

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

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DATE 4 February 1999

TO/DEST. Co-ordinator, Community Services Committee

FROM/EXP. Special Advisor on Social Housing

SUBJECT/OBJET **FEDERAL NON-PROFIT AND CO-OPERATIVE HOUSING**

DEPARTMENTAL RECOMMENDATIONS

That the Community Services Committee recommend Council:

- 1) **Endorse the position of the Social Housing Working Group that social housing projects which are unilaterally administered by the federal government should not be transferred to the Province and ultimately to the Region; and**
- 2) **Request that the Regional Chair write to Minister Alfonso Gagliano, federal Minister responsible for Housing and to the provincial Minister of Municipal Affairs and Housing to advise them of this position.**

BACKGROUND

As a component of provincial/municipal service re-alignment, the Region has been given responsibility for funding the provincial share of social housing costs, effective January 1, 1998. Ultimately, it is the intent of the Province that the Region assume responsibility for administering those provincial and federal/provincial housing programs which have been administered by the Province. In Ottawa-Carleton, this involves approximately 18,000 units of social housing.

There are an additional 7,000 units of social housing in Ottawa-Carleton which are currently administered by the federal government. In 1996, the federal government announced its intention to devolve the administrative responsibility for social housing which was still being administered by the federal government to the provinces. Since then, the federal government has signed seven agreements with provinces and territories which transfer administrative responsibility but also commit the federal government to fund the federal portion of the subsidies for the remaining life of the agreements. It had been assumed that a similar agreement would be negotiated with Ontario. However, the situation in Ontario is unique as it is the only province which has downloaded the provincial financial obligations for social housing to municipalities and intends to

download administrative responsibility as well. A new federal/provincial agreement is required before the Province could transfer any administrative responsibility to the 47 Consolidated Municipal Service Managers (CMSMs), of which Ottawa-Carleton is one.

On January 21, 1999, the federal government announced that it will not transfer responsibility for federally-funded co-operative housing to Ontario, but would transfer the remainder of its social housing portfolio (except programs which have been retained in federal jurisdiction such as On-reserve housing). This announcement was the subject of discussion at the last meeting of the Social Housing Working Group, the Region's advisory body on social housing issues.

DISCUSSION

1. Need for Federal Social Housing Involvement

Regional Council has previously endorsed the position that the federal government should continue to fund social housing assistance. Given the enormity of housing need and the high cost of providing a meaningful level of support, it is not appropriate that this cost be borne by the regional tax base, a fact which was acknowledged in the final report of the province's Social Housing Committee. The federal government has a 50-year history of funding social housing, it has entered into long-term agreements with social housing providers to make social housing available and it is logical that it continue to uphold its social housing involvement.

It is also clear that having a direct involvement in some housing delivery allows the federal government to intervene to deal with problems of a significant national scope. This was apparent in late December, 1998 when the federal Minister responsible for Canada Mortgage and Housing Corporation (CMHC) announced the expenditure of \$50 million for housing renovation programs targeted to low-income Canadians and the homeless. While renovation programs are not the most effective programs for dealing with the homeless and low-income population, this is an area where CMHC continues to be directly involved in housing delivery, and was the vehicle chosen to target this additional federal expenditure. Where the federal government is involved in program administration or delivery, there is a greater likelihood that additional funds will be provided.

2. Federal support for Non-Profit and Co-operative Housing

The federal government, in the past, has funded both non-profit and co-operative housing programs. Although there are some differences in governance models between housing co-operatives and non-profits, there are no significant differences between the programs operated by the two types of housing providers. Non-profits owned and operated by municipalities, churches, service clubs and other community groups are similar to non-profit housing co-operatives in that they both house low and moderate income people and operate under similar financial and accountability structures.

According to the press release, the federal government's decision to retain responsibility for federal co-operative housing is based upon its difference from other social housing programs. However, this does not seem to be sufficient rationale for separating these two types of housing delivery agents. In fact, the similarities among programs would provide stronger rationale for treating them equally. Furthermore, if, as noted above, there is good reason to retain federal involvement in housing, it should be for all types of housing providers.

3. The Region's costs may increase with the transfer of additional units.

To date, the Province has not provided any recompense for social housing administrative costs to the Region, nor is there any indication that administrative costs will be covered when the full responsibility for social housing administration is downloaded. Adding responsibility for administering federal projects adds approximately one-third more units to the total portfolio of social housing, and creates additional complexity because of the different design of programs involved. The Region's administrative costs would, therefore, increase if federal programs are transferred along with those which are provincially-administered.

In agreements signed with other provinces, the federal government has made a lump-sum transfer available to the province in order to offset risks associated with future increases in costs due to inflation and changes in interest rates, or losses on loans owing by third parties. The Region, along with other municipalities, has argued that any such lump-sum amount in Ontario should be transferred directly from the Province to the CMSMs. However, no indication has been forthcoming from the Province that they would be willing to do so. As a result, the inclusion of the federal portfolio in the Region's financial and administrative responsibility would carry the risk of higher subsidy costs down the road.

In addition to these costs, the removal of the federal government from the social housing field increases the pressure which will be applied to the Region to add to the stock of social housing and to replace federal subsidies when they expire some years down the road. Should the federal government continue to have some involvement in social housing delivery and administration, the likelihood of them reviving their interest in new social housing funding is increased. This would be a welcome move in Ottawa-Carleton, given that there continue to be approximately 15,000 households on the waiting list for social housing assistance and little opportunity to expand the availability of units.

PUBLIC CONSULTATION

This document has been reviewed by, and represents the views of the Social Housing Working Group, a representative body of the housing community in Ottawa-Carleton. Other municipalities in Ontario, including Toronto, have taken the position that federal unilateral programs, including non-profit programs, should stay with the federal government. The Ontario Non-Profit Housing Association (ONPHA) and the Co-operative Housing Federation (CHF) have both argued that the federal government should not transfer administrative responsibility for their programs to the Province.

FINANCIAL IMPLICATIONS

There are no immediate financial implications of this report, although, as noted above, the transfer of federal social housing to the Region would likely increase downstream social housing costs at the regional level.

CONCLUSION

It would be advantageous to the Region for the federal government to retain its responsibilities in the Social Housing area. If the federal government intends to do so, it should continue its involvement with all types of social housing providers. This would increase the possibility of federal participation in resolving Ottawa-Carleton's outstanding housing problems.

*Approved by
Joyce M. Potter*