

3. ONTARIO HOUSING CORPORATION PROGRAM REVIEW INITIATIVES

COMMITTEE RECOMMENDATION

That Council request the Minister of Municipal Affairs and Housing delay the implementation of any Alternative Service Delivery proposals and the sale of any units operated by Ottawa-Carleton Housing until the Ministry and/or the Ontario Housing Corporation has consulted with the Region of Ottawa-Carleton and has determined the options for future ownership and management of Ottawa-Carleton Housing.

DOCUMENTATION

1. Special Advisor, Special Housing report dated 1Feb 00 is immediately attached.

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 05-00-0004
Your File/V/Réf.

DATE 1 February 2000

TO/DEST. Co-ordinator, Community Services Committee

FROM/EXP. Special Advisor on Social Housing

SUBJECT/OBJET **ONTARIO HOUSING CORPORATION PROGRAM REVIEW
INITIATIVES**

DEPARTMENTAL RECOMMENDATION

That Community Services Committee recommend that Council request the Minister of Municipal Affairs and Housing to delay the implementation of any Alternative Service Delivery proposals and the sale of any units operated by Ottawa-Carleton Housing until the Ministry and/or Ontario Housing Corporation has consulted with the Region of Ottawa-Carleton and has determined the options for future ownership and management of Ottawa-Carleton Housing.

PURPOSE

The purpose of this report is to provide Community Services Committee and Council with information about the Province of Ontario's current Program Review Initiatives with respect to Ontario Housing Corporation and to recommend that Council communicate with the Province to raise concerns with some of these initiatives.

INTRODUCTION

On 18 November 1999, the Minister of Municipal Affairs and Housing (MMAH), issued directives to the Ontario Housing Corporation (OHC), to undertake Program Review Initiatives in a number of areas (letter from the Minister to the Chair of OHC attached), in order to generate savings in provincial programs. The ones which have the most significant long-term impact for Ottawa-Carleton Housing and which are the subject of this report are:

- explore alternative service delivery for property management functions; and
- pursue the sale of single and semi-detached units.

ALTERNATIVE SERVICE DELIVERY FOR PROPERTY MANAGEMENT FUNCTIONS

The Minister has directed the OHC to explore Alternative Service Delivery (ASD) for the five largest housing authorities (Toronto, Ottawa, Hamilton, London and Windsor). This initiative follows recent experience with contracting out by the Metropolitan Toronto Housing Authority. The options to be explored include private sector, other public sector, and current providers. The OHC was given a three month time frame for development of a work plan. A team was established with the general managers of the five affected Local Housing Authorities (LHAs) and a consultant was hired to develop a plan for the five. The report is scheduled to go to the OHC Board 2 March 2000. This review is being done with no consultation even with affected LHA Boards. However, in background documentation, there is reference to including opportunities for tenants to comment on the approaches being recommended. The only reference to consultation with affected municipalities is on how to implement ASD, not on what it will be.

It should be noted that Ottawa-Carleton Housing (OCH) already outsources many of its property management functions including building and move-out cleaning, painting, snow removal and security. It has entered into a partnership with the Registry to provide access and waiting list services. These initiatives have resulted in a decline in in-house staff from 250 in 1991 to 157 in 2000.

From a regional perspective, we would welcome opportunities to ensure efficiencies in property management, or any other functions. However, if the Province intends to proceed with the transfer of ownership and management to the Region, it is premature to undertake this analysis now, and it is inappropriate for it to be undertaken without involvement of the Region. Some of the options which were identified in the Province's Social Housing Committee report, such as amalgamation with a private or municipal non-profit, or direct CMSM management, will not be assessed in the review being implemented now by OHC.

SALE OF SINGLE AND SEMI-DETACHED UNITS

Minister Clement's letter assumes that single and semi-detached units are an expensive form of public housing and that other approaches would be more cost-effective. He has directed that recommendations be developed within three months to maximize returns while protecting existing tenants and retaining the same number of subsidized units. He wants the majority of units tendered for sale by December 2000. There has been no decision yet as to what would happen with the proceeds from sale of any units.

OCH has 59 single and semi-detached units. They are all three and four bedroom units. At its meeting of 24 January 2000, the OCH Board approved the following:

“It is recommended that the sale of single and semi-detached units in OCH not proceed until there is the potential to replace the existing stock within the market place with no increase to the subsidy levels currently being paid or until the pressure of the waiting list diminishes sufficiently to warrant the disposal of the units.”

According to data provided by OCH, the operating subsidy on these units (\$105 per unit per month) is considerably less than in comparable sized units in the balance of the portfolio (\$198 - 239 per unit per month). According to data provided by MMAH to the Region, the average all-in subsidy is \$254 per unit per month whereas the average subsidy for a rent supplement unit is \$447 per unit per month.

From the Region's perspective, there are some concerns with the directive to sell scattered units. First, to date, there has been no confirmation from the MMAH or OHC as to the distribution of the proceeds from the sale. If the proceeds were committed to be allocated to Consolidated Municipal Service Managers (CMSMs), which in our case is the Region, then it would be worth analyzing the potential revenues from the sale of any units which have sufficient market value to produce more social housing in replacement. However, such a commitment has not been given and there is every reason to believe (given the context within which these initiatives were announced) that any proceeds will simply be absorbed by the Provincial government. Second, it would be extremely difficult to replace these housing units, given the low vacancy rate in Ottawa-Carleton (0.7%, the lowest in the country) and the limited resources available for new development. At the same time, there is an enormous waiting list for social housing and therefore, the loss of any existing stock is unjustifiable without replacement. As indicated above, these units are not expensive to operate, compared to the alternatives of either using rent supplement in the private sector or building new housing.

RATIONALE FOR MUNICIPAL INVOLVEMENT

For over two years now, the Region (as the CMSM for this area) has been paying what had previously been the Province's share of the subsidies for social housing. For public housing, the subsidies are cost shared with the federal government on approximately a 50/50 basis. The agreements governing the operation of any social housing generally require the consent of the signatories to the agreement (being the funders) for any significant change in the operation of the affected projects or for sale of any units. In Ontario therefore, CMSMs which are now equal funders for public housing should be consulted about significant changes to the management or the sale of units.

When the Provincial government announced the downloading of social housing in 1997, it committed to reform the social housing programs prior to the transfer of administration to CMSMs. It established a Social Housing Committee to recommend reforms including the potential transfer of ownership of public housing to municipalities or other structures. The Social Housing Committee recommended in November 1998 that the decision about the ownership of public housing should rest with the CMSM (within guidelines provided by the Province). With respect to management, the report proposed that "*CMSMs will have the flexibility to determine how public housing is managed under the proposed reforms, even if they choose not to own public housing.....CMSMs could convert LHAs to non-profit corporations and retain them as delivery agents, ask a private or municipal non-profit or a co-op to assume responsibility for these projects, administer the housing directly, or the LHA could continue to manage*". The Provincial government has not yet made any decisions about the future of public housing but has indicated that Cabinet will be addressing this issue within the next few months.

Until that is done, it is premature to commit any LHA to changes which will have significant long-term impacts, such as sale or changes in management structure. The latter could, in fact, preclude certain options which CMSMs may wish to pursue. It is essential that the Province clarify its intention about the future of public housing prior to decisions which will have a permanent impact on options.

FINANCIAL IMPLICATIONS

There are no immediate financial implications for the Region as a result of this report. At the present time, the Region is paying approximately \$10,726,220 annually for public housing. The Region's share of the subsidy for the single and semi-detached units is about \$90,200 annually. Implementation of the provincial initiatives could affect these amounts but the potential is not known at this point.

PUBLIC CONSULTATION

This report is a result of discussion of these issues by the Region's Social Housing Working Group on 27 January 2000. The Working Group includes social housing providers, tenants, the Registry, Regional Councillors and staff. The meeting was also attended by MMAH staff and other social housing stakeholders.

CONCLUSION

In view of the haste with which the Province is moving on these initiatives, it is recommended that the Chair, on behalf of Council, communicate as quickly as possible with the Minister to express Council's concerns about these directives at this time. It should be noted that many municipalities share this concern and have initiated similar action. This issue was discussed at the Ontario Regions Social Housing Group meeting. There is consensus that it is not appropriate for the Province to initiate these unilateral actions in view of the municipalities' responsibility for funding these units and the imminent decisions about reform and devolution. In addition, the Chair of the Regional Chairs, Ken Seiling of Waterloo, wrote to the Minister in December to object to the sale of units.

*Approved by
Joyce M. Potter*

JF/slp

Attach (1)

Ministry of
Municipal Affairs
and Housing

Office of the Minister

777 Bay Street
Toronto ON M5G 2E5
Tel (416) 585-7000

Ministère des
Affaires municipales
et du Logement

Bureau du ministre

777 rue Bay
Toronto ON M5G 2E5
Tel (416) 585-7000



COPY

November 18, 1999

Mr. W. McMillin (Mac) Carson
Chair
Ontario Housing Corporation
16th Floor
777 Bay Street
Toronto ON M5G 2E5

Dear Mr. Carson:

As you know, the government has been seeking better ways of delivering programs and services. Over the past few months, we have considered a number of initiatives to find savings in provincial programs, which the government is announcing today. The Ontario Housing Corporation is expected to share in this effort and several of these initiatives affect the Ontario Housing Corporation and the local housing authority system.

I am looking to the Board for a creative response to the government's imperative to find savings for the province, for municipalities, and ultimately, for all taxpayers of Ontario. Above all, service to public housing tenants must be maintained. I want you to know that I will be pleased to consider any advice the Board may have regarding the implementation of these initiatives.

Explore Alternative Service Delivery for Property Management Functions

The government was impressed with the recent initiative of the Metropolitan Toronto Housing Authority to contract out some property management services. I am directing the Board to work with your five largest housing authorities (Toronto, Ottawa, Hamilton, London, and Windsor) to explore alternative service delivery options for property management functions. We believe that adding competition to these functions will result in better, more efficient service. This could include private sector, other public sector, and current providers.

I encourage the Board to pursue an aggressive time frame on this initiative, while ensuring sufficient time for a thoughtful review of potential options. I would like to see the Board's recommendation on a work plan within three months, with implementation as soon as possible after that. I see this initiative as an opportunity to challenge housing authorities to explore creative options while protecting service to tenants and finding savings for municipalities. We anticipate annual mature savings to taxpayers in the millions of dollars.

Mr. W. McMillin (Mac) Carson

Pursue the Sale of Single and Semi-detached Units

We all recognize that single and semi-detached public housing units are an expensive form of public housing acquired at a time when cost was not a focus of concern. In our present environment, we want to see limited public funds used to their greatest advantage. This form of social housing should be rationalized in favour of more cost-effective ways of providing assistance. I am directing you to provide me with recommendations within three months on a strategy that will protect existing tenants while maximizing the return for the taxpayer. In addition, the total number of subsidized units must not be reduced. I recognize that the sale of all units may not be appropriate, and I would expect your marketing strategy to be sensitive to local issues. However, I would like to see the majority of units tendered for sale by December 2000.

Merge Housing Authorities within Consolidated Municipal Service Manager Boundaries

I am aware of the work the board has already done on realigning the boundaries of housing authorities with those of the municipal bodies that will administer them. I am directing you to expedite this work in those areas where two or more housing authorities will be merged within municipal boundaries. I would expect the consolidated boards of directors for the new amalgamated housing authorities to be in place by September 2000.

Reduce LHA Expenditures

In keeping with the demands made on other provincial ministries and agencies, I am directing the Board to work with housing authorities to identify \$1.2 million in operational savings for 2000.

Reduce Ministry Charge Backs

To complement your efforts, I am also directing Ministry staff to reduce the cost of services to the Ontario Housing Corporation by 10 per cent in 2000, for a savings of \$806,000. I am confident that these savings can be realized without compromising service to the Ontario Housing Corporation.

Mr. W. McMillin (Mac) Carson

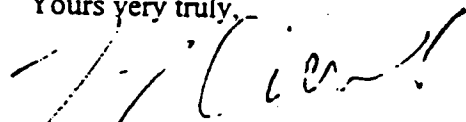
Encourage Tenants to Transfer from High-cost Rent Supplement Units

The government is concerned about the high cost of some rent supplement units. To encourage tenants to transfer to more cost-effective subsidized housing, I am directing ministry staff to look at potential incentives that the Ontario Housing Corporation and housing authorities might offer to promote such relocations. I anticipate annual savings of more than \$100,000 through this initiative.

As you know, these initiatives form part of a broader set of cost-reduction measures to which the government is committed, in order to eliminate the deficit and to fulfill its promises to Ontario taxpayers. These initiatives affect most ministries, agencies, and programs.

Thank you in advance for your participation in this important cost-reduction exercise. I have directed Ministry staff to provide the Board with whatever assistance they require in implementing these initiatives. I would welcome updates on your progress. I would be pleased to be involved in any joint communications with housing authorities regarding these initiatives.

Yours very truly,



Tony Clement
Minister