to identify and share best practices, ultimately ensuring more strategic decision-making processes at both the Regional and provider level.

This proven life-cycle management system is a clear road map for future risk management, and as a result can be utilized sector wide as a basis for advocacy and funding applications. With more standardized use of this tool, the sector will have a true scale of the scope of the capital reserve problem. The analysis can drive the decision-making of the federal and provincial governments by forcing creativity in thinking about the long-term financing needs of social housing stock.

This acquisition process is nearing completion and an implementation date of October 2011 is projected. The estimated cost of the project is $150,000 which was part of the 2011 budget.

Social Housing Innovation funds projects to begin in October 2011

The Region has established an ongoing Social Housing Innovation fund, through the Multi-Year Plan, to help housing providers pay for playground improvements, accessibility upgrades and energy retrofits. In 2011, thirteen proposals from housing providers were received. Decisions were conveyed to providers in August 2011, with construction set to begin as early as October 2011.

5. FINANCIAL IMPLICATIONS

The social housing portfolio in York Region has a replacement value of approximately $1.3 billion. Timely building repairs avoid the compounding costs of deferred maintenance and ensure that the portfolio is appropriately maintained.

The total regional investments to assist providers in addressing their capital needs and building their capital reserve funds over the last three years are summarized in Table 3.

Table 3
Total Capital Allocations

Capital Repair Funding	Amount
Additional Subsidy Agreements (2010)	757,200
Provincial Building Repair Fund (2008-2010)	2,676,123
Social Housing Repair and Retrofit Fund (2010/2011)	15,536,888
Total Capital Investments	**$19,470,211**

In addition to the investments indicated in Table 3, housing providers have contributed a total of $1,820,233 to their capital reserves based on their existing surplus share agreements.

The 2011 approved budget included $500,000 for the Social Housing Innovation program. Due to the timing of project completion, funds committed may not be fully expended by December 31, 2011. It is recommended that the unspent funds be contributed to the Non-Profit Housing Repair Reserve fund and withdrawn as needed to fund commitments made in 2011.

6. LOCAL MUNICIPAL IMPACT

Social housing buildings are located in every municipality in the Region. The portfolio is home to approximately 6,500 households, many of whom are low income residents. The Region's proactive building repair funding strategies and technical supports are giving housing providers improved access to the tools they need to maintain their buildings in a state of good repair and to provide quality housing to their residents. Residents have already started to experience the benefits of this influx of capital funding as most of the projects are completed or near completion.

7. CONCLUSION

The Regional Municipality of York recognizes the importance of maintaining our valuable social housing stock. The Region will continue to be pro-active in ongoing capital repair planning and mitigation of financial risks as part of our overall asset management strategy.

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.

(The attachment referred to in this clause was included in the agenda for the September 7, 2011 Committee meeting.)

ATTACHMENT 1

SHRRP Allocations to Housing Providers

Housing Provider	Year 1	Year 2	Total
Annswell Court Foundation		$ 250,000	**$ 250,000**
Bethany Co-operative Homes Inc.	$ 80,000	567,565	**647,565**
Bogart Creek Co-operative Homes Inc.			
Branch 414 Legion Village	57,960		**57,960**
Calvary House (Markham) Corp.	39,392	60,000	**99,392**
Carpenters Local 27 Housing Co-operative Inc		200,531	**200,531**
Centre Green Co-operative Homes Inc.	243,110	245,000	**587,502**
Charles Darrow Housing Co-operative Inc.	877,000		**877,000**
Davis Drive Non-Profit	350,000		**350,000**
Friuli Benevolent Corporation		240,000	**240,000**
German Canadian Housing of Newmarket Inc.	206,825		**206,825**
Hagerman Corners Community Homes Inc.		150,000	**150,000**
Housing York Inc.	2,351,929	2,414,737	**4,766,666**
Inter Faith Homes(Centenery) Alison Court		173,475	**173,475**
Inter Faith Homes (Centenery) Manor Green	33,000	280,000	**313,000**
Ja'fari Islamic Housing Corporation	451,626		**451,626**
Landsberg Lewis Housing Co-operative Inc.	257,066		**257,066**
Machell's Corners Housing Co-operative Inc.	139,440	335,000	**474,440**
Oakwil Non-Profit homes Corporation		150,000	**150,000**
Our Lady of Smolensk		235,000	**235,000**
Parkview Village Retirement Community Association of York Region	500,000		**500,000**
Pefferlaw and Lions Housing Corporation		175,000	**175,000**
Prophetic Non-Profit (Richmond Hill) Inc. Genesis Place	336,565		**336,565**
Richmond Hill Co-operative Homes Inc.	1,112,048		**1,112,048**
Richmond Hill Ecumenical Homes Corporation (St. Marks)	550,000	76,275	**626,275**
Robinson Street Non-Profit Homes (Markham) Inc.		160,000	**160,000**
Rougebank Foundation	440,000		**440,000**
St. Matthew's (Richmond Hill) Non-Profit Homes		644,000	**644,000**
St. Peter's Seniors Residence Woodbridge Inc.		134,794	**134,794**
Thornhill St. Luke's Seniors Homes Inc.	220,000		**220,000**
United Church Developments-York Presbytery		645,000	**645,000**
Total	**$8,245,961**	**$7,390,927**	**$15,636,888**

The Region also received $1,093,000 for administrative costs. ($200,000 that every Service Manager received as well as $893,000 as the result of a successful business case.)