



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Malcolm Hunt, Director of Planning and Development Services

MEETING DATE: February 10, 2011

SUBJECT: Report PLHDJSSC11-01
Bill 140 and the Province's Long Term Affordable Housing Strategy (LTAHS)

PURPOSE

A report on the proposed provincial "*Bill 140: Strong Communities through Affordable Housing Act*" and the associated provincial Long Term Affordable Housing Strategy.

RECOMMENDATION

That Joint Services Steering Committee approve the recommendation in Report PLHDJSSC11-01 dated February 10, 2011, of the Director of Planning and Development Services as follows:

That Report PLHDJSSC11-01 be received for information.

BUDGET AND FINANCIAL IMPLICATIONS

There are no budget and financial implications arising from this recommendation. Budget and financial implications for the City of Peterborough, as Service Manager for Housing and Social Services, may be assessed once details are available about the regulations and any new funding opportunities.

BACKGROUND

The Minister of Municipal Affairs and Housing, Rick Bartolucci introduced the government's Bill 140: *Strong Communities through Affordable Housing Act* and the Long Term Affordable Housing Strategy (LTAHS) on November 29, 2010. The new legislation and regulations are proposed to come into effect on January 1, 2012.

The proposed new legislation offers a broad vision for social, affordable housing and homeless programs, and creates greater authority for the City of Peterborough, as Service Manager, in housing and homelessness. (Please see APPENDIX A for the Summary of City of Peterborough's Housing and Homelessness Responsibilities, which provides current information about existing responsibility.)

The proposed new legislation articulates provincial interests in housing, directs municipalities to have second unit planning policies, and confirms a policy setting role for the province in housing and homelessness.

Opportunities for the City and County

Bill 140 and the proposed LTAHS offer opportunities for the City of Peterborough in its role of Service Manager for housing for the City and County areas, to establish a local vision and strengthen its role in housing and homelessness programs and services.

A key concept in the LTAHS is the "housing continuum" which includes services for homeless people, social and rental housing, and ownership housing. The LTAHS looks at how needs in a community are addressed at all points along the continuum. The province emphasizes that people, in neighbourhoods and in communities, need to work in partnership, through co-ordinated efforts, to achieve a better housing system.

The LTAHS offers perspective on services to homeless people, and supports a 'client-centred approach' in which housing solutions are available for this population. In Peterborough, this approach has begun in a refurbished shelter for women (Cameron House) where eight transitional rental units are under construction, paid for under the Federal-Provincial Affordable Housing Program (AHP) in 2009. The refurbished project will stabilize housing and provide support to help chronic shelter users live independently. In the future, the City could consider plans for a similar initiative for single men.

The LTAHS addresses new residential development. The City of Peterborough will be required to expand affordable housing opportunities in the City and County for lower and moderate income households, develop and implement strategies to address housing need and establish targets for new residential construction, including second unit

planning policies. Already work is underway in the City of Peterborough through the Official Plan Review, Downtown Master Plan and other land use activities. The new legislation will provide additional opportunities for the City of Peterborough, the County and local Townships to establish local housing priorities to guide and stimulate a range and mix of new residential construction and second units in houses, at all levels of affordability.

Bill 140 and the proposed LTAHS do not immediately commit new funding for affordable rental construction, or other housing-related programs. Negotiations are still underway with the federal government on their commitment to continue the Canada-Ontario Affordable Housing Program (AHP) for three more years. As an indication of maximum annual funding levels, since 2003, the City of Peterborough secured \$33M in AHP funding. The majority of this was used to build new affordable rental units, for low to moderate income seniors, singles and families.

Economic and Social Considerations of Housing Programs

The City and County benefit economically as well as socially from the housing projects that the Service Manager initiates. Jobs are created in construction and related industries. Current estimates are that 2.4 full time jobs are created for every new housing unit constructed. Property tax paid by social and affordable housing was about \$3M in 2010. Within the City, the assessed value of new multi-residential tax class is forecast to increase by 43% in 2011, largely because of completions in the affordable housing sector.

Peterborough's direct involvement in affordable housing programs has been driven by local need. Over 6,000 households (i.e. permanent residents) in this area pay too much of their gross income on housing costs and are considered to be in 'core housing need' by Canada Mortgage and Housing Corporation (CMHC). Peterborough's Census Metropolitan Area (CMA) has the highest 'core housing' need among all CMAs in Canada (Table 1).

Table 1: Top Five Canadian CMAs – Percentage of households spending 30% and 50% of gross income on housing (2006 Census)

CMA	Over 30%	Over 50%
Peterborough (ON)	50.4%	22.8%
Kingston (ON)	48.0%	21.8%
Kelowna (BC)	47.9%	22.7%
Barrie (ON)	47.9%	22.8%
Windsor (ON)	47.2%	22.5%

In addition to general concerns about supply of affordable rental housing for the low-income population in the Peterborough area, other local concerns include:

- Proportion of low-income seniors is high, and suitable housing options are limited
- Private sector rental repair issues are prevalent
- Rural and urban dimension of the housing problem
- Need for transitional and supportive housing opportunities for people with unique challenges, and very low-incomes

Implications for Housing and Homelessness Service Planning

Bill 140 requires Service Managers to have a 10 year Housing and Homelessness Plan to assess need, set local priorities, objectives, targets and performance measures. Plans will be reviewed at least every five years, and will require community input. In 2011-12, provincial staff will work with municipal staff to support the development of local housing and homelessness plans. The province will review and offer comments, but Peterborough City Council will have final approval authority for the plan, which is due at the end of 2012.

Bill 140 creates a more comprehensive accountability structure within broad provincial interests in a system of housing and homelessness (e.g. focus on positive outcomes within a range of housing options; provide housing before addressing any other challenges; support role for non-profit and private sectors; treat people with respect and dignity; co-ordinate housing with other community services). Enhanced accountability allows for increased flexibility for Service Managers to design and implement local programs and services to address local needs and improve outcomes for people, rather than using current provincially prescribed programs.

As a first step, the province will consolidate five homelessness related programs (Consolidated Homelessness Prevention Program, Emergency and Domiciliary Hostels Emergency Energy Fund, and Rent Bank). The City provides about \$1.2M in annual funding to community agencies under various programs, for which the City receives over 80% from the province. Program consolidation may provide the City with an opportunity to align local homeless programs to local needs, with fewer provincial, program-specific constraints on how funding is used.

In 2009, the City began a process to draft a Housing Strategy as required under the Planning Act, recommending targets for affordable housing and determining local housing priorities, including strategies to meet intensifications targets under the Places to Grow land-use legislation. City of Peterborough staff held consultations and established a Working Group, including staff and local community leaders, to produce a preliminary draft. As well in 2009, the City conducted a comprehensive review of its emergency shelter program, and recommendations to strengthen the shelter system through improvements to operations and accountability, funding, and a greater emphasis on a case management approach.

The provincial requirement for a local Housing and Homelessness Plan will provide an

opportunity for discussion about the draft Housing Strategy and homelessness service planning, within the context of the City's role at various points along the housing and homelessness continuum. The draft Housing Strategy may provide an appropriate starting point for the Housing and Homelessness Plan, where recommendations for the City's priority for new affordable housing projects among other items, can be considered.

Changes in Social Housing Funding and Administration

Bill 140 proposes greater flexibility for local decisions for social housing within the requirement for the City to maintain a pre-established "service level standard" for social housing. The legislation also proposes new objective performance measures (e.g. housing affordability index) and new methods of community input (e.g. social housing tenant satisfaction surveys).

Among the proposed new flexibilities are: deciding which eligible households may be offered rent-geared-to-income housing; managing social housing mortgages; selling and replacing social housing property; and making decisions about social housing projects in difficulty. The City is expected to maintain "service level standards" as buildings age, mortgages are paid off, and operating agreements expire, so flexibility in portfolio management may be essential.

The province proposes to change the way rents are calculated, and what counts as income in these calculations (ie rent-geared-to-income (RGI) calculations). This may have a financial impact on the City. If rents go down, City subsidies to social housing providers may go up. New approaches to calculating rent, to consolidate this function in one instead of several provider locations, may be recommended, to achieve cost-efficiencies and to allow the City to adapt to new income verification rules. Also, annual subsidies to Peterborough Housing Corporation (PHC) which are now determined through an annual budget process, may change with the proposed provincially-prescribed funding formula.

The City will need to look at risk management and contingent liability for risks associated with the performance of social housing mortgages. Current value of outstanding social housing mortgages is approximately \$60M or about half the assessed value of the portfolio. All social housing mortgages are currently in good standing. Currently, the province holds contingent liability for these mortgages and has the final say on any changes impacting these mortgages (e.g. sale, severance, renewal and restructuring of debt). Should the City be given these responsibilities, assessment and disclosure of associated risks may be required.

Other Implications of Bill 140

Social Housing Services Corporation is renamed to the Housing Services Corporation, and its mandate expanded. The province states its commitment to energy efficiency, partnering with Infrastructure Ontario to promote a green energy loan initiative for social

housing providers and undertaking research on energy efficiencies in multi- residential buildings.

The *Planning Act* will require municipalities to establish official plan policies and zoning by-law provisions allowing secondary units and will add “affordable housing” to the “matters of provincial interest”. The *Residential Tenancies Act* will change administrative procedures in applications to the Landlord Tenant Board.

Bill 140 proposes to replace the *SHRA* with the *Housing Services Act*. In 2000, the City as Service Manager was legislated to be the funder and administrator of social housing, as one of 47 municipalities designated by the province, under the *Social Housing Reform Act (SHRA)*.

Next Steps

The Association of Municipalities of Ontario (AMO) and the City of Toronto have a Memorandum of Understanding with the Province of Ontario, whereby discussions will be scheduled at a political level for any legislation that impacts municipal spending.

Regulations will be developed by the province in the first quarter of 2011. There will be provincial-municipal-stakeholder working groups to provide advice on these regulations. The proposal is that Bill 140 will receive Royal Assent before the Ontario Parliament prorogues for the October 2011 provincial election.

The Housing Division will prepare subsequent reports about the details and impact of Bill 140 and its regulations. Options for policy direction and action for housing and homelessness will be recommended to Joint Services Steering Committee and City Council as appropriate. This work will proceed through collaboration between the City’s Housing Division and Social Services Division.

Submitted by,

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Appendix A – City of Peterborough’s Housing and Homelessness Responsibilities

APPENDIX A

Summary of City of Peterborough's Housing and Homelessness Responsibilities

The City of Peterborough as Service Manager for the City and the County offers housing and homelessness programs. By in large, the province is a major contributor to the cost of these programs. Some programs are mandated and must be paid for entirely by the City and County (e.g. social housing). Other programs are not mandated and are paid for by the province (e.g. AHP is 100% provincially funded, hostels are 81.2% provincially funded but this is increasing to 100% by 2018).

Provincial funding is generally allocated to Peterborough on the basis of population, or under a cost-sharing agreement. As a general rule, Peterborough can expect allocations of about 1% of the provincial total in any given housing or homelessness program.

1. Social Housing

The City funds and administers the local social housing portfolio, which is a portfolio of rent-geared to income housing, with some market rent units. There are 21 non-profit housing providers (1,887 rental units) including Peterborough Housing Corporation (PHC). Some of these providers have operating agreements that will expire in the next few years. Nevertheless, the City's 'service level standard' is 1,487 units, which was minimum required number of units established by the province based on the original funding program for local providers.

Eligible households apply to social housing through waiting lists, the largest of which has over 1,500 households. Families, seniors and singles live in social housing, and about 80% of tenants are working or collecting pensions (i.e. not on social assistance).

Rent revenue pays for about half of the providers' operating costs. The City makes up the balance with \$10.5M in annual subsidies, which is cost-shared with the County, and oversees the operation of the portfolio and provides management and other support as required. Over \$7M in provincial repair funding for this portfolio has been provided over the last few years. The proposed new legislation increases local autonomy for the social housing portfolio.

2. New affordable housing

Since 2003, the City has used 100% provincial programs for a variety of new housing initiatives. For instance, the City provided almost \$26M to build 19 affordable rental projects (487 rental units) occupied by low-income seniors, families and disabled adults. Rents in these projects are set at three levels: 30% of income (48 units); 20% below average market (195 units); average market rent (244 units). The City does not provide

any annual operating subsidies or management oversight for these projects. Also, the City has offered 50 homeownership loans for a renter's down payment. The proposed new legislation does not appear to directly affect the City's oversight in these programs, which are governed by program administration agreements with the province.

3. Other housing related programs

Housing Allowance Rent Supplement Program (HARS) and Rental Opportunities for Ontario Families (ROOF) offer rent assistance, and together provide \$175,000 annually until 2013 and 2012 respectively. The Rent Bank Program prevents evictions due to unpaid rent, and provides almost \$60,000 annually. Over 250 households are helped each year using these programs. The proposed new legislation is silent on whether these provincial programs will be continued.

The newest program is the Peterborough Rent Support and Stabilization Program, and offers stabilization payments to landlords on behalf of eligible households. This is a provincially funded program, providing about \$130,000 annually until 2013.

4. Homelessness Programs

The City is also the Service Manager responsible for administering four programs focused on preventing and reducing homelessness, providing emergency relief and stabilizing households. The Consolidated Homelessness Prevention Program (CHPP) is used by the City to support services offered by community agencies and is funded through 100% provincial funding of about \$172,000 annually. The Emergency Hostel Program provides shelter for men, women, youth and families. It is funded through 81.2% provincial funding (i.e the per diem costs) of approximately \$895,000 annually. The City supports the operation of the shelters through per diem and base funding, providing approximately \$559,999, which is cost-shared with the County. The Domiciliary Hostel program provides shelter and nursing care for two individuals at a local retirement residence. It has reduced in size over the years due to an earlier council decision to accept no new intakes. The Province provides approximately \$10,000 for this program and the City contributes \$5,000. The Emergency Energy Fund provides people at risk of losing their housing with emergency financial assistance to pay energy bills, and is funded through 100% provincial funding of about \$21,580 annually.

These four programs, and the provincial Rent Bank Program (outlined in number 3 above) are to be consolidated by the province shortly. The Homelessness and Housing Plan may be a tool to guide local service priorities and changes to funding allocations once the consolidation is complete.