



Community and Health Services Department
Office of the Commissioner

Memorandum

To: Members of Committee of the Whole

From: Adelina Urbanski
Commissioner of Community and Health Services

Date: November 3, 2016

Re: **2015 Housing Provider Additional Subsidy and Loans**

This memorandum fulfills the annual reporting requirement established by Council on March 27, 2008 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 insure 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 these reserves did not reflect the cost of maintaining the buildings in a good state of repair throughout their usual 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 to \$9.3 million in 2016. As of December 31, 2015, the Non-Profit Housing Capital Repairs Reserve balance was \$31.6 million.

Housing providers also make annual contributions to their individual capital reserves; as of December 2015, housing provider capital reserve deposits within program regulated investment accounts totaled approximately \$26 million. This pro-active approach to the management of housing provider's 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 \$13.8 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.

In 2015, a total commitment of \$199,999 in additional Subsidy Agreements was executed with one housing provider. As outlined in Table 1.

Table 1
2015 Additional Subsidy Loans

Housing Providers	Agreement
Our Lady of Smolensk Retirement Centre	\$199,999

In 2015, there were no Secured Loan Agreements negotiated with any of the housing providers. Currently the Region is working with four housing providers on loan agreements for 2016 and 2017 with a value of approximately \$4 million.

The Region recognizes the importance of maintaining its valuable 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.

Adelina Urbanski
Commissioner of Community and Health Services

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