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SOCIAL HOUSING PROGRAM FUNDING
PROVINCIAL RE-ALLOCATION OF FEDERAL FUNDS

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, September 23, 2003, from the Commissioner of Community Services and Housing:

1. RECOMMENDATION

It is recommended that:

1. The Regional Chair write to the Minister of Municipal Affairs and Housing requesting full disclosure of the allocation method of the Federal funds, including full details of funding reduction.

2. PURPOSE

The purpose of this report is to advise Committee and Council of a reduction, by the Province, of the Federal funding payable to the Region in accordance with the *Social Housing Reform Act, 2000* (the *Act)* for the fiscal years 2003 to 2005.

3. BACKGROUND

Pursuant to the *Act*, MMAH shall pay to each Service Manager an amount of Federal funding for the year that the Minister determines. Service Managers are required to use these funds to defray the cost incurred with respect to housing programs.

These Federal funds were part of the Federal/Provincial agreement signed in November 1999, which set out the terms of Federal housing subsidy provided to the Province. The Province, in turn, devolved responsibility for social housing to municipalities and allocated the federal subsidy to each Service Manager. An initial five-year allocation of Federal subsidy was provided to Service Managers.

The Province continues to adjust this allocation without providing disclosure of the distribution model. Service Managers have repeatedly brought this issue forward to the Province requesting full disclosure.

On January 2001, the Region received a schedule of Federal funding for the years 2001 to 2005. The Federal funding is recorded each year as revenue in the Social Housing Budget to offset the actual program expenditures and is part of the budget plan for the Social Housing Program.

3.1 Reduction of Funding

On August 2, 2003, MMAH published a revised schedule of Federal funding to all Service Managers impacting 2003 to 2005. The reallocation was as a result of a review by MMAH of the original allocation and increased funding to urban native housing programs which were found to have higher costs than originally estimated. The majority of these higher-cost housing programs are located in northern municipalities.

3.1.1 Impact to The Regional Municipality of York 2003 to 2005

The impact to the Region is a reduction of revenues in the amount of $434,046 for the three years 2003 to 2005 determined as $163,620 in 2003, $175,708 in 2004 and $94,718 in 2005.

4. ANALYSIS AND OPTIONS

The Region is corresponding with MMAH asking for clarification on how the reallocation of Federal funding was determined. As well, correspondence with MMAH will include the concerns Service Managers have regarding changes to Federal funding revenues within a current fiscal year. Obtaining clarification from MMAH on dispersion of Federal funds has been an ongoing point of discussion for Service Managers in Ontario.

At a recent Ontario Regions Social Housing Group (ORSHG) meeting the issue of the realignment of Federal funding was discussed. The ORSHG was formed in late 1998 to advise Chief Administrative Officers on the devolution of housing responsibilities to Ontario municipalities and to ensure that information on social housing issues would be shared on an ongoing basis.

The majority of Services Managers in attendance at the meeting indicated their Federal funding was negatively affected by the realignment of Federal funding. One of the northern municipalities stated the increase in their Federal funding did not fully cover the cost of their Urban and Native housing programs. It was further discovered that the reallocation of Federal funding was not just for the Urban and Native program but was adjusting other program costs as well.

All members of ORSHG agreed that each Service Manager recommend their Council correspond with MMAH asking for detailed disclosure of the allocation of Federal funding. The correspondence with MMAH will also identify the need for MMAH to provide a stable five-year financial revenue stream with no adjustments within a fiscal year.

5. FINANCIAL IMPLICATIONS

5.1 Financial Implications 2003

The 2003 reduction in Federal funding revenues of $163,620 can be accommodated through anticipated savings from favourable mortgage rates in the Social Housing Program Budget.

5.2 Financial Implications 2004

The 2004 reduction in Federal funding revenues of $175,708 has been incorporated into planning for the 2004 Social Housing Program Budget.

5.2.1 Other Financial Implications 2004

The calculation of subsidies payable to housing providers is under review by MMAH. The *Act* requires the Minister to determine the subsidy entitlement for each housing provider in a service area. It is anticipated the subsidy entitlement will be finalized in late 2003 or early 2004.

Until the subsidy requirements are determined the financial impact to the Region and to the housing providers is not known. Once the subsidy entitlement is available, staff will complete detailed analysis.

5.3 Financial Implications 2005

The calculation of subsidies payable to housing providers is under review by MMAH and is anticipated to be in place by 2005. Until the subsidy requirements are determined the financial impact to the Region and to the housing providers is not known. Once the subsidy entitlement is available staff will complete detailed analysis.

6. LOCAL MUNICIPAL IMPACT

There are no immediate local municipal implications associated with this report.

7. CONCLUSION

Regional staff will continue to pursue MMAH to provide detailed analysis of the calculation of the Federal funding and the basis for the redistribution. As well, correspondence with MMAH will include the concerns Service Managers have regarding changes to Federal funding revenues within a current fiscal year. As Service Managers determine their social housing costs based on housing providers' current subsidy calculation less Federal revenues, we may not be able to accommodate the reductions in funding levels within the year.

As information is received, staff will continue to review the impact to the Region of the reduction to Federal funding revenue. Once the new subsidy calculation is finalized, staff will provide a detailed financial analysis of the impact to housing providers and the Region.

The Senior Management Group has reviewed this report.