

**Report to  
Rapport au:**

**Community and Protective Services Committee  
Comité des services communautaires et de protection  
15 September 2016 / 15 septembre 2016**

**and Council  
et au Conseil  
28 September 2016 / 28 septembre 2016**

**Submitted on September 8, 2016  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2016-CSS-GEN-0003**

**SUBJECT: Social Infrastructure Fund: Social Housing Improvement Program**

**OBJET: Fonds pour l'infrastructure sociale : Programme d'amélioration du  
logement social**

#### **REPORT RECOMMENDATIONS**

**That the Community and Protective Services Committee recommend Council  
approve:**

- 1. That the Administrator, Housing Services, be delegated authority to approve  
the City's Program Delivery and Fiscal Plan, which sets out the details of the**

program and spending plan outlined in this report, and submit it to the Ministry of Housing.

2. That in the event additional funding becomes available under the program due to any reallocation by the Ministry, the Administrator, Housing Services, be delegated authority to amend the Program Delivery and Fiscal Plan and allocate the additional funding in keeping with the process outlined in this report.
3. That where one-time social housing repair funding is made available to the City of Ottawa in the future, the Administrator, Housing Services, be delegated authority to submit program delivery and fiscal plans to the Ministry and allocate the funding in accordance with eligibility criteria, selection, allocation and reporting requirements outlined in Council's \$14 million Housing and Poverty Reduction Investment Plan – Investment Envelope 6 (City Council May 11, 2011, PC Report No 8A, Item 2, [ACS2011-COS-CSS-0005](#)).

## RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande au Conseil d'approuver :

1. que l'administrateur des Services de logement se voie déléguer le pouvoir d'approuver le Plan financier et de mise en œuvre de la Ville, qui établit les détails du programme et du plan de dépenses énoncés dans le présent rapport, et qu'il le soumette au ministère du Logement;
2. qu'en cas d'octroi de fonds supplémentaires dans le cadre du programme par le ministre du Logement en raison d'une réaffectation, l'administrateur des Services de logement ait le pouvoir délégué requis pour modifier le Plan financier et de mise en œuvre et attribuer lesdits fonds en fonction du processus établi dans le présent rapport;
3. que si la Ville d'Ottawa obtient un financement ponctuel pour la réparation des logements sociaux à l'avenir, l'administrateur des Services de logement ait le pouvoir délégué requis pour soumettre des plans financiers et de mise en œuvre au Ministère et affecter l'argent conformément aux critères d'admissibilité ainsi qu'aux exigences de sélection, d'allocation et de présentation de rapports énoncés dans la description de l'enveloppe d'investissement 6 de 14 millions de dollars du Plan d'investissement dans le logement et la réduction de la pauvreté du Conseil (Conseil municipal, le

11 mai 2011, Rapport du Comité de l'urbanisme n° 8A, point 2, [ACS2011-COS-CSS-0005](#)).

## **EXECUTIVE SUMMARY**

### **Assumption and Analysis**

The purpose of this report is to obtain delegated authority to approve the Program Delivery and Financial Plan (PDFP) for the new federal-provincial Social Infrastructure Fund's (SIF) Social Housing Improvement Program (SHIP) and future authority to allocate one-time social housing repair funding. As part of the SHIP, Ottawa has been allocated \$16.2 million for one year (2016-2017). All funds must be committed by December 31, 2016 and all projects (repairs, renovations and retrofits) must be completed within two years of the commitment date.

### **Financial implications**

Although the City is not required to cost-match the funding, approximately \$3.3 million will be contributed toward social housing repairs under the Council-approved Investment Envelope 6 of the Housing and Poverty Reduction Plan, now known as the Housing and Homelessness Investment Plan (HHIP). Of the \$16.2 million of SHIP funding, up to 5% (\$800,000) will be used to administer all aspects of the program including planning, development, monitoring and reporting to meet the rigorous provincial and federal requirements.

Over 200 projects have been submitted to the Housing Branch from the 54 social housing providers with a total funding ask of over \$38M. Housing providers have been asked to provide detailed project plans for each project submitted; Technical Assessors, Program Administrators and Monitoring Analysts will evaluate and assess each project to ensure that they meet the goals and purpose of the funding.

After funding has been allocated as described below, housing providers will enter into a contribution agreement for each project. Staff will closely monitor each project, confirm that project milestones have been met, approve milestone payments and report all activity on each project to the province on a quarterly basis. Staff must submit to the province confirmation of construction start and completion for each funded project. This will require site visits and auditing of invoices along with providing support and guidance to the providers. Staff will also be required, on an annual basis, to submit an annual program compliance attestation report until the expiry of the ten year affordability period for each social housing project that received SHIP funding.

The total investment of \$18.7 million (\$15.4 of SHIP and \$3.3 of HHIP) will advance the objectives of the City's 10 Year Housing and Homelessness Plan (10 Year Plan) by

improving the state of repairs of our social housing stock and in turn, enhancing the living conditions of our most vulnerable residents.

### **Public Consultation and Input**

From multiple consultations with and recommendations from the housing and homelessness sector through the Housing System Working Group (HSWG) and the 54 housing providers under the administration of the City as Municipal Service Manager<sup>1</sup> (MSM), staff is recommending that 2016-2017 funding be allocated using the following approach:

- Envelope 1 - Allocating approximately \$5.7 million to remedy the identified urgent/critical repair needs for prescribed social housing providers where an urgent/critical project has not been done due to the provider not having the resources to complete the work thereby putting the residents or viability of the housing at risk. As OCHC has benefited from a number of refinancing initiatives and capital grants (described in the discussion section below), the capital available for urgent repairs will only be made accessible to the 53 non OCHC social housing providers who have not had this access to capital and are not in a position to raise capital through refinancing.
- Envelope 2 - Allocating the remaining funds on a per unit basis to the social housing providers that did not receive funding under Envelope 1
  - 67% (approximately \$8.7 million) to Ottawa Community Housing Corporation (OCHC) who operates approximately 66% of the stock<sup>2</sup>
  - 33% (approximately \$4.3 million) to remaining social housing providers

The proposed eligibility criteria, which are set out in the discussion portion of this report, are congruent with those outlined in Council's HHIP Investment Envelope 6 of Document 1 (City Council May 11, 2011, PC Report No 8A, Item 2 ([ACS2011-COS-CSS-0005](#)), and are in compliance with the Province's SHIP Guidelines.

## **RÉSUMÉ**

### **Hypothèse et analyse**

Le présent rapport vise à obtenir le pouvoir délégué pour l'approbation du Plan financier et de mise en œuvre (PFMO) élaboré dans le cadre du nouveau Programme

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<sup>1</sup> Municipal Service Managers (MSMs) are responsible for delivering and administering social and affordable housing and in many cases also deliver homelessness initiatives. MSMs are also responsible for administering social service programs (e.g. Ontario Works, Child Care).

<sup>2</sup> The funding allocated to OCHC is for both urgent/critical needs and other eligible repairs/renovations.

d'amélioration des logements sociaux (PALS) du Fonds pour l'infrastructure sociale (FIS) des gouvernements fédéral et provincial. Il vise également à obtenir le pouvoir requis pour l'allocation de financements ponctuels éventuels visant la réparation des logements sociaux. Dans le cadre du PALS, Ottawa a reçu 16,2 millions de dollars pour l'année 2016-2017. Tous les fonds doivent être engagés d'ici le 31 mars 2017, et tous les projets (réparation, rénovation et modernisation) doivent être terminés au plus tard deux ans après la date d'engagement.

### **Répercussions financières**

Bien que la Ville n'ait pas besoin d'injecter un montant équivalent à celui reçu, elle consacrera aux réparations des logements sociaux environ 3,3 millions de dollars de l'enveloppe d'investissement 6, approuvée par le Conseil, du Plan d'investissement pour le secteur du logement et de la réduction de la pauvreté, maintenant appelé Plan d'investissement dans le logement et la lutte contre l'itinérance. De la somme de 16,2 millions de dollars fournie dans le cadre du PALS, moins de 5 % (800 000 \$) seront utilisés aux fins d'administration générale (planification, mise en œuvre, surveillance et production de rapports) pour satisfaire aux exigences rigoureuses des gouvernements provinciales et fédérales.

Plus de 200 projets ont été soumis à la Direction des services de logement par les 54 fournisseurs de logements sociaux avec une demande de financement totalisant 38 millions de dollars. Les fournisseurs de logements ont été invités à fournir des plans détaillés pour chaque projet soumis. Les évaluateurs techniques, les administrateurs de programmes ainsi que les analystes de surveillance évalueront et réviseront chaque projet afin de veiller à ce qu'ils répondent aux objectifs et au but du financement.

Suite à l'attribution du financement comme décrit ci-dessous, les fournisseurs de logements devront conclure une entente de contribution pour chaque projet. Le personnel suivra de près le développement de chaque projet, confirmera que les jalons ont été atteints et d'approuver les paiements en conséquence et soumettre un rapport sur chaque projet à la province. Le personnel doit aussi soumettre une confirmation de début de construction et l'achèvement de chaque projet financé. Cela nécessitera des visites de sites et d'évaluations de factures ainsi que de fournir un soutien et des conseils aux fournisseurs. Le personnel devra également présenter un rapport annuel d'attestation de conformité du programme jusqu'à l'expiration de la période d'abordabilité de dix ans pour chaque projet de logement social qui a reçu un financement du PALS.

L'investissement total de 18,7 millions de dollars (15,4 millions de dollars du PALS et 3,3 millions de dollars provenant de l'enveloppe du Plan d'investissement dans le logement et la lutte contre l'itinérance) permettra à la Ville de se rapprocher de la

réalisation du Plan décennal de logement et de lutte contre l'itinérance en améliorant l'état de l'ensemble des logements sociaux, ce qui aura pour effet d'améliorer la qualité de vie de ses résidents les plus vulnérables.

### **Consultation publique et commentaires**

À la lumière des consultations avec les intervenants du secteur du logement et de l'itinérance ainsi que de leurs recommandations par l'intermédiaire du Groupe de travail sur les systèmes de logement et des 54 fournisseurs de logements relevant de la Ville, qui agit à titre de gestionnaire des services municipaux<sup>3</sup>, le personnel recommande que les fonds de 2016-2017 soient affectés comme suit :

- Enveloppe 1 – Accorder aux fournisseurs de logements sociaux concernés, sauf la Société de logement communautaire d'Ottawa (SLCO), la somme requise pour effectuer les travaux de réparation jugés comme critiques ou urgents (environ 5,7 millions de dollars) où ces travaux n'ont pas été effectués en raison d'un manque de fonds du fournisseur mettant ainsi les résidents ou la viabilité du logement à risque. Comme la SLCO a bénéficié d'un certain nombre d'initiatives de refinancement et de subventions en capital (décrits dans la section de discussion ci-dessous) ces fonds seront seulement accessibles aux 53 autres fournisseurs de logement social qui n'ont pas eu accès à ce genre de capital et ils ne sont pas en mesure de lever les fonds nécessaires par le biais de refinancement.
- Enveloppe 2 – Accorder le reste des fonds au cas par cas aux fournisseurs de logements sociaux qui ne sont pas visés par l'enveloppe 1.
  - En tout, 66 % (environ 8,7 millions de dollars) iront à la SLCO, qui exploite près de 66 % du parc de logements sociaux<sup>4</sup>.
  - Le reste (33 % ou environ 4,3 millions de dollars) ira aux autres fournisseurs.

Les critères d'admissibilité proposés, qui sont présentés à la section « Discussion » du présent rapport, correspondent aux critères énoncés dans la description de l'enveloppe d'investissement 6 (document 1) du Plan d'investissement dans le logement et la lutte contre l'itinérance du Conseil (Conseil municipal, le 11 mai 2011, Rapport du Comité de l'urbanisme n° 8A, point 2, [ACS2011-COS-CSS-0005](#)). Ils sont également conformes aux lignes directrices du PALS du gouvernement provincial.

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<sup>3</sup> Les gestionnaires des services municipaux sont responsables de la prestation et de l'administration des logements sociaux et des logements abordables et, dans bien des cas, de la mise en œuvre des initiatives de lutte contre l'itinérance. Ils sont également chargés de gérer des programmes de services sociaux (le programme Ontario au travail et les services de garde d'enfants, par exemple).

<sup>4</sup> Les fonds accordés au SLCO visent les travaux urgents ou critiques ainsi que les autres travaux de réparation ou de rénovation admissibles.

## **BACKGROUND**

Ottawa's social housing portfolio is comprised of over 18,500 units operated by 54 housing providers. Unlike other provinces, responsibility for housing in Ontario has been downloaded to municipal governments and represents a significant cost on the municipal property tax base. Before social housing was transferred from the Province to the City in 2001, capital for repairs was disproportionate and significantly underfunded. Between 2007 and 2010, \$88 million in one-time capital grant programs were invested in Ottawa's social housing stock with funding from all levels of government.

Until now, overall funding for one-time grants as part of economic stimulus initiatives from the provincial and federal governments had ended. The City's current yearly budget for repairs for the entire social/affordable housing stock is approximately \$19 million. This amount is well-below the conservative industry standard of 1% to 2% of the total value of the portfolio, which is currently estimated at over \$3 billion. Based on this formula, staff estimates that the annual shortfall in Ottawa, including deferred maintenance, to be approximately \$22M, taking into account existing reserves, annual contributions and planned funding and refinancing. Staff is currently working with the sector on the development of a long-term strategy to address the capital repair needs, which is planned for Committee and Council's consideration and approval in the first quarter of 2017.

In March 2016, the federal government unveiled its Budget, which committed \$2.3 billion in new funding for housing and homelessness over two years as Phase I. In June 2016, the federal government announced funding for social housing repairs, which is to be administered by the provinces and territories and delivered by MSMs. Of the \$574 million, Ontario received \$209 million, of which, Ottawa, as MSM is receiving \$16.2 million over one year (2016-2017). While this funding commitment is notable and significant, municipalities remain the largest contributors to local housing and homelessness services, with Ottawa's share set at approximately 60% of the total yearly budget for the Housing Services Branch (HSB).

## **DISCUSSION**

Similar to other types of publicly-funded infrastructure such as roads and bridges, it is imperative that the social housing system be kept in a good state of repair to remain viable as safe and affordable housing. Over the past 15 years, housing providers and the City have worked diligently to implement various approaches to leverage existing assets to obtain capital for repair. Of note, recent key investments in Ottawa Community Housing Corporation's (OCHC) has included a \$3.1M per annum benefit resulting from the property tax exemption commencing in 2015, one time stimulus of \$11.6M from the

provincial Social Housing Apartment Retrofit Program commencing in June 2016 and over \$111 million in Council-approved mortgage refinancing and asset leveraging from 2012 to 2018.

Improved purchasing procedures and energy conservation measures have also been implemented across the sector. Council, through the 2011 HHIP, has invested over \$16.2 million to date in new funding for social housing repairs. While these efforts continue to be beneficial, additional ongoing capital funding is required to protect these essential public assets to ensure homes remain in a good state of repair.

This funding will provide much-needed resources to address some critical repairs. Capital grants for social housing repair through economic stimulus initiatives have rigorous funding guidelines and short timelines. By providing delegation of authority to the Administrator of Housing, the City will be able to respond quickly and effectively to ensure funding is allocated and projects are completed within the guidelines and timelines required. Funding allocations are provided “on a use it or lose it basis”, therefore funds not fully committed by December 31st, 2016 will be lost and reallocated to other MSMs. Projects must also start within three months of commitment and be completed within two years of the commitment date. The use of the delegated authority will be reported annually as required under By-law 2014-435.

Even though MSMs are not required to cost-match the funding, the City is investing \$3.3 million pursuant to the HHIP for a total investment in social housing repair of \$18.7 million (2016-2017). This investment is in addition to the annual City-funded and legislated base capital allocation for repairs of approximately \$19 million. The eligible repair criteria for social housing providers would be consistent with Investment Envelope 6 of the HHIP. The eligibility criteria described below are also aligned with the federal and provincial funding guidelines and will be used when selecting projects for the 2016-2017 funding.

- Health and Life Safety (Urgent and Critical)
- Legislated / Code requirements (Urgent and Critical)
- Structural and Building Envelope (may be considered Urgent and Critical)
- Critical Building Systems (may be considered Urgent and Critical)
- Accessibility Improvements.
- Energy Efficiency improvements

Staff, through extensive consultation with the housing sector, is recommending the following distribution of funding which will form the basis of the Program Delivery and Financial Plan (PDFP) to the Province:

- Envelope 1 - Allocating approximately \$5.7 million, to remedy the identified urgent/critical repair needs in the sector; OCHC excepted given the key investments noted in the discussion section
- Envelope 2 - Allocating the remaining funds on a per unit basis to the social housing providers that did not receive funding under Envelope 1
  - 66% (approximately \$8.7 million) to Ottawa Community Housing Corporation (OCHC) who operates approximately 66% of the stock<sup>5</sup>
  - 33% (approximately \$4.3 million) to remaining social housing providers

As MSM, the City's Housing Services Branch (HSB) is responsible for selecting and approving all eligible SHIP projects, monitoring progress and completion of projects, quality of work and for the advancement of funds. Up to 5% of the funding will be set aside for costs associated with the planning, development, monitoring and reporting requirements of the program, which is in compliance with the funding guidelines.

Staff has been working closely with the sector over the summer months to lay the ground work to ensure that administrative processes are in place in anticipation of Council's approval of this report. In an effort to expedite the process to meet established funding timelines, staff issued an Expression of Interest to Social Housing Providers to gauge their needs and requested Letters of Intent and a Project Plan from eligible providers that address one or more of the priorities set for the program.

Staff is currently reviewing and evaluating proposals. Projects that do not meet the urgent and critical repairs requirements will be considered for a provider's per unit allocation. All providers who receive funding under this program must remain as Social Housing under the administration of the City as MSM for a period of five years and must maintain affordability for a period of 10 years from project completion. All Housing Providers must sign a Contribution Agreement with the City confirming the terms and conditions of such funding.

This is an important investment in social housing that will respond to the need for repairs across the city that will include:

- Elevators

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<sup>5</sup> The funding allocated to OCHC is for both urgent/critical needs and other eligible repairs/renovations.

- Heating/Boiler systems
- Accessibility modifications
- Unsafe balconies and stairs
- Failing retaining walls
- Replacement/repair of roofs, windows, foundations.
- Upgrading/replacement of fire and safety equipment
- Mold remediation
- Crumbling concrete roofing slabs in parking garages
- Collapsing masonry walls

## **Conclusion**

The federal government has committed to addressing the affordable housing and homelessness issues across the country by developing a National Housing Strategy which will include the provision of increased funding for new and existing programs and innovative initiatives. For its part, the Province has also made some notable new investments and commitments for housing and homelessness programs as well as progressive policy changes to create a more sustainable housing system. The funding aligns well with the priorities of our 10 Year Plan, and will provide much-needed funding to ensure that our social housing stock is in a good state of repair. The Housing Services Branch (HSB) will report out to the public and the Ministry of Housing on the investment, as part of the 10 Year Plan Update, as required under the *Housing Services Act, 2011*, Ontario Regulation 367/11.

In an effort to address the longstanding funding shortfall for social housing repairs, the HSB has been working with key stakeholders to develop a long-term social housing repair plan. A report is planned for Committee and Council in 2017 that will identify the current and future capital repair needs of the social housing stock, highlight the various initiatives undertaken to date and outline options and strategies for consideration on how the unmet capital repair needs may be addressed.

## **RURAL IMPLICATIONS**

The funding provided under the SIF SHIP can be used to support projects in both the urban and rural areas within the City boundary.

## **CONSULTATION**

In early 2010, the (HSWG) was created to provide guidance and support to the City's HSB in the development and implementation of the Council-approved 10 Year Plan. The HSWG membership includes representatives from a broad range of sectors including: social housing (non-profit and co-ops), shelters, housing and homelessness supports and prevention, supportive housing, the Champlain Local Health Integration Network, the Community Health and Resource Centres, the Royal Ottawa Hospital and the Eastern Ontario Landlord Organization. Committee members have been actively involved in the implementation of the 10 Year Plan since its inception, which commenced January 1<sup>st</sup>, 2014.

In preparation for seeking Council approval of the proposed priorities and investments contained in this report, HSB engaged the HSWG and other stakeholders as well as each of the 54 Housing Providers under administration by the City. The feedback garnered from the group was used to formulate the recommendations and allocations in this report, which are in keeping with the provincial funding guidelines and are aligned with the objectives of the 10 Year Plan.

## **ADVISORY COMMITTEE(S) COMMENTS**

Not applicable.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the implementation of the report recommendations.

## **RISK MANAGEMENT IMPLICATIONS**

The main risks include the possible recovery of unspent funds by the Province due to the short timelines to commit the funding. As part of a comprehensive risk mitigation strategy, staff will monitor expenditures closely and take the necessary proactive steps to ensure the financial viability of projects and maximize the use of available funds to avoid any loss in funding.

## **FINANCIAL IMPLICATIONS**

There are no added costs associated with this report. The operating and capital budgets for 2016 and subsequent years will be adjusted to align with the Program Delivery and Fiscal Plan (PDFP) once approved by the Ministry of Housing.

The contribution agreements signed between the City and the Housing Providers include a clause providing for the repayment of funds by the Housing Provider should the social housing project no longer qualify as Affordable.

## **ACCESSIBILITY IMPACTS**

Ensuring that our social and affordable housing stock is in a good state of repair is a key deliverable of our 10 Year Plan. The recommended investments contained in this report advance the objectives of the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA). Specifically, one of the funding criteria for the social housing repairs relates to accessibility modifications, which will improve the housing conditions for people living with disabilities.

## **ENVIRONMENTAL IMPLICATIONS**

The recommended investments related to capital repairs for the social/affordable housing stock include measures to increase the energy efficiency of buildings, which are beneficial to the environment.

## **TERM OF COUNCIL PRIORITIES**

The recommendations in this report are aligned with the 2015-2018 Term of Council Strategic Plan and address Strategic Initiative #40 The 10 Year Housing and Homelessness Plan, under the Strategic Priority of Healthy and Caring Communities, specifically the Strategic Objective HC3: create new affordable housing options; ensuring access to, and availability of, a range of housing options to meet the needs of our vulnerable residents for today and tomorrow. The recommendations in this report also support the following Strategic Priorities including:

- Sustainable Environmental Services
- Governance, Planning & Decision-Making
- Financial Sustainability

## **DISPOSITION**

Upon Council approval of the proposed priorities and investments described in this report, the Administrator, Housing Services will approve the PDFP and submit the latter to the Ministry of Housing for approval. Once the Ministry has approved the PDFP, the HSB will enter into agreements with housing providers by December 31<sup>st</sup>, 2016 and allocate the new federal-provincial Social Infrastructure Fund's (SIF) Social Housing Improvement Program (SHIP) funding accordingly. Staff will report to the Province as required for the duration of the program, which includes quarterly and annual reports for each project.