

**Report to
Rapport au:**

**Community and Protective Services Committee
Comité des services communautaires et de protection
29 August 2019 / 29 août 2019**

**and Council
et au Conseil
11 September 2019 / 11 septembre 2019**

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**Submitted by
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-CSS-GEN-0010

**SUBJECT: Canada-Ontario Community Housing Initiative (2019-2022) and
Proposed Amendments by the Province to the *Housing Services Act,*
2011**

**OBJET: Initiative Canada-Ontario de logement communautaire (2019-2022) et
modifications proposées à la *Loi de 2011 sur les services de
logement***

REPORT RECOMMENDATIONS

That Community and Protective Services Committee recommend Council approve:

1. That the Director, Housing Services be delegated the authority to approve, and submit to the Ministry of Municipal Affairs and Housing, on a quarterly basis, the City's Canada-Ontario Community Housing Initiative Investment Plan (COCHI) based on the details of the program and the spending plan outlined in this report .
2. That the Director, Housing Services, be delegated authority to reallocate funding from one Canada-Ontario Community Housing Initiative stream and component to another within the same program year if the original planned commitment for funding as outlined within the approved Plan cannot be met, and to obtain Ministry approval for such reallocation where required, in keeping with the process outlined within the report.
3. That in the event additional funding becomes available under the Canada-Ontario Community Housing Initiative due to any reallocation by the Ministry, the Director, Housing Services, be delegated authority to amend the Investment Plan and allocate the additional funding in keeping with the process outlined in this report.
4. The Director, Housing Services, be delegated authority to approve and submit the City's Canada-Ontario Community Housing Initiative Sustainability Plan to the Ministry of Municipal Affairs and Housing, listing each funded capital repair component project and demonstrating the long-term sustainability of the housing provider receiving the funding;
5. That the Director, Housing Services be delegated the authority to allocate all Canada Ontario Community Housing Investment funding provided such allocations are in accordance with the provincial guidelines, the Investment Plan and the priorities set out in this report.

That Community and Protective Services Committee recommend Council receive for information purposes:

6. The proposed changes by the Government of Ontario to the provincial *Housing Services Act, 2011*.

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande au Conseil d'approuver :

- 1. que le directeur, Services de logement se voie déléguer le pouvoir d'approuver et de soumettre au Ministère des Affaires municipales et du Logement, sur une base trimestrielle, le plan d'investissement de la Ville pour l'Initiative Canada-Ontario de logement communautaire en fonction des détails du programme et du plan de dépenses décrit dans ce rapport.**
- 2. que le directeur, Services de logement se voie déléguer le pouvoir de réaffecter des fonds d'un volet et d'une composante de l'Initiative Canada-Ontario de logement communautaire à un autre au cours d'un même exercice si le budget initial prévu dans le plan approuvé ne peut être respecté, et de faire approuver cette réaffectation par le Ministère au besoin, conformément au processus décrit dans le présent rapport.**
- 3. que si des fonds supplémentaires se libèrent dans le cadre de l'Initiative Canada-Ontario de logement communautaire en raison d'une réaffectation par le Ministère, le directeur, Services de logement se voie déléguer le pouvoir de modifier le plan d'investissement et d'attribuer les fonds supplémentaires selon le processus établi dans le présent rapport.**
- 4. que le directeur, Services de logement se voie déléguer le pouvoir d'approuver et de présenter au Ministère le plan de viabilité de l'Initiative Canada-Ontario de logement communautaire, qui présente tous les projets de réparation financés et qui démontrent la viabilité à long terme du fournisseur de logement qui reçoit le financement;**
- 5. que le directeur, Services de logement se voie déléguer le pouvoir d'attribuer tous les fonds de l'Initiative Canada-Ontario de logement communautaire, pourvu que ces attributions soient faites en conformité avec les lignes directrices provinciales, le plan d'investissement et les priorités décrites dans le présent rapport.**

Que le Comité des services communautaires et de protection recommande au Conseil d'accepter pour information :

- 6. les modifications proposées par le gouvernement de l'Ontario à la Loi de 2011 sur les services de logement de la province.**

EXECUTIVE SUMMARY

Assumptions and Analysis

The provincial government recently announced the Community Housing Renewal Strategy, a multi-year plan to stabilize and grow Ontario's community housing sector. Leveraging the federal Bilateral Agreement for the National Housing Strategy to support the strategy, the province announced the three-year Canada-Ontario Community Housing Initiative which allocates \$22.433 million to Ottawa between 2019 and 2022 to address priorities in the areas of community housing (previously known as social housing).

This report outlines the proposed three-year investment plan for the Canada-Ontario Community Housing Initiative. Given that the City's 10 Year Housing and Homelessness Plan is undergoing a refresh that includes a community housing modernization strategy, this report provides a short-term strategy to use available funding to advance long term affordability and sustainability of our existing community housing through capital repair, rent supplements and transitional operating funding activities.

As part of the Community Housing Renewal Strategy, the provincial government is considering regulatory amendments to the Housing Services Act (HSA). For information purposes, this report outlines the three (3) primary proposed amendments currently under provincial consideration.

Financial Implications

The Investment Plan described in this report allocates \$22,433,427 in community housing funding over the next three years to invest in social housing capital repairs and retrofits (\$14.7 million), rent supplements (\$5.1 million), transitional operating funding activities (\$1.5 million) and administration (\$1.1 million). Funding from one Canada-Ontario Community Housing Initiative component may be moved to another component in the same program year if the original planned commitment for funding as outlined within the approved Plan cannot be met.

Capital repair funding will be used to fund capital repair and retrofit projects within the prescribed social housing portfolio. Rent supplements will be used to support rent-geared-to-income tenants in non-profit and co-operative housing with expiring operating agreements. Transitional operating funding will fund asset management planning services, business operations analysis and assist interested housing providers in merging with and acquiring other community housing to create sector efficiencies.

Funds cannot be used to offset municipal social housing subsidy expenditures. Funds must be used in addition to existing municipal social housing subsidy expenditures and must be fully disbursed to the recipient in the program year in which the funding was committed.

Public Consultation and Input

The Housing System Working Group, and the associated Modernization of Community Housing Work Group, consisting of representatives from social, co-operative and supportive housing providers, tenant advocates, support services, emergency shelters, health services, funders as well as the private landlords, were consulted and provided input to determine the needs and requirements to promote long-term sustainability and viability of existing community housing as well as the funding priorities and commitments recommended in this report.

RÉSUMÉ

Hypothèses et analyse

Le gouvernement provincial vient de dévoiler sa Stratégie de renouvellement du secteur du logement communautaire, un plan pluriannuel pour la stabilité et la croissance de ce secteur en Ontario. Pour appuyer ce plan, il mettra à profit l'accord bilatéral qu'il a conclu avec le gouvernement fédéral dans le cadre de la Stratégie nationale sur le logement en lançant une initiative triennale Canada-Ontario de logement communautaire. Cette dernière prévoit un financement de 22,433 millions de dollars à Ottawa entre 2019 et 2022 pour répondre aux les priorités dans les domaines du logement communautaire (anciennement le logement social).

Le présent rapport décrit le plan d'investissement triennal proposé pour l'Initiative Canada-Ontario de logement communautaire. Étant donné que le Plan décennal de logement et de lutte contre l'itinérance de la Ville fait l'objet d'une mise à jour qui comprend une stratégie de modernisation des logements communautaires, le présent rapport propose une stratégie à court terme qui consiste à utiliser les fonds disponibles pour favoriser l'abordabilité et la viabilité à long terme des immobilisations actuelles au moyen de réparations, de suppléments au loyer et de financement de fonctionnement transitoire.

Dans le cadre de la Stratégie de renouvellement du secteur du logement communautaire, le gouvernement provincial envisage d'apporter des modifications réglementaires à la *Loi de 2011 sur les services de logement* (LSL). À titre

d'information, le présent rapport décrit les trois (3) principales modifications envisagées par la Province.

Répercussions financières

Le plan d'investissement décrit dans le présent rapport prévoit l'affectation de 22 433 427 dollars au cours des trois prochaines années pour le logement communautaire afin d'investir dans la réparation et l'amélioration des immobilisations (14,7 millions), les suppléments au loyer (5,1 millions), le financement de fonctionnement transitoire (1,5 million) et l'administration (1,1 million). Le financement d'un volet de l'Initiative Canada-Ontario de logement communautaire peut être réaffecté à un autre volet au cours du même exercice si le budget initial prévu dans le plan approuvé ne peut être respecté.

Les fonds pour la réparation des immobilisations seront affectés à des projets de réparation et d'amélioration qui s'inscrivent dans le portefeuille du logement social prescrit. Les suppléments au loyer seront accordés à des personnes bénéficiant d'un loyer indexé sur le revenu qui résident dans un établissement à but non lucratif ou une coopérative dont l'accord d'exploitation arrive à échéance. Le financement de fonctionnement transitoire servira à financer la gestion des actifs, l'analyse des opérations commerciales et aidera les fournisseurs de logements intéressés à fusionner avec d'autres logements communautaires et à acquérir de tels logements afin de créer des économies sectorielles.

Le financement ne peut pas être utilisé pour compenser les dépenses des subventions municipales au logement social, mais s'y ajoutera plutôt, et devra être entièrement versé au bénéficiaire pendant l'exercice au cours duquel il a été accordé.

Consultation publique et commentaires

Le Groupe de travail sur les systèmes de logement et le Groupe de travail sur la modernisation du logement communautaire qui lui est associé, composé de représentants de fournisseurs de logements sociaux et de logements avec services de soutien, de coopératives d'habitation, de défenseurs des droits des locataires, de services de soutien, de refuges d'urgence, de services de santé, de bailleurs de fonds et de propriétaires privés, ont été consultés et contribué à déterminer les besoins et exigences pour promouvoir la durabilité et la viabilité à long terme du logement communautaire ainsi que les priorités et engagements financiers recommandés dans le présent rapport.

BACKGROUND

On September 25, 2013 City Council approved a 10-Year Housing and Homelessness Plan entitled *A Home for Everyone*. The plan provides a framework to address housing affordability and availability, the coordination of homelessness and related supports services and homelessness prevention. There are three (3) priorities under the plan:

- Everyone has a home;
- People get the support they need; and
- We work together.

Support from all levels of government is required to sustain these priorities.

On April 30, 2018, Ontario and the Canada Mortgage and Housing Corporation (CMHC) signed a Bilateral Agreement under the National Housing Strategy (NHS). This agreement provides an opportunity to align federal funds with the priorities of Ontario's new Community Housing Renewal Strategy, which was announced by the provincial government in April 2019. Consistent with the Provincial Community Housing Renewal Strategy, the nine-year National Housing Strategy investments will be delivered in three funding periods: Phase I (2019 to 2022), Phase II (2022 to 2025) and Phase III (2026 to 2028). This funding directly supports the priorities of our 10-Year Plan.

In May 2019, the province released the parameters for Phase I of the Community Housing Renewal Strategy that included the following two programs:

1. Canada-Ontario Community Housing Initiative (COCHI) - to protect affordability for households in social housing, support the repair and renewal of existing social housing supply, and to expand the supply of community housing over time; and
2. Ontario Priorities Housing Initiative (OPHI) - to address local housing priorities, including affordability, repair and new construction.

The Canada-Ontario Community Housing Initiative funding represents a re-investment of federal funding that has been declining under the Canada-Ontario Social Housing Agreement and provides an opportunity for Municipal Service Managers¹ and housing providers to address the challenges associated with social housing communities (now referred to as Community Housing) reaching the end of their operating agreements

¹ Municipal Service Managers (MSMs) are responsible for delivering and administering social and affordable housing and in many cases also deliver homelessness initiatives. MSMs are also responsible for administering social service programs (e.g. Ontario Works, Child Care).

and/or mortgage maturity. The Canada-Ontario Community Housing Initiative provides \$22.433 million for Ottawa between 2019 and 2022.

The Ontario Priorities Housing Initiative provides \$17.689 million for Ottawa between 2019 and 2020 and replaces the previous Investment in Affordable Housing for Ontario (IAH) 2014 Extension Program (2014-2020) and the Social Infrastructure Fund (2016-2019). An Investment Plan for the Ontario Priorities Housing Initiative was approved by Council on June 26, 2019 (ACS2019-CSS-GEN-0008).

The Province has stated that the Ministry of Municipal Affairs and Housing will undertake a review of the early experience and outcomes of both programs and release updated/revised guidelines for the Ontario Priorities Housing Initiative and the Canada-Ontario Community Housing Initiative in 2021 that will take effect in April 2022.

This report is being brought forward to obtain delegated authority to approve the Investment Plan, the Sustainability Plan and related priorities for Phase I of the Canada-Ontario Community Housing Initiative, as per the provincial funding requirements (Table 1).

Table 1: Phase 1 of the Canada-Ontario Community Housing Initiative

City of Ottawa Annual Allocation (2019 – 2022)				
Year	2019-2020	2020-21	2021-22	Total
Funding	\$4,817,028	\$7,386,686	\$10,229,713	\$22,433,427

The Canada-Ontario Community Housing Initiative is modelled after similar, previous social housing capital repair and energy efficiency programs, such as the current Social Housing Apartment Improvement Program (SHAIP), and similar previous rental affordability programs, such as those within the recent Investment in Affordable Housing for Ontario Program Extension 2014. A new feature in the Canada-Ontario Community Housing Initiative is the addition of the transitional operating funding component to address asset management planning services, business operational analysis and to enable acquisitions and mergers of social housing providers.

The Canada-Ontario Community Housing Initiative offers four optional components within two funding streams: capital and operating. Service Managers may choose to

deliver all options, one option or any combination of the four (see Table 2). Once funding is allocated within a component, if the original planned commitment for funding cannot be met, it can be re-allocated within the stream to the other component without the need for Provincial approval, or to the other funding stream with Provincial approval.

Table 2: Canada-Ontario Community Housing Initiative Capital and Operating Components

Capital Stream	Operating Stream
New Build Component	Rent Supplement Component
Repair Component	Transitional Operating Component

Eligibility Criteria:

The Canada-Ontario Community Housing Initiative funding has the following eligibility criteria:

- must be used solely by social housing providers/projects that are listed as a “Transferred Housing Program” in Schedule 1, Regulation 367/11 of the *Housing Services Act, 2011*,
- cannot be used to offset municipal social housing subsidy expenditures; it must be used in addition to existing municipal social housing subsidy expenditures,
- must be fully disbursed to the recipient in the program year in which the funding was committed.

Selection:

The following discussion provides the rationale and proposed outline for the allocation of the Canada-Ontario Community Housing Initiative funding based on the City’s priorities and demands as reflected in the City’s Ten-Year Housing and Homelessness Plan (the “10-Year Plan”). An update to the 10-Year Housing and Homelessness Plan, which will include strategies to modernization our community housing, is currently underway and is scheduled to be submitted to the Ministry of Municipal Affairs and Housing for review in December 2019 and will go to Committee/Council in Q1 2020. Staff will continue to engage with the housing sector, as well as the provincial and federal governments, to find ways to leverage City, community and private sector capacity with programs under the National Housing Strategy and to support a sustainable community housing in the long term.

Proposed Canada-Ontario Community Housing Initiative Investment Plan

Staff recommend that the Canada-Ontario Community Housing Initiative funding be allocated toward:

- Repairs of the capital stream and Transitional Operating of the operating stream in Year 1 of the program; and
- Repairs of the capital stream and both Rent Supplement and Transitional Operating of the operating stream in Years 2 and 3 of the program.

Staff recommend the delegated authority to reallocate funding from one Canada-Ontario Community Housing Initiative component and/or stream to another within the same program year if the original planned commitment for funding cannot be met.

In making these recommendations consideration has been given to the requirement that funding must be used, in addition to existing municipal social housing subsidy expenditures, and fully disbursed to the recipient in the program year in which the funding was committed. The recommended funding allocation ensures funding can be fully committed, expended, meet reporting requirements and timelines as outlined within the program guidelines.

Under the Repair component of the capital stream, funding priority would be given to capital repairs that address: health and safety concerns, legislative compliance, structural integrity, energy efficiency and/or accessibility requirements.

The New Build Component of the capital stream is not recommended as affordable rental construction, acquisition, and conversion of community housing has been addressed by the Ontario Priorities Housing Initiative Program (OPHI), as approved by Council on June 24, 2019 (ACS2019-CSS-GEN-008).

Staff will continue to monitor the Investment Plan, housing providers take up of funds and provide amendments to the Ministry of Municipal Affairs and Housing as required to ensure all funding is fully utilized.

Table #3 shows the proposed allocation of federal and provincial funds under the Canada-Ontario Community Housing Initiative program.

Table 3: Canada Ontario Community Housing Initiative Phase I Investment Plan				
	Social Housing Planned Allocations - \$			
Program Component	Year 1	Year 2	Year 3	
	2019-20	2020-21	2021-2022	Total
New Supply	Funded under OPHI	Funded under OPHI	Funded under OPHI	Funded under OPHI
Capital Repair	\$4,316,178	\$4,167,352	\$6,218,228	\$ 14,701,758
Rental Assistance- Rent Supplements	\$0	\$2,100,000	\$3,000,000	\$5,100,000
Transitional Operating	\$260,0000	\$750,000	\$500,000	\$1,510,000
Administration Fees 5%	\$240,850	\$369,334	\$511,485	\$1,121,669
Total Annual Canada-Ontario Community Housing Initiative Funding	\$4,817,028	\$7,386,686	\$10,229,713	\$22,433,427

The recommended use of funds will support the priorities of our 10-Year Housing and Homelessness Plan. Capital repair funds will be used to maintain social housing in a good state of repair, rent supplement subsidies will support rental affordability for our social housing residents, and transitional operating funding will provide initiatives to support a more vibrant, integrated, housing system that is responsive to the needs of our residents.

The funding allocation process being proposed is in keeping with previous Council-approved Social Housing Local Rules, Housing Benefits and Capital Programs.

DISCUSSION

As legislated within the *Social Housing Reform Act, 2000* and then the successor *Housing Services Act, 2011*, the City of Ottawa, as Service Manager is responsible to administer ten (10) social housing programs that were originally developed under federal and/or provincial funding programs between the early 1960's to 1996. These programs include two (2) rent supplement programs, and eight (8) social housing programs that provide one or more of the following subsidies: operating, capital, mortgage, property tax, rent-geared-to-income assistance or rental assistance in the form of lower than average rents. Each program has unique program guidelines and associated funding formulas. The City is also required to maintain a minimum of 16,502 rent-geared-to-income units (RGI), on an ongoing basis.

Most of the above social housing programs will reach the end of their operating agreement and/or mortgage obligations within the next 10 years. Many programs originally developed by the federal funding programs have already started to expire and will continue to expire over the next few years. Funding under the Canada-Ontario Community Housing Initiative has been designed to address programs that are reaching or have reached the end of their operating agreement, and the end of the associated traditional legislated federal funding for these programs. Canada-Ontario Community Housing Initiative funding must be used to:

- preserve Urban Native housing units – no net loss of units,
- protect, regenerate and expand social housing, through repairs, renovations and regeneration,
- reduce housing need in social housing by protecting rent-geared-to-income tenants in non-profit and co-operative housing projects with expiring operating agreements and/or mortgages,
- support social housing providers that can demonstrate their potential for long-term sustainability.

As Canada-Ontario Community Housing Initiative funding cannot be used to offset municipal social housing subsidy expenditures, but instead must be used in addition to existing municipal social housing subsidy expenditures, the focus for Phase 1 of the funding must be on programs that have either already lost legislated federal funding or will lose federal funding over the next three (3) years.

Since 2018, and over the next three (3) years (being Phase 1 of the Canada-Ontario Community Housing Initiative) the primary programs that are subject to end of operating agreements and the loss of federal funding are:

- Urban Native Housing Programs
- Commercial Rent Supplement Program (Private Landlords and Non-Profits)
- Public Housing Program (Ottawa Community Housing Corporation)
- Municipal Non-Profit and Private Non-Profit Housing (Section 95 Programs)

Since 2018, there has been a corresponding drop in expenditures for most of these programs which has offset the loss of federal funding.

Based on the affected housing programs identified above, the recommended primary and secondary priorities for the Canada-Ontario Community Housing Initiative funding, are outlined below.

Primary Use of Canada-Ontario Community Housing Funding

Urban Native Housing Programs:

Housing Providers administered under Urban Native Programs are the most affected by the loss of legislated federal funding. Urban Native Program guidelines have prevented these housing providers from generating annual or accumulated operating surpluses, or from accumulating significant capital reserves. The housing stock is often scattered across the city and in many cases, units need significant capital repair. Up to 100% of households require substantive rent-geared-to-income assistance to make their rental unit affordable for them.

The Urban Native Programs will significantly benefit from access to capital repair funding in Years 1, 2 & 3 of the Canada-Ontario Community Housing Initiative to ensure the long-term viability and preservation of the urban native housing stock, along with rent supplement funding in Years 2 & 3 to preserve rental affordability for households as these projects reach the end of their operating agreements.

Public Housing Program:

Although overall costs associated with the Public Program have remained relatively stable, costs associated with the federally funded component of the program, that being debentures (lending instrument instead of a mortgage) and the scattered single, duplex,

triplex, four-plex, and six-plex properties have decreased. This is due in part to the full payment of certain debentures and the sale of many scattered unit properties within the Public housing portfolio. This portfolio is currently under target for the number of rent-geared-to-income units they are required to maintain, primarily resulting from the loss of scattered unit properties and the relocation of households from the Rochester Heights community, which is currently under redevelopment. It will take time for the housing provider to offer existing rent-geared-to-income units within the Public housing portfolio and return to the required target for the program. As such, there is no need for additional rent supplements within the Public housing program for the foreseeable future. This program will benefit from access to capital repair funding in years 1, 2 & 3 of the Canada-Ontario Community Housing Initiative.

Private Non-Profit and Municipal Non-Profit Programs:

Costs within the Private Non-Profit and Municipal Non-Profit (Section 95 programs) have decreased and in most cases have been eliminated in recent years, as the primary cost for these programs was a mortgage subsidy. Most mortgages have reached their full amortization term, resulting in the full mortgage pay-out and expiry. As these projects are self-sustaining at the end of their operating agreement, a primary incentive to preserve these projects as affordable community housing under the administration of the City will be access to capital repair funding in years 1, 2 & 3 of the Canada-Ontario Community Housing Initiative .

Commercial Rent Supplement Program:

Costs within the Commercial Rent Supplement Program, and the associated Community Sponsored Rent Supplement Program (both receiving federal funds), have dropped as a result of high demand rental market. This demand is reflected through low vacancy rates (1.6% in 2017, 1.7% in 2018 and currently at 1.3% to 1.8%) and associated low unit turnover and increasing average market rents above typical norms as noted in the Canada Mortgage Housing Corporation's 2018 Fall Market Rental Report. Due to the low turnover, there are fewer rental units available and when vacancy occurs private market landlords are less interested in participating in the rent supplement program, due to the very high revenue potential, and the low administrative requirements associated with a market unit. This trend is not anticipated to change over the next three (3) years. As the Canada-Ontario Community Housing Initiative funding is only available to prescribed social housing providers within the *Housing Services Act, 2011* even if private market landlords were to become interested in providing new rent supplement units, this funding could not be used to create rent supplements within the private sector.

COCHI rent supplement funding will be offered to prescribed social housing providers when appropriate market units become vacant and/or at the end of their operating agreement to preserve rental affordability for in-situ households. Social housing providers may benefit from rent supplement funding in Year 2 & 3 of the Canada-Ontario Community Housing Initiative, but limited need and limited demand is anticipated.

Secondary Use of Canada-Ontario Community Housing Funding

Once the expiring operating agreements and associated loss of federal funding priorities have been addressed by the Canada-Ontario Community Housing Initiative, additional available funds under the program can be utilized to:

- protect, and regenerate social housing, through one-time repair, renovation and regeneration projects; and
- support social housing providers that can demonstrate their potential for long-term sustainability through one-time transitional operating funding initiatives.

Capital Repair, Renovation and Regeneration:

Housing Services Staff will bring a community housing capital need report to Council in 2020, outlining the current state of the social housing portfolio and the projected capital repair and regeneration need of the portfolio over the next 20-30 years. It is recognized that significant current and ongoing capital repair funding is required to maintain the social housing stock in a good state of repair. During the recent 'expression of interest' phase of the 2019 Housing and Homelessness Investment Plan (HHIP) Capital Repair Program, social housing providers submitted over \$30 million in capital repair funding requests above the approximately \$2.4 million funding available for the 2019 HHIP capital program. Capital repair need greatly exceeds available capital funding. All social housing providers would benefit from access to capital repair funding in Years 1, 2 & 3 of the Canada-Ontario Community Housing Initiative.

When allocating capital repair, renovation and regeneration funding, the Director, Housing Services will enter into contribution agreements with funded housing provider to secure the provision of affordability of the funded housing project for a ten (10) year period, including a minimum of five (5) years during which it will operate as social housing under the *Housing Services Act, 2011*.

Transitional Operating Funding Initiatives:

The Canada-Ontario Community Housing Initiative requires social housing providers to demonstrate long-term sustainability to receive funding. The Transitional Operating Funding component under the operating stream of the program provides an opportunity for social housing providers to access funding for tools, assessments and studies to support and demonstrate long-term viability and sustainability. This funding includes:

- asset management planning services, including Building Condition Assessments and Asset Planner forecasting software,
- data migration tools for portfolio analysis and integration of IT systems
- business streamlining/operations analysis and assessments
- enabling acquisitions and mergers of housing providers/assets to improve operating efficiencies and economies of scale.

Use of these tools and strategies is encouraged to support a sustainable and vibrant community housing portfolio in the long-term. Some tools such as Asset Planner software and organizational assessment templates are already in use. An integrated housing IT system to support the community housing portfolio and centralized wait list will be implemented in early 2020. If funding under this component is approved by Council, Housing Services staff would develop an implementation strategy, in consultation with social housing providers, to maximize the impacts and outcomes of the funding for the long-term sustainability of the social housing community.

The Director, Housing Services will allocate Canada-Ontario Community Housing Initiative funding for Years 1, 2 and 3 of the Program to operating component projects that meet the requirements of the Program, based on priorities and programs identified in this report.

Discussion Summary:

In keeping with provincial priorities, it is recommended that priority for Canada-Ontario Community Housing Initiative funding be given for:

- 1) capital repair funding to:
 - Urban Native providers for projects near the end of their operating agreement and/or mortgage maturity, to minimize the loss of units and protect the urban native stock through repair and capital replacement; and

- Prescribed social housing providers for projects near the end of their operating agreement and/or mortgage maturity, to protect the social housing stock through repair and capital replacement; and
- incentivize housing providers with expiring operating agreements to continue to provide affordable housing and remain listed as a social housing provider in the *Housing Services Act, 2011*, under the administration of the City of Ottawa,

2) rent supplement funding to:

- replace the loss of rental assistance provided to households within the Urban Native Programs for projects near or at the end of operating agreements and/or mortgage maturity, to reduce housing need and to provide adequate affordability support for these households;
- replace the loss of rental assistance provided to households within prescribed social housing programs for projects at the end of operating agreements and/or mortgage maturity, to reduce housing need and to provide adequate affordability support for these households.

Once these priorities are addressed, it is recommended that Canada-Ontario Community Housing Initiative funding be given for:

- 3) capital repair funding for other prescribed social housing projects to protect and regenerate social housing through repairs and renovations; and
- 4) short term transitional operating funding for initiatives to support social housing provider long-term viability, operating efficiencies and economies of scale.

The purpose of funding under this program is to preserve both the existing social housing stock and the number of households currently in receipt of rental assistance within the prescribed social housing portfolio. It is not intended to increase the number of rent-geared-to-income units available to households on the waitlist or to provide housing allowances to households, which is prohibited under this program. As such, the Canada-Ontario Community Housing Initiative funding will have little to no impact on the number of households on the waitlist.

The selection of projects will be based on those that best meet the priorities of the program and as further detailed in the proposed Investment Plan above.

Proposed Amendments by the Province to the Housing Services Act, 2011 (for information purposes only)

In April 2019, the provincial government announced the Community Housing Renewal Strategy, a multi-year plan to stabilize and grow Ontario's community housing sector. As part of the Community Housing Renewal Strategy the provincial government is considering regulatory amendments to the *Housing Services Act, 2011*. For information purposes, this report outlines the three (3) primary proposed amendments currently under provincial consideration.

As our existing social housing programs near the end of their operating agreements and mortgage terms, a significantly changed housing environment currently exists for the municipality as Service Manager and for housing providers and households within our community housing portfolio. It is critical that new housing policy and any associated regulatory framework be fiscally responsible, preserve our publicly funded community housing assets, while addressing the needs of our most vulnerable residents.

Many of the initiatives outlined in the Community Housing Renewal Strategy align with our current local Service Manager rules and practices. The Province has indicated that it will continue to engage and listen to Service Managers from across the province as we move forward to develop an innovative and revitalized community housing sector.

The City of Ottawa, as Service Manger, has worked to assess our existing housing system, and to develop, implement and evaluate, in consultation with local housing stakeholders, people-centred housing and homelessness strategies and programs to support residents in need. In early 2020, an updated 10-Year Housing and Homelessness Plan will be brought forward to Council with new recommendations, targets and performance measures to ensure our housing and homelessness system is coordinated, effective and is responsive to the needs in our community. Any Housing Services Act proposed Provincial amendments should align with this local plan.

The provincial Ministry of Municipal Affairs and Housing (MMAH) is currently proposing amendments to update the *Housing Services Act, 2011*. There are three primary proposals for the current changes:

#1 - amendments related to social housing wait lists

#2 - amendments to support community safety

#3 - amendments to rent-geared-to-income calculations in social housing

Housing Services staff have reviewed these proposed changes, and have provided the following feedback to the Ministry of Municipal Affairs and Housing as part of the informal staff consultation process:

Proposal #1 –Amendments to Social Housing Wait Lists

There are three (3) changes currently proposed to modernize social housing wait lists:

- 1) Refusal of Offers – reducing the legislated refusal of housing offers from three (3) to one (1). Households would be required to accept their first valid offer of rent-geared-to-income (RGI) housing. Households would continue to have the ability to choose locations and buildings for these selections.
- 2) Mandatory Asset Limits for RGI assistance household eligibility.
- 3) RGI Households would not have to reapply to the Centralized Wait List (CWL) in order to transfer to another RGI unit. Service Managers would be provided with flexibility to establish their own policy for such transfers.

It recognizes that rent-geared-to-income (RGI) units are a scarce, publicly funded resource. Demand for these units greatly exceeds supply, resulting in long wait lists. The proposed amendment supports the principle that there should be some accountability for all households on the CWL to choose desired housing selections appropriately and accept the first valid offer of housing. It is recommended that local Service Manager exemptions to this rule should apply for household extenuating circumstances, where appropriate.

These changes align with our local municipal rules and practices. Ottawa currently has a local rule for our local priority status on the Centralized Wait List (CWL) that requires the household to select the first valid housing offer while accorded a local priority. If the household refuses the offer, the local priority status is removed, and the household remains only on the chronological wait list for RGI assistance. The proposed amendment mirrors our local rule.

As demonstrated through our own local experience it is critical that households are required to select a minimum number of selections while on the CWL. This number should be determined by the Service Manager, to address the local housing portfolio and needs. This ensures accountability and effective movement of households off the waitlist in a timely manner. If not, many households will only choose one or two 'prime'

locations, with housing providers that have little to no turnover. This creates a bottleneck in the system as households will wait 10 or more years for that housing offer.

If asset limits become an eligibility criterion for RGI assistance the limit should be set by Service Managers at the local level with a local rule, not a prescribed amount determined by the Province. Each Service Manager is unique in the composition of the residents. Housing in urban Ottawa or Toronto is very different than housing in northern Ontario, and the same can be said for the assets of these households, which is often tied to the market value of real estate within their area. Housing Services has previously reported back to Council on asset limits during our periodic review of our local rules as permitted under the *Housing Services Act, 2011*. To date, Ottawa has not created a local rule requiring an asset limit. Upon review of our wait list and RGI households, there has not been the need, given the low income and assets of these households. If an asset limit becomes mandatory, Ottawa would be in the best position to determine the most appropriate asset limit for our local housing community.

If an asset limit is implemented it is recommended that the province provide the definition of an asset, with a robust list of assets and exclusions, so that this policy can be consistently applied across the province. Assets limits are considered for Ontario Works and Ontario Disability Support Payments. These are the same across the province and are based on the number and type of dependents in a household (benefit unit).

Flexibility for Service Managers to establish their own local policy for transfers of RGI households that does not require the use of the prescribed centralized wait list would be beneficial. For many years there have been discussions at the local level to better define and clarify households on the CWL. There is a growing momentum to have only households on the prescribed list that are in absolute housing need and are without any ongoing financial housing supports. Currently that is not the case. The ability to remove households transferring from one RGI unit to another RGI unit from the CWL would be a positive first step to better define the CWL. Housing Services is able and ready to create an alternate approach to effectively assist RGI households transfer to another RGI unit without the use of the existing CWL.

Of note, it is critical that RGI households deemed over housed must be addressed in a rigorous manner to ensure the timely movement to a unit with fewer bedrooms, with appropriate penalties if they do not.

Proposal #2 –Amendments to Support Community Safety

The change currently proposed by the Province is an attempt to reduce gang related violence and improve the safety of residents within community housing. If a member of the household has previously been evicted due to serious illegal activity, a housing provider would have the option to refuse to offer an RGI unit to that household. Currently the housing provider is required to offer the unit to the household.

In general, this proposal aligns with our municipal practices. Since 2003, Ottawa has had a local rule which prevents a household from obtaining a local priority status on the Centralized Wait List for a period of 2 years if the household has been evicted by a social housing provider 'for cause' (except for rental arrears). The household can be on the CWL chronological list, but it cannot be in receipt of a local priority status. It is recognized that there are situations involving public and community safety that take precedence over priority access to a publicly funded housing benefit.

It has been recommended that the Province clearly define the terms and conditions when this refusal to offer could occur. It must define whether it is specific to the housing provider community in which the crime occurred, specific to the housing provider's overall portfolio or specific to all social housing projects within the Service Manager area. In addition, a clearly defined list of criminal offences, and verification criterion would be required to ensure transparency and consistent application by all housing providers. The housing provider also runs the risk of a Human Rights complaint.

It has been identified that there may be unintended outcomes with this proposed change. If a household is unable to acquire housing either within the private market or community housing as a result of this amendment there is a high probability the emergency shelter system would be required to support the household. Without any alternative housing options, this household may be in the emergency shelter system for extended periods of time, which in turn is very costly for the Service Manager to support.

In addition, an entire household may lose the ability to access social housing when possibly only one member of the household has committed a crime, inadvertently penalizing innocent members of a household.

Proposal #3 –Amendments to Rent-Geared-to-Income Calculations

There are six (6) changes currently proposed to simplify rent-geared-to-income (RGI) administration/calculation.

- 1) Move to a simplified annual rent calculation based on 30% of adjusted family net income as determined using a household's most recent income tax return information.
- 2) For employment related income the first \$1800 will be deducted annually from the adjusted family net income.
- 3) Income for all full-time students, irrespective of the age of the student, be exempted from rent subsidy calculations.
- 4) In-year changes to income would no longer be reported, as income testing would only occur once per year using an income tax return. A one-time per year exemption and subsidy recalculation would occur if either the household income decreases at least 20% or more, a permanent change in household composition occurs, there is an income tax reassessment, or a household member starts/completes full-time school or starts/stops receiving social assistance.
- 5) Imputed income for non-interest-bearing assets will be removed.
- 6) The minimum rent payable by a household will increase slightly and will be indexed annually. This amount was last updated in 2001.

Simplification of RGI administration and streamlining the approach for all housing benefits, whether RGI subsidies or portable housing benefits, to a consistent, predictable income tax return based methodology is necessary. Annual reviews utilizing recent income tax returns, eliminating the current numerous and often confusing in-year calculations and subsidy changes will create simplicity and efficiencies for Service Managers, housing providers and households. This change is the first step in truly modernizing social housing.

Amendments proposed are balanced, allowing for one in-year subsidy adjustment per year in the event there is a substantive change in the household. It provides predictability for households to plan based on consistent monthly subsidy payments throughout the year and reduces the administrative burden on housing providers and Service Managers. It is anticipated the number of households that lose RGI eligibility and associated subsidy due to non-reporting will be significantly reduced as a result of these proposed changes.

Although social housing is legislated at the provincial level, it is primarily funded at the municipal level. As the prescribed Ontario Works and Ontario Disability Support

Program rent scale and legislated utility scale tables have not been changed for the proposed amended RGI calculation, a significant financial burden continues to exist at the municipal level. It was hoped updates to these outdated tables from 2001 would have been a priority for the Province, as this financial pressure on the municipal property tax base is not appropriate nor sustainable. If there are increased costs at the municipal level resulting from these proposed regulatory changes, it is expected the Province will work with Service Managers to develop a financially responsible, equitable solution for all parties. Therefore, staff have some concerns about the possible costs to the municipal tax base as a result of these changes.

Overall, the proposed regulatory amendments and the initial steps taken by the Province foster much needed community housing modernization and renewal. They support a more streamlined, people-centred coordinated system for residents to access and maintain a wide variety of housing services and supports. All housing stakeholders will benefit from a simplified approach to RGI administration. Initiatives to support the long-term commitment, stability, and viability of our social and affordable housing providers is critical to ensure the ongoing availability of affordable housing options for our residents into the future.

RURAL IMPLICATIONS

There are no rural implications.

CONSULTATION

In early 2010, the Housing Systems Working Group was created to provide guidance and support to the City's Housing Services in the development and implementation of the Ten-Year Plan. The Housing Systems Working Group membership includes representatives from a broad range of sectors including: social housing (non-profit and co-ops), shelters, housing and homelessness supports and prevention, supportive housing, the Champlain Local Health Integration Network, the Community Health and Resource Centres, the Royal Ottawa Hospital and the Eastern Ontario Landlord Organization.

Committee members have been actively involved in the implementation of the Ten-Year Plan since its inception, which commenced on January 1st, 2014. The Housing System Working Group was consulted on the development of the proposed allocations.

In addition to the Housing Systems Working Group, staff have also consulted with the Modernization of Community Housing Working Group, comprised of various leaders and stakeholders in the not for profit/co-operative housing sectors and tenancy advocacy sector, that provide guidance and input on the 10 Year Housing and Homelessness Plan Refresh as it pertains to Community Housing.

COMMENTS BY THE WARD COUNCILLOR(S)

N/A

ADVISORY COMMITTEE(S) COMMENTS

N/A

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations and to receiving the information regarding the *Housing Services Act, 2011*. The Canada-Ontario Community Housing Initiative allows for Council to delegate the authority to approve and submit the Investment Plan and the Sustainability Plan.

RISK MANAGEMENT IMPLICATIONS

As part of a comprehensive risk mitigation strategy, staff will monitor expenditures closely and take the necessary proactive steps to ensure the financial viability and completion of projects and maximize the use of available funds to avoid any loss in funding.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications, associated with the recommendations of the report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the report recommendations.

ACCESSIBILITY IMPACTS

Accessibility will be one of the priorities for capital repair funding within the Canada-Ontario Community Housing Initiative.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with the recommendations of the report.

TERM OF COUNCIL PRIORITIES

The recommendations of this report support the 2014-2018 Strategic Priority: Healthy and Caring Communities (HC). The recommendations will specifically enhance the City's ability to sustain existing social housing with our community housing portfolio.

SUPPORTING DOCUMENTATION

N/A

DISPOSITION

The Canada-Ontario Community Housing Initiative funding will be used to advance the objectives of the Ten-Year Plan, as they pertain to supporting the long-term viability of our community housing portfolio and by promoting housing stability and rental affordability for our residents.

The Director, Housing Services will submit the Canada-Ontario Community Housing Initiatives Investment Plan and the associated Sustainability Plan to the Ministry of Municipal Affairs and Housing.

The Director, Housing Services will allocate Canada-Ontario Community Housing Initiative funding for Years 1, 2 and 3 of the Program, to capital repairs and operating components that meet the requirements of the Program, based on priorities identified in this report;

The Director, Housing Services will enter into contribution agreements, with the assistance of Legal Services, with funded housing providers to secure the provision of affordability of the funded housing projects for a ten (10) year period, including a minimum of five (5) years during which it will operate as social housing under the *Housing Services Act, 2011*.

Housing Services staff will continue to consult with provincial Ministry of Municipal Affairs and Housing staff to further explore proposed amendments to the *Housing Services Act, 2011* to support community housing renewal and modernization.