

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT

Housing transmitted a copy of the Social Housing Committee report to the federal Minister responsible for Housing in November, 1998.

- Phase 4: Regional Administration. The final step will be the Region taking over full program administration. The most recent estimate as to when this will occur, provided by the Province, is November, 2000.

WHAT IS SOCIAL HOUSING?

For close to fifty years, the federal and provincial governments have been involved in funding a range of housing programs, primarily designed to provide housing for low and moderate income households. In Ottawa-Carleton, the following types of Social Housing are now being funded by the Region and will ultimately be the responsibility of the Region for administration:

- Public Housing, 8500 units. Cost-shared by the federal and regional governments, these units are owned by the Ontario Housing Corporation and managed by Ottawa-Carleton Housing, a provincial crown agency.
- Municipal Non-Profit Housing, 4700 units. All municipalities within the Region, with the exceptions of Rockcliffe Park and Kanata, have created municipal non-profit housing corporations which own and manage these units and which are funded either on a cost-shared basis by the federal government or solely by the Region. The largest of these groups is City Living, a City of Ottawa corporation; also included in this category are non-profit corporations in other municipalities, such as Nepean Non-Profit, Cumberland Non-Profit, and so on.
- Private Non-Profit Housing, 2000 units. These housing projects are owned and managed by community groups, such as Centretown Citizens Ottawa Corporation, or Community Works, by church groups, such as Kanata Baptist Church or by other non-profit organizations, such as the Youth Services Bureau. The projects are either cost-shared by the federal and regional governments or funded solely by the Region.
- Co-operative Housing, 1500 units. These units are owned and self-managed by co-operatives, such as the Better Living Residential Co-op, Hazeldean Housing Co-op, and so on, and are cost-shared by the Region and the federal government or funded solely by the Region.
- Rent Supplement and Others, 1300 units. Assistance is provided through these programs to tenants living in privately-owned housing developments, such as Minto or Realstar Management, or in other types of federal or provincial housing programs.

The Region's responsibility will be for administration of all of these types of programs, which amount to approximately 18,000 units. Should a new federal-provincial agreement be signed, the Region may also be given responsibility for an additional 7000 units which are currently administered directly by the federal government.

As is apparent from the above description, there has been a distinction made between administration of housing programs, ownership of housing units and day-to-day management of the projects. The federal or provincial governments have had the program administration function, while ownership and management have been the responsibility of the province, non-profit or co-operative groups or the private sector.

While the Region will take over some (or all) of the program administration function, the Province has not mandated any change in ownership or management of the housing stock. The Social Housing Reform process is dealing with some components of this question. Once further details on the outcomes of program reform are available, it is the intention of staff to undertake an analysis of options for the overall role of the Region in housing, for administration of the downloaded programs, and for potential ownership and/or management of the publicly-owned stock. With the assistance of the Social Housing Working Group, staff will be developing options for Regional Council consideration of this issue by mid-1999.

FINANCIAL ISSUES

Included in the 1998 Operating Budget was an amount of \$61.992 million which represented the Province's share of social housing costs for this Region. We began receiving invoices from the Province in June of this year and are now invoiced on a monthly basis. In June, 1998, the Province announced changes to the funding for Supportive Housing. This resulted in estimated savings to the Region's Social Housing budget in 1998 of \$1.139 million, thereby reducing the original bill to \$60.854 million. While this has not been confirmed in writing by the Province, informally staff have been told that the subsidy amount for 1998 will not exceed this amount. Similarly, for 1999, the Province has not yet confirmed the total social housing bill for the Region, although informally Ministry staff have indicated that a major change is not anticipated.

The concerns with respect to social housing costs arise in consideration of future years. Most social housing projects are governed by 35-year or longer agreements, so that they require a stream of annual subsidies for many years to come. There are a number of factors which are likely to influence these long-term subsidy requirements and which create some risk for the Region. In addition, the Province has not agreed to pay for the Region's administrative costs for Social Housing, either in the interim period prior to the transfer of administration or after this has occurred. As a result, the following represent the types of potential social housing cost increases which could be faced by the Region:

- Non-repayment of the operating loan prescribed in the Province's proposed new subsidy formula.
- Capital reserves for Public Housing, which have not been established by the Province.
- Insurance costs for Public Housing, which have been self-financed by the Province.
- Potential mortgage defaults by non-profit or co-operative groups.
- Mortgage interest rate increases.
- Expiry of federal subsidies.
- Administration costs.

In addition, with neither the federal nor the provincial government committing any new funding for social housing purposes, there will be pressure placed on the Region to devote new funds to meet the extensive need for additional social housing assistance. In Ottawa-Carleton, there are currently 15,000 households on the waiting list for social housing, which is likely an understatement of the true extent of housing need.

With the lack of certainty for many elements of the revised social housing program design, it is not possible to quantify the extent of the potential cost increases facing the Region. However, it is virtually a certainty that there will be some. As a result, it would be prudent to create a reserve fund in order to safeguard against future cost fluctuations. Such a reserve fund could, at a minimum, be used for unexpended budget allocations, with the possibility of additional budget contributions dependent on Council direction. Staff will bring forward a recommendation to Council on this issue in March, 1999, in the context of the year-end surplus report.

REGIONAL ADMINISTRATION

Council approved, in February, 1998, the creation of a Social Housing Working Group to provide advice to Regional Council, through the Community Services Committee on the transfer of social housing administration to the Region. This group, which consists of social housing tenants and providers, the Housing Registry and Regional Councillors and staff, has met throughout the year and provided input on a range of social housing issues. In June, 1998, the Group approved the Principles for Social Housing which are attached as Annex A to this Report. These are presented to Committee and Council for endorsement.

Increasingly, the time between regional funding and regional administration is being extended. The Province is now indicating that it will likely be a further two years before they are in a position to transfer administration. The implication is that, in the interim, there is little opportunity for the Region to be accountable to regional taxpayers for the expenditure of a significant amount of funding.

The one area in which the Province has recognized a role for municipalities in Social Housing has been with respect to appointments to local housing authority boards. The Province has assigned responsibility to the Region for nominations to the Ottawa-Carleton Housing Board of positions which were previously provincial positions. Currently five Regional Councillors are sitting on this Board and are involved in decisions pertaining to the management of Ottawa-Carleton Housing. It should be noted, however, that the Province retains responsibility for program funding and administration, even for the Ottawa-Carleton Housing portfolio.

Staff have prepared a proposal for interim administrative arrangements, which would increase regional influence over social housing costs and expand our knowledge of program administration. This proposal is attached as Annex B. The proposal has been submitted to the Province to obtain their reaction to it. Assuming agreement by the Province, it is recommended that the Region enter into an agreement with the Ministry of Municipal Affairs and Housing in order to implement these arrangements.

PUBLIC CONSULTATION

The principles which are submitted for Council endorsement were adopted by the Social Housing Working Group which is a representative body of the housing community in Ottawa-Carleton. As well, the interim arrangements were endorsed by this Group.

CONCLUSION

The process for transition of social housing administration from the Province to the Region is complex and time-consuming. It is in the Region's interest to have the Province reform social housing programs prior to the transfer of administration. However, it is not in the Region's interest to continue to have little influence over program costs and program decisions. Prudent and effective management suggests that the Region should create a social housing reserve fund in anticipation of future cost increases and that the Region should pursue with the Province the need for interim administrative arrangements.

*Approved by
Joyce M. Potter*

Attach. (2)

DRAFT RMOC PRINCIPLES FOR SOCIAL HOUSING
(amended 25 June 1998)

Principles Related to Housing Policy

- To ensure the population of Ottawa-Carleton is adequately and affordably housed (Goal 5 of the Regional Official Plan).
- To promote and support social housing developments as stable communities.
- To meet the needs of all residents eligible for social housing.
- To promote a diversity of social housing options to enable choice for applicants and to sustain healthy communities.
- To integrate housing needs in planning for long-term human service requirements along with other social and community health services.
- To ensure security of tenure of existing social housing residents.

Principles Related to Program Funding

- To ensure public accountability for social housing funding.
- To ensure that program administration and policy setting responsibilities are consistent with the Region's financial responsibility.
- To optimize efficiencies in system administration and delivery through a process of evaluation.
- To ensure that savings found within the social housing system remain within the social housing funding envelope.
- To ensure adequate funding levels for social housing delivery to meet the needs of residents who may require enhanced services not available in private market housing.
- To ensure full disclosure of the condition of the social housing stock prior to transfer, and where substandard conditions exist, ensure the Province provides sufficient funds to bring the housing up to Regional standards.

Principles Related to Program Administration

- When designing administrative and service delivery models, to make the best use of existing resources within the Corporation (RMOC) and within the community of social housing providers and service agencies.
- To ensure equitable access to social housing in RMOC.
- To promote fair treatment of all social housing residents and involve them in decisions about their housing.
- To maximize quality customer services for social housing residents and applicants in the RMOC.
- To respect the history and evolution of different housing providers and to consult with them on an ongoing basis.

ANNEX B
PROPOSAL FOR
INTERIM ARRANGEMENTS FOR SOCIAL HOUSING ADMINISTRATION
REGION OF OTTAWA-CARLETON

The Region has been paying the provincial share of social housing costs, effective January 1, 1998. Estimates for the timing of the transfer of program administration vary, but seem to range between March and November, 2000. Thus, for two to three years, regional taxpayers will be paying for programs for which their elected representatives cannot be held accountable.

It is recognized that there are constraints on the Province which restrict the degree to which interim administrative arrangements can be established. However, from the Region's perspective, it would be advantageous to:

- achieve greater accountability for regional expenditures
- gain knowledge and experience to prepare for the transfer of administrative responsibility
- maximize regional influence over provincial decision-making on program administration in the interim.

To achieve these objectives, it is proposed that staff of the Region enhance liaison arrangements with the Area Office and Head Office of the Ministry of Municipal Affairs and Housing, to enable regional staff to learn what is involved in current administration and to be able to influence any significant decisions which may affect future regional obligations.

It is recognized that these proposals should not place any additional demands on housing providers. This is not a 2-tier approval process. It is also understood that final decision-making continues to rest with the Ministry of Municipal Affairs and Housing. The Region's role will be to introduce some influence over costs and to increase the knowledge and skills of regional staff in preparation for the assumption of administrative responsibilities in the long term.

Suggested areas of involvement could include the following:

- **Budget reviews and approval of capital and non-recurring items** - Regional staff would sit as observers in operating and capital budget reviews.
- **Ensuring compliance with Non-Profit guidelines and directives** - Regional staff would be provided with copies of reports, management reviews, audits - e.g. Monthly Early Warning System Report.
- **Review of Tenant Placement objectives** - Regional staff would be provided with pertinent reports and would be advised of major issues.
- **Responding to general property, tenant and staff issues** - Regional staff to be provided with monthly report on major issues.
- **Projects-in-difficulty (PIDs)** - Regional staff to be advised and consulted where major financial considerations are implicated.
- **Mortgage renewals** - Regional staff would be advised and consulted by provincial staff responsible for arranging mortgage renewals.
- **Rent supplement agreement renewals, changes** - Regional staff would be advised and consulted about renewals or negotiations on rent supplement agreements.

This option could also involve some secondment of ERO staff to the Region or regional staff to the ERO to assist the Region to prepare for administrative responsibility.

Any problems created through the implementation of these arrangements will be raised and resolved through the Social Housing Working Group which involves housing providers, tenants, regional councillors and staff.

Revised 27 Nov 98