



MEMORANDUM

TO: Members of Committee of the Whole

FROM: Adelina Urbanski
Commissioner of Community and Health Services

DATE: September 4, 2014

RE: **2013 Housing Provider Additional Subsidy and Loans**

This memorandum fulfils the annual reporting requirement established by Council on March 27, 2008 through the adoption of Clause No. 7 of Report No. 2 of the Community Services and Housing Committee which authorized the Commissioner of Community and Health Services to approve advances of additional subsidy and loans to housing providers for building repairs. This memo does not include information regarding the Housing York Inc. portfolio.

Continued Regional investment through reserve contributions is necessary to ensure a state of good repair

As York Region's social housing stock continues to age, having a proactive and sustainable strategy to maintain the building stock is prudent and necessary. The federal and provincial social housing programs devolved to the Region made inadequate provision for long-term funding for major capital repairs. Although most housing programs made provision for repair reserves, the contributions housing providers were permitted to make to those reserves did not reflect the cost of maintaining the buildings in a good state of repair throughout their useful life.

York Region has been aware of the capital underfunding for some time, and as a result, initiated the Non-Profit Housing Capital Repair Reserve in 2007. In 2009, the first budgeted contribution in the amount of \$1 million was made to this fund. Annual contributions to this reserve have increased each year, and as of December 31, 2013, the Non-Profit Housing Capital Repairs Reserve balance was \$18.4 million.

Housing providers also make annual contributions to their individual capital reserves; as of December 2013, housing provider capital reserve deposits within program-regulated investment accounts totalled approximately \$24 million. This pro-active approach to the management of housing providers' reserves and capital repair replacement is part of the overall Social Housing Asset Management Strategy.

Housing providers are not able to renegotiate or extend their mortgages to secure additional financing

Unlike private sector organizations, program restrictions prevent housing providers from renegotiating or extending their mortgages to secure additional financing. In order to support access to Regional funds, Council approved a repayable Capital Loan Program with two funding streams:

- **Additional Subsidy** – provides advances of up to \$500,000 per housing provider. These advances are non-interest bearing and subject to availability of funds in the approved Regional budget.
- **Secured Loans** – provides advances of more than \$500,000 which are registered on title. These loans are interest bearing with rates set in consultation with Treasury.

A total of \$8.8 million has been accessed by 21 of the Region's 41 housing providers through this program. As part of the annual budgeting and capital planning process, Regional staff work with housing providers to identify where the highest priority repairs are, based on health and safety, aging systems, renewal of housing stock, and energy conservation. This process determines which housing providers require additional funds to complete necessary capital work.

Over \$1 million in Additional Subsidy Agreements have been executed with four housing providers in 2013

In 2012, a total commitment of \$799,999 in Additional Subsidy Agreements was executed with three housing providers. In 2013, Additional Subsidy Agreements with a total commitment of \$1,031,900 were executed with four housing providers. A summary of the additional subsidy commitments is listed in Table 1.

Table 1
2013 Additional Subsidy Loans

Housing Providers	Agreement
Our Lady of Smolensk Retirement Centre	\$228,000
Machell's Corners Housing Co-operative	\$119,000
Pefferlaw and Lions Housing Corporation	\$113,000
Robinson Street Non-Profit Homes	\$499,900

\$3.61 million Secured Loan Agreements were negotiated with four housing providers in 2013

In 2013, Secured Loan Agreements with a total commitment of \$3.61 million were negotiated with four housing providers. A summary of the secured loan allocations is listed in Table 2.

Table 2
2013 Secured Loans Summary

Housing Provider	Agreement Amount
John Fitzpatrick Steelworkers Housing Co-operative	\$1,260,000
Kinsmen Non Profit Housing Corporation	\$600,000
Landsberg-Lewis Housing Co-operative	\$950,000
Prophetic Non-Profit	\$800,000
Total	\$3,610,000

The Region recognizes the importance of maintaining its valuable social housing stock, and will continue to be pro-active in ongoing capital repair planning and mitigation of financial risks as part of the overall asset management strategy. Preliminary analysis of capital repair needs and reserve contributions are underway and will be the subject of a future report to Council.

If you have any questions or require further information, please contact Sylvia Patterson, General Manager, Housing and Long-Term Care at Ext. 72091.

Adelina Urbanski
Commissioner of Community and Health Services

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