

Consolidated Clause in Community Services Committee Report 3, which was considered by City Council on May 23, 24 and 25, 2006.

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**Review of the Social Housing Reform Act
and its Regulations**

City Council on May 23, 24 and 25, 2006, adopted this Clause without amendment.

The Community Services Committee recommends that City Council adopt the staff recommendations in the Recommendations Section of the report (May 2, 2006) from the General Manager, Shelter, Support and Housing Administration.

Action taken by the Committee:

The Community Services Committee referred the submissions made by the speakers to the General Manager, Shelter, Support and Housing Administration, as input on the review of the Social Housing Reform Act.

The Community Services Committee submits the report (May 2, 2006) from the General Manager, Shelter, Support and Housing Administration.

Purpose:

To review the Social Housing Reform Act and its Regulations and their impact on community management of social housing.

Financial Implications and Impact Statement:

There are no financial implications associated with this report.

Recommendations:

It is recommended that:

- (1) Council reiterate its support for community-based management of social housing, including non-profit and co-operative housing;
- (2) Council support a review of the *Social Housing Reform Act* which examines and addresses at a minimum: the impact of the Act on the viability of community management and decision making; the appropriate balance between city and provincial accountability requirements and community-based decision-making;

- (3) in conducting the review, the General Manager, Shelter, Support and Housing Administration work in partnership with and seek input from sector organizations representing community-based management, including the Ontario Non-Profit Housing Association, the Co-operative Housing Federation of Canada (Ontario Region) and the Social Housing Services Corporation;
- (4) the General Manager, Shelter, Support and Housing Administration report back early in the new term of Council on findings and recommendations; and
- (5) City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The *Social Housing Reform Act* (SHRA), was enacted in December 2000. Under the SHRA, municipalities assumed responsibility for the funding and program administration of social housing projects previously funded and administered by the Ministry of Municipal Affairs and Housing (MMAH) and/or Canada Mortgage and Housing Corporation (CMHC).

On January 1, 2001, in stage one of the transfer, ownership of the public housing stock (now part of Toronto Community Housing Corporation "TCHC") as well as responsibility for its funding and program administration was transferred to the City. On May 1, 2002, in stage two of the transfer, responsibility for the funding and program administration of the other social housing programs was transferred to the City. The stage two transfer included programs formerly funded and administered by MMAH and those programs, formerly administered by CMHC, that were transferred to the Province under the Social Housing Agreement in November 1999. Federal co-operatives were not part of the Social Housing Agreement. Their administration remains with CMHC.

The social housing portfolio now includes 58,200 units in TCHC, of which 90 percent are rent geared-to-income and 28,000 units in community non-profits and co-ops, of which 53 percent are rent geared-to-income. An additional 2,600 households in private sector buildings pay geared-to-income rent under rent supplement programs.

Social housing was built to provide affordable rental accommodation for low and moderate income households in the City of Toronto. The City's role as Service Manager in the program administration of social housing includes not only funding, but also ensuring housing providers adhere to program requirements, establishing operating policies and providing advice, guidance and training to housing providers. Housing providers continue to own their properties and manage their day-to-day operations.

According to the Ontario Municipal CAO's Benchmarking Initiative (OMBI) results, the City's Service Manager function is being administered efficiently.

Some of the financial challenges of managing the social housing portfolio have recently been brought to Council's attention. In 2005, Council adopted reports on the building condition assessment and capital reserve fund requirements for community non-profits and co-ops as well

as on TCHC's capital repair needs. The reports concluded that the capital repair needs for the social housing portfolio could not be met without additional funding. Other reports in 2005 and 2006 sought specific approvals for withdrawals from the Social Housing Stabilization Reserve Fund or the Social Housing Federal Reserve Fund to deal with urgent capital repairs.

The City, on its own as Service Manager and as part of the Service Managers' Housing Network, has submitted numerous recommendations for changes to the SHRA Regulations. Many of these changes were recommended as part of a consensus document submitted by the Service Managers' Housing Network, the Co-operative Housing Federation of Canada (Ontario Region) and the Ontario Non-Profit Housing Association. In 2005, the Province implemented some of the consensus recommendations.

In a speech to the Ontario Non Profit Housing Association in November 2005, the Minister of Municipal Affairs and Housing indicated that further review of the SHRA is possible. Given the experience gained from working with the Social Housing Reform Act to date, City staff believe that a thorough review of the Act and its Regulations is now warranted.

Comments:

(1) Community-based management of social housing:

Social housing takes various forms:

- (a) Private non-profit housing. Social housing buildings are owned and operated by community-based non-profit corporations, such as churches, seniors' organizations and ethno-cultural groups;
- (b) Co-operative housing. Co-op members, who must be residents of the co-operative, elect the board of directors annually from the membership and contribute to the operation and life of the community through a range of volunteer activities. Co-operative housing is governed by the *Co-operative Corporations Act* (not the *Tenant Protection Act*);
- (c) Municipal non-profit housing. In Toronto, TCHC is governed by a board of directors appointed by Council and reports to Council annually on the implementation of its Community Management Plan; and
- (d) Urban native housing, operating as private non-profit or co-operative housing for Aboriginal people.

The City, as service manager, administers 156 community non-profits with approximately 20,300 units operating under the Social Housing Reform Act or, for housing providers transferred from the federal government (CMHC), operating under their federal operating agreements. The City also administers 69 non-profit housing co-operatives with approximately 7,600 units operating under the Social Housing Reform Act. Federal program housing co-operatives were not part of the housing stock downloaded to the City and continue to be administered by Canada Mortgage and Housing Corporation.

In TCHC, which includes the former public housing portfolio as well as the former City and Metro sponsored housing, approximately 90 percent of the units are rent geared-to-income. By contrast, in Toronto's community based non-profits and co-ops, approximately 53 percent of the units are rent geared-to-income. Residents paying market rents live side by side with those of low and modest means.

The shift to community based housing from the earlier public housing model was grounded in the belief that community groups could provide better service to the residents, with greater commitment to the people they serve and an ability to be flexible and innovative. Three decades of experience with community-based housing have proven this belief to be well-founded. Local mixed-income co-operative and non-profit housing groups have enjoyed a public acceptance that seems to have eluded former public housing projects. Many of Toronto's mixed-income communities that are thriving include community-based social housing developments. Perhaps the best example of this is the St. Lawrence Market neighbourhood.

(2) The Social Housing Reform Act:

The *Social Housing Reform Act* terminated provincial program operating agreements with housing providers. The operating agreements were replaced by an "operating framework" which forms part of the SHRA. Operating agreements with housing providers in the federal programs remain in force. The City is obliged to implement the SHRA and is responsible to the Province for ensuring housing provider compliance with the SHRA.

The parts of the SHRA which apply to transferred housing providers, other than federal, are:

- (a) Part V, "Eligibility for Assistance", and its associated Regulation 298, entitled "Rent-Geared-To-Income Assistance and Special Needs Housing".

This Regulation provides details on the administration of the geared-to-income assistance program. Among the topics covered by this regulation are:

- (i) Eligibility rules for social housing;
- (ii) Eligibility rules for the Special Priority Program for victims of abuse;
- (iii) Special needs housing;
- (iv) Occupancy Standards;
- (v) Centralized waiting list and priority rules;
- (vi) Requirement to report mid-year changes of income and to recalculate rent;
- (vii) Requirement to complete an annual review of each household's eligibility, including unit size and household rent;

- (viii) Calculation of RGI rent and effective dates of rent changes;
 - (ix) Requirements for the notices that housing providers must send, including timeframes;
 - (x) Requirements for internal review of decisions, including timeframes; and
 - (xi) Requirements for information to be made available to the public.
- (b) Part VI, “Operating Framework — Certain Transferred Housing Programs” and its associated Regulation 339, entitled “Housing Projects Subject to Part VI of the Act”, usually referred to as the operating framework.

This Regulation provides details on the responsibilities of housing providers and the funding of housing providers, as well as details on program administration. Among the topics covered by this regulation are:

- (i) Governance by housing providers;
- (ii) Selection of households for units;
- (iii) Leases and occupancy agreements;
- (iv) Capital reserve requirements; and
- (v) Subsidy calculation.

Part VI of the SHRA provides a set of tools that Service Managers can use if a housing provider gets into difficulty. This gives Service Managers greater ability to stabilize the operations of projects in difficulty than the Province had available to it when it administered the social housing program.

The SHRA provides the City, as Service Manager, with limited ability to set local rules. Council has previously approved local access priorities, local occupancy standards, granting of mandates to social housing providers, policies for the management of the centralized waiting list, and an internal review process for the centralized waiting list. Service Managers have no ability to set rules in other areas.

Housing providers have very limited ability to set rules. Housing providers maintain the right to interview potential applicants. Grounds for refusal are limited to rental payment history, or in the case of co-operatives, the household can't or won't accept its responsibilities as a member. The SHRA regulations require housing providers to establish internal transfer and guest policies. Housing providers can decide on the timeframes for returning annual review income verification documents. A recent amendment now allows cooperative housing providers to establish, through bylaws, reasonable charges for the enforcement of policies and bylaws.

The SHRA has presented significant financial and administrative challenges for the City. Most notably, the cost benchmarking system required by the SHRA has only recently been implemented. Much approval authority still rests with the Minister. For example, every easement, sale of land, or redevelopment must be approved by the Minister.

(3) Changes to the SHRA:

As soon as the *Social Housing Reform Act* and Regulations were in place, the previous provincial government started to amend the regulations, mostly to correct mistakes or clarify intent. In the summer of 2002 the Province agreed to do a more systematic review of the regulations.

In October 2002, and January 2004, the Service Managers' Housing Network, the Co-operative Housing Federation of Canada (Ontario Region) and the Ontario Non-Profit Housing Association made joint submissions to the Ministry of Municipal Affairs and Housing on regulation changes that would improve the program.

The Province created Regulation review teams, with municipal and sector organization representatives, in the following areas:

- (a) Rent geared-to-income calculation rules;
- (b) Service level standards – the minimum number of RGI units that each Service Manager must provide in its service area; and
- (c) Benchmarked operating costs used in determining the funding levels of individual housing providers.

In the spring and fall of 2005, some of the consensus recommendations from the various consultations were adopted through regulation amendments. Among the changes were the following:

- (i) housing providers can now offer RGI subsidy to the highest ranked market rent applicant on their subsidiary list if they are below minimum target, and if the service manager agrees. This means that RGI applicants who live in social housing and pay market rent can receive a subsidy for their unit, if the provider has less RGI units than the minimum number required;
- (ii) the Service Manager may extend the time frame for households to provide documents during the time period specified or after the time period specified. This reduces the possibility for loss of RGI subsidy because of failure to provide documents on time;
- (iii) the Service Manager may decide when to remove eligibility or not remove eligibility for RGI when a household has otherwise ceased to be eligible;

- (iv) a co-operative housing provider can charge reasonable charges for the enforcement of by laws and policies, provided that the charges are approved by the membership under the co-op's by-laws. Co-ops can now charge for such things as late payment fines or lockout charges; and
- (v) the membership committee of a co-operative is deemed to have made the decision to refuse to offer a unit. Since boards normally ratify the decision of the membership committee to refuse an applicant, this had precluded board participation in SHRA mandated internal reviews. This change now makes board participation possible.

In several areas, the Regulation amendments give the service managers the flexibility to set local rules. In some cases, the City may choose to delegate the rule setting to housing providers. To this end, the Social Housing Unit of the Shelter, Support and Housing Administration Division will be meeting with stakeholders in late spring to review recommendations for City rules in the new areas of discretion. This will include members of the community non-profit and co-operative housing sectors and TCHC, as well as representatives of a variety of housing stakeholder organizations.

Staff have recently participated in a review of all the recommendations previously submitted by service managers but not incorporated into regulation amendments. A sub-committee of the Service Managers' Housing Network, including a representative from the City, will be reviewing all the recommendations that were not part of the consensus submission to determine if more of them should be put forward by the Network. The Province has committed to reviewing the Networks' recommendations and considering further regulation changes.

(4) Towards a broader review of the SHRA:

After four years of municipal experience in administering social housing programs, municipalities and sector organizations have a clearer understanding of the strengths and limitations of the SHRA. While the SHRA is strong on accountability requirements, the legislation provides limited room for local flexibility and decision making. A broad review of both the SHRA and its regulations is now warranted. Such a review would examine and address at a minimum the impact of the Act on the viability of community management and decision making and the appropriate balance between city and provincial accountability requirements and community based decision making.

A review of access to social housing in the City is scheduled for this year. This review will focus on how the access system, as mandated by the Social Housing Reform Act and through local rules such as access priorities and occupancy standards, addresses the needs of social housing applicants. In preparation for this study, stakeholders will be consulted to ensure that the terms of reference address their concerns and issues.

Conclusions:

This report recommends that Council reiterate its support for community-based management of social housing, including non-profit and co-operative housing. To that end, it is recommended that Council support a review of the *Social Housing Reform Act* which examines and addresses

at a minimum the impact of the Act on the viability of community management and decision making, and the appropriate balance between city and provincial accountability requirements and community-based decision-making.

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The following persons addressed the Community Services Committee:

- Harvey Cooper, Manager of Government Relations, Co-operative Housing Federation of Canada, Ontario Region, and filed a written submission;
- Angie Hains, Toronto Non-Profit Housing Providers Network, and filed a written submission; and
- Tom Clement, Executive Director, and Judith Collins, Co-op Support Worker, Cooperative Housing Federation of Toronto, and filed written submissions.

Councillor Kyle Rae, Toronto Centre-Rosedale, also addressed the Community Services Committee.