

Clause 19 in Report No. 13 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on October 19, 2017.

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Reserve Withdrawal for Housing York Inc. Capital Repairs

Committee of the Whole recommends adoption of the following recommendation contained in the report dated September 20, 2017 from the Commissioner of Community and Health Services:

1. Council authorize a draw of \$3.4 million from the Non-Profit Housing Capital Repair Reserve to support Housing York Inc.'s. 2017 capital repairs, as approved in the 2017 Regional budget.

Report dated September 20, 2017 from the Commissioner of Community and Health Services now follows:

1. Recommendation

It is recommended that:

1. Council authorize a draw of \$3.4 million from the Non-Profit Housing Capital Repair Reserve to support Housing York Inc.'s. 2017 capital repairs, as approved in the 2017 Regional budget.

2. Purpose

The existing Council authority for use of the Region's Non-Profit Housing Capital Repair Reserve provides for loans for non-profit housing that is not owned by the Region. This report seeks Council authority to provide a non-repayable draw from the Region's Non-Profit Housing Capital Repair Reserve to support Housing York Inc.'s (Housing York) capital repair needs in 2017, as approved in the Region's 2017 budget.

3. Background

Council established the Non-Profit Housing Capital Repairs Reserve to assist housing providers with funding capital repairs

The Region is responsible to financially support over 3,800 social housing units owned and operated by 36 non-profit housing providers, in addition to the 1,865 social housing units owned and operated by Housing York. The social housing programs devolved to the Region in 2001 did not have sufficient capital reserves to maintain buildings over the course of their lifecycles. Although most housing programs made provision for capital 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 useful life.

To help address this issue, Council established the Non-Profit Housing Capital Repair Reserve in 2002. The purpose of the reserve is to ensure the social housing stock is maintained in a state of good repair. Through the annual budget process, \$9.3 million is contributed annually to this reserve from the Community and Health Services budget. As of December 2016, the Non-Profit Housing Capital Repairs Reserve balance was \$42 million.

Housing York funds capital repairs from its own capital reserves and Regional subsidies

Housing York owns buildings constructed under a variety of housing programs. Newer buildings, constructed since the Region became responsible for housing, are developed with budgets that enable Housing York to build the capital reserves needed to maintain the buildings over the long term. Housing York's older buildings, built under a variety of federal and provincial programs were not funded at a level that allowed for adequate capital reserves. The program most impacted by the inadequate funding is the Provincial Reform program, built from the late 1990's to mid-1990's and devolved from the province in 2001. Housing York owns 11 buildings with 1,025 units under the Provincial Reform program.

Although, Housing York makes an annual contribution to the reserve to support capital needs for these older buildings, these contributions are insufficient and funding is required from the Region's Non-Profit Housing Capital Reserve to maintain the asset in a good state of repair.

4. Analysis and Implications

Housing York seeks authority to withdraw the approved capital reserve request

Historically, Housing York has not required funds from the Non-Profit Housing Capital Repairs Reserve because it had sufficient funds in its own capital reserves for repairs. The capital reserve for the Provincial Reform portfolio is now depleted. To maintain the asset in a good state of repair, a reserve draw of \$3.4 million is being requested from the Non-Profit Housing Capital Repairs Reserve.

Housing York is on track to complete over 100 capital repair projects in 2017 at a cost of \$6.5 million. This work includes replacement of roofs, kitchens, windows and doors as well as roadway and parking lot reconstruction. However, with a depleted reserve, Housing York cannot complete all capital repair projects without the \$3.4 million draw from the Non-Profit Housing Capital Repairs Reserve.

5. Financial Considerations

There is \$3.4 million in capital repair funding allocated for Housing York included in the Region's approved 2017 budget. If approved, the \$3.4 million for Housing York in the 2017 Regional operating budget would be transferred to Housing York as a reserve draw. Staff will continue to investigate funding sources to potentially offset the reserve draw.

Housing York is currently developing a fiscal plan to be presented to Housing York's Board of Directors in November 2017. The fiscal strategy is a key deliverable to build Housing York's long-term financial sustainability. An important aspect of the fiscal strategy is a more consolidated approach to managing Housing York's capital reserves which are currently done in accordance with traditional housing program rules. Ongoing Housing York capital repair subsidies for future years will be included in the fiscal strategy and funding requests will be considered through the budget process.

6. Local Municipal Impact

Social housing buildings are located in every municipality. Thousands of York Region's residents live in social housing communities and thousands more are on the waiting list. Well-maintained buildings in a healthy environment are an important community asset.

7. Conclusion

Social housing is a valuable community asset, and Housing York is a valuable asset of York Region. Providing the additional funding for Housing York capital repairs will ensure that the Region-owned affordable housing assets are well maintained in order to preserve these assets for long-term use.

For more information on this report, please contact Rick Farrell, General Manager, Housing Services at 1-877-464-9675 ext. 72091.

The Senior Management Group has reviewed this report.

September 20, 2017

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