TO: Mayor and Members
   General Issues Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: August 9, 2011

SUBJECT/REPORT NO:
Social Housing Capital Funding (CS11068) (City Wide)

SUBMITTED BY:
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SIGNATURE:

RECOMMENDATION:

That the Mayor be authorized and directed to correspond with the Honourable Diane Finley, Minister responsible for Canada Mortgage & Housing Corporation, and the Honourable Rick Bartolucci, Ontario Minister of Municipal Affairs & Housing, requesting additional funding to meet the social housing capital repair needs in Hamilton.

EXECUTIVE SUMMARY

As Service Manager for social housing under the Social Housing Reform Act, the City is responsible for the administration and funding of 14,600 social housing units in Hamilton.

In June 2011, social housing providers were asked to provide estimated current and future (5 and 10 year projection) funding requirements for repairs and retrofits for social housing stock in Hamilton. Approximately two-thirds (29) of the total number of social housing providers responded representing approximately 90% of the social housing stock in Hamilton.

The housing provider estimates are as follows:
• Current funding requirements - $37,584,537
• 5 year forecasted funding requirements - $159,012,711
• 10 year forecasted funding requirements - $282,092,928.00

Clearly this is a critical funding situation. The federal and provincial governments must provide additional funding to meet social housing repair and retrofit costs. If not, the physical state of an aging social housing stock will likely deteriorate, resulting in poorer quality of life for over 30,000 Hamilton residents.

CityHousing Hamilton (CHH) accounts for the largest share of the above estimates with:
• A current need of $19 million;
• Five year projected need of $134.7 million; and,
• Ten year projected need of $241.9 million.

This is not surprising given that CHH represents almost half the 14,600 social housing units in Hamilton, and its stock is much older than most of the other social housing in the City.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: There are no financial implications to Report CS11068

Staffing: There are no staffing implications to Report CS11068

Legal: There are no legal implications to Report CS11068

HISTORICAL BACKGROUND

In 2001, the Province transferred the administration and funding for social housing to municipal governments pursuant to the provisions of the Social Housing Reform Act, 2000. The City of Hamilton was designated as Service Manager for social housing, and was downloaded 14,600 social housing units of which 7,000 are city-owned under CityHousing Hamilton.

The funding of these social housing units includes costs for rents, taxes, mortgages, administration, maintenance and transfers to capital reserves. As the Service Manager for social housing under the Social Housing Reform Act, the City is responsible for funding these operating costs with an annual net levy impact in 2011 of $41.9 million.

In 2008, the City of Hamilton received $5,682,882 in funding for social housing capital repairs including energy efficiency improvements from the Provincial Social Housing...
Capital Repair Fund. As well, City Council, in its meeting April 9, 2008, resolved to direct $2.0 million dollars of Delivering Opportunities for Ontario Renters (DOOR) funding to the Social Housing Capital Reserve. DOOR funding is from the federal Affordable Housing Trust that is flowed through the provincial government. The DOOR funding and the $5,682,882 provincial grant resulted in a fund of over $7.68 million dollars for allocation to housing providers by the City. There is currently a balance of $2.6 million in that account for emergency repairs or exceptional situations when there are inadequate financial resources to cover costs.

In the fiscal years 2009-2010 and 2010-2011, the Province allocated $33,747,633 to the City under the Social Housing Renovation and Retrofit Program (SHRRP). Even with the $7.68 million available in the City Social Housing Capital Repair Fund and the SHRRP funding, there was a $20 million shortfall between available funding and needed capital repairs.

In June 2011, in order to have more up to date information, and with the provincial SHRRP funding fully expended, social housing providers were asked to provide the following information:

- Current funding requirements for renovations and retrofits;
- Forecasted funding requirements in five years time; and,
- Forecasted funding requirements in ten years time.

The information requested was not a request for proposals, but an environmental scan to determine the depth and extent of the situation of under funding for social housing capital in Hamilton.

On April 13, 2011, Council approved Report FCS11027/CS11031, Ontario Municipal Partnership Fund (OMPF) Reconciliation Re-Investment as follows:

- 50% of the OMPF payment is to be placed in an Unallocated Capital Reserve to address infrastructure projects that will address the City’s infrastructure deficit and,
- 50% to be placed in the Services Initiative Fund to support one-time social service related costs.

An amendment was passed “that consideration be given to allocating the 50% of the OMPF Reconciliation Funds going to the Unallocated Capital Reserve to social housing capital needs.” Finance and Administration staff are presently determining when and by what means this decision will be put forward to Council for consideration.
POLICY IMPLICATIONS

There are no policy implications to Report CS11068.

RELEVANT CONSULTATION

Social Housing Providers in Hamilton were consulted on their funding requirements for repairs and maintenance of their social housing stock.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The results of the scan demonstrate that the prior capital funding from the senior levels of government is insufficient to meet both current and future needs of social housing in Hamilton. If the federal and provincial governments do not provide additional funding to meet social housing repair and retrofit costs, there will be greater pressure upon the City to provide the funding. Furthermore, the physical state of an aging social housing stock will deteriorate resulting in poorer quality of life of over 30,000 Hamilton residents.

Hamilton’s social housing stock of 14,600 units provides affordable housing to approximately 30,000 residents. There has been no social housing built since the mid-1990’s. In June 2011, there were 5,743 households on the social housing waiting list. The current and future state of Hamilton’s social housing stock is critical to the health and well-being of Hamilton residents with a low income.

As outlined in Report CS11044 – Summary of Operational Reviews for Social Housing Providers in 2010 (received by the Emergency and Community Services Committee on June 22, 2011), all social housing providers regardless of their portfolio size are concerned about the age and condition of their buildings. There are significant problems in maintaining major capital repairs such as roofing, elevators, pavement, heating and plumbing. The social housing providers report that in most cases, their capital reserves are insufficient to renew and maintain the housing stock in their portfolios.

ALTERNATIVES FOR CONSIDERATION:

There are no alternatives for consideration for Report CS11068.
CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)


Financial Sustainability
- Financially Sustainable City by 2020
- Address infrastructure deficiencies and unfunded liabilities

Intergovernmental Relationships
- Influence federal and provincial policy development to benefit Hamilton

APPENDICES / SCHEDULES

There are no appendices for Report CS11068