



Committee Report

Report HDR-CW-12-17

To: Warden Barfoot and Members of Grey County Council
From: Anne Marie Shaw, Director of Housing
Meeting Date: November 23, 2017
Subject: Transition and Transformation of the Grey County Housing System
Status: Recommendation adopted by Committee as presented per Resolution CW256-17; Endorsed by County Council December 14, 2017 per Resolution CC06-18;

Recommendation

- 1. That report HDR-CW-12-17 regarding the transition and transformation of the Grey County Housing System be received and that an Affordable Housing Fund be set up to build affordable housing; and**
- 2. That a fund be set up to provide a portable housing benefit program;**
- 3. That Grey County proceed with the sale of detached family homes in Westmount as they become available in accordance with Grey County Sale of Land procedure; and**
- 4. That Grey County set up a secondary suite program under the Ontario Renovates Program; and**
- 5. That the County introduces market/affordable rent units into Grey County Housing units.**

Background

The provincial social housing system is currently at risk due to a range of pressures that have intensified over the past decade. Local challenges include the decline of federal and provincial funding, aging buildings and an increase in the need for capital repairs, the expiry of operating agreements that could lead to loss of housing stock, challenges for the non-profit sector to continue to deliver affordable housing and the increasing demand and complexity of client need.

Safe, affordable and appropriate housing is fundamental to supporting the ability of individuals and families to lead healthy and productive lives. The term affordable can

mean different things to people in different situations. The continuum starts with those that are among our most vulnerable with little income and often require additional supports to those with modest income, not necessarily in need but may be experiencing some challenges buying a home due to credit, lack of down payment or house prices are simply out of reach. The social housing system serves the lower end of the continuum. The system services people experiencing homelessness, people in chronic need of housing and supports.

People not necessarily in need but that are experiencing challenges with affordability are serviced by strategies through planning and economic development that provide more options and incentives to the housing market to ensure the market oriented part of the housing system is meeting demand. That said there are a few Provincial programs such as the homeownership program that may serve a few residents in this category.

Affordability in Grey County Housing

The Province sets the income levels to determine who is eligible for rent geared to income housing for each service manager. In Grey County singles and seniors that have an income of less than \$31,000 and families less than \$51,000 a year income qualify for rent geared to income housing.

At year end 2016 the average income of seniors living in Grey County Housing was \$19,375. The average income for a single under age 60 was \$12,907 and the average income for a family was \$21,828.

Currently Grey County Housing is serving people in deep need of financial assistance. Often our seniors and our most vulnerable residents may experience homelessness, mental health, addictions and other health issues that require supports. There is a need in social housing for a combination of supports and housing to ensure tenants remain housed.

Grey County Housing demographics:

- 47% seniors over the age of 60,
- 19% families and
- 34% singles.

The need for affordable housing in Grey County is on the increase. The waitlist for rent geared to income housing has increased by 15% since the beginning of the year. As of the end of September our waitlist is 730 households waiting for rent geared to income housing. The need for family housing has remained status quo, the need for singles housing has increased 20% since the beginning of this calendar year.

Grey County needs a strategy to maintain and transform areas of our local social housing system to ensure that social housing remains well governed, well managed, sustainable, the ability to meet client need and produce more affordable units.

This report describes direction and initiatives to make existing housing more sustainable for Grey County Housing and Non Profit Housing Providers, develop partnerships with community partners to develop more units and develop creative out of the box locally driven initiatives.

First, this report will provide Council with an overview of some of the legislative changes, new programs and tools from the Province and the impact they could have locally.

Transition

Ministry has recognized that current system is not sustainable and has made changes to legislation, programs and tools to aid in sustaining the social services system.

The Province made changes to the Housing Service Act to give more

- Eliminating the requirement for Ministerial Consent to be obtained for the transfer, sale or leverage of social housing property.
- Allowing other forms of Service Manager funded housing assistance to contribute towards a Service Manager Service Level Standard. Each Service Manager is required to have a certain number of social housing units. Currently the Province has only approved Portable Housing Benefit units to qualify as a unit. These units are 100% funded by the Service Manager.
- Allowing the Service Managers to remove households who have accepted alternative forms of housing assistance from social housing waitlists, for example a Portable Housing Benefit.
- Removing the requirement for public housing projects to have as many rent-geared to income units as possible. This allows public housing such as Grey County Housing to mix RGI units with Market units. This would provide more funding to this building, improving sustainability. The RGI unit would need to be replaced somewhere else to meet Service Level Standards.
- Developing a successor program to the Investment in Affordable Housing Program that will provide Service Managers funding to go towards programs such as rental build, homeownership, home repairs and rent supplements. The hope is that nine years of funding will be committed. Amounts of funding and program details have yet to be determined. The program will start in 2019.

Transformation

The following projects are a work plan to produce 20 + new units of housing a year for the next four years

Regeneration of Existing Older Units

A study was recently completed by Tim Welch Consulting Incorporated to review the possibility of leveraging single and semi-detached units to create new housing. The study had a look at the age, condition and annual operating and capital costs of the 172 family units. The report recommends the 40 detached homes known as Westmount units on 7th and 8th Avenue in Owen Sound as good candidates to leverage. A 2014 building condition assessment of the 60-year-old units found that capital expenditure over the next 20 years would exceed two million dollars and noted that significant capital expenditure in the immediate future would total \$1.04 million. The repairs include roofs, windows, bath rebuilds, foundation repairs and storm doors. If the County sold these units there could be approximately \$1 million savings in capital expenditures in the next four years.

The report notes that a recent Municipal Property Assessment Corporation review of the Westmount units assessed the units at \$137,125 per unit. A professional realtor undertook a search of recently sold small older detached homes in the neighbourhood of Owen Sound found the range of homes from \$150,000-\$190,000. A conservative estimate would be \$150,000 per home. The report recommended the County look at selling 20 homes over the next few years and based on a price of \$150,000 a unit. This would total \$3,000,000 to go towards building more energy efficient, new affordable units. The units would be sold in accordance with Grey County Sale of Land Procedure By-law 4765-12.

The units would be sold as families move out and new units would be geared towards what is needed in various communities. Grey County's waitlist has changed over the past few years. There is a higher demand for one-bedroom units. The need for family units has remained the same whereas the need for one-bedroom units is close to 75% of the waitlist as of September 2017.

Owen Sound City staff would be consulted for feedback as the selling of so many units could have an impact of this neighbourhood.

Development of Affordable Housing Fund

An Affordable Housing Fund would encompass funding from the sale of the Westmount units, funds from the Provincial Investment in Affordable Housing program and

\$500,000 from Housing Capital Reserve. This fund will be used to develop affordable units as funds become available annually.

The IAH is a five year program from 2014-2019 with an annual funding amount of approximately \$900,000. These funds are used to run four programs, Ontario Renovates, Homeownership, Rent Supplement and Rental Build. About half the funding has been allotted to building affordable housing. Recently the Province has added funds for rental build for 2016-2018 through the Social Infrastructure Fund. The Province has committed to a successor program for the next nine years, no details or funding amounts are available at this time.

2016: \$450,000 IAH, \$752,052 SIF = \$1,202,052 (10 units)

2017: \$500,000 IAH, \$847,948 SIF = \$1,347,948 (12 units)

2018: \$425,000 IAH (6 units, renovation)

2018 \$423,035 SIF (units to be determined)

The programs are hard to work with as the funds must be committed in each fiscal year and the build must start within 120 days of a signed agreement. This results in small amounts and multiple agreements and a system that is hard for proponents to maneuver to ensure funds for building.

It is hoped that the combination of federal/provincial funds, funds from the sale of units and reserve funding the County would be able to provide stable funding to build affordable housing for the next five years.

Development of Affordable Housing Units

The County will issue an expression of interest to attract interested parties to build affordable units over the next five years. This would allow the County to continue to work with partners to become shovel ready to qualify for Federal/Provincial and Municipal Funds.

Grey County Housing has been working with non-profits to determine capacity to add units to their portfolio through renovation or new builds. There are currently two non-profits that have expressed interest in building new affordable housing units. One non-profit has a site plan for 90 units and is currently building 22 units. Another non-profit has the land for a new build and owns a building that could be transformed into affordable and transitional housing units, which is another great need in the County.

Grey County Housing will also work with municipalities to identify opportunities for lands to develop, funds towards affordable housing and the capacity to work with developers to add affordable housing to their developments.

Development of a Portable Housing Benefit

The Province has introduced a new tool called the Portable Housing Benefit. The benefit allows Service Managers to offer a portable form of housing assistance as an alternative to rent geared to income assistance under the Housing Services Act.

Recent amendments to the Housing Services Act allow Service Managers to include a household to meet their service level standards as part of their obligation for Rent Geared to Income Units.

Selection for a household would come from the centralized waitlist or an existing rent geared to income unit. Households would come off the centralized waitlist if the offer of a benefit was accepted.

This program allows for people that are adequately housed but cannot afford the rent to remain housed and free up room on the waitlist for those that are not adequately housed.

There is no provincial funding for this program. The funding could come from savings in the operating dollars by the selling of the Westmount units. On average about \$3600 a year would house a person.

Development of a Secondary Suite Program

The Ontario Renovates Programs includes the ability to use funds for a secondary suite program. The program allows for funding up to \$25,000 per unit for the creation of a secondary suite or garden suite. This is another opportunity to add to the supply of affordable housing.

Eligibility for the program includes:

- Own a property in Grey County
- Creation of secondary or garden suit must comply with all municipal/building regulations
- Property taxes and mortgage payments are up to date
- Insurance coverage in place for the full market value of the home

- Total of all mortgages and any other encumbrances registered on title, plus the Program funding cannot exceed the market value of the home

Program details:

- Rents must remain affordable for a period of 15 years and be below or at Average Market Rent
- 15 year forgivable, loan as long as you maintain continued ownership of the property.
- Garden Suites must be constructed on the applicants property
- Costs may include: materials, labour and applicable taxes, legal fees up to a maximum of \$1000, certificates , permits, inspection fees
- Units must be modest in size in terms of floor spaced
- Must use energy saving products
- Ingoing occupants of the rental unit must have a maximum housing income below the amount as established by the Ministry of Housing
- Annual reporting of rental amounts is required

Ineligible projects:

- Any modifications performed prior to loan program
- Construction projects that do not have local municipal building approval
- Cosmetic renovations and repairs
- Solar panels
- Landscaping and routine maintenance

Applicants are approved on a first come first serve basis. Funding for the program would come from the Ontario Renovates Program.

Maintain Ontario Renovates and Homeownership Programs

The County provides the Ontario Renovates and Homeownership program with funding from the Investment in Affordable Housing Program. The renovation program allows people to remain in their housing by offering a forgivable loan for capital projects such as roofs and furnaces and the homeownership programs provides a 5% down payment towards purchasing a home. Both of these programs are well used and provide opportunity for residents to maintain or purchase homes. The Investment in Affordable Housing Program ends in March 2019 but the Province has announced there will be a

successor program. There are no details as to funding or programming but if the programs remain the same, both programs will continue to be offered by Grey County Housing.

Reform Funding to Sustain Social Housing Assets

Like other service manager areas in the Province, most social housing ranges from 30 to 40 years old. The assets are in need of continued funding for modernization and capital replacement. The County currently provides funding for capital replacement based on Building Condition Assessments and physical assessments. To maintain a sustainable system a number of approaches are needed:

- Continued capital funding
- Life span of assets in the next round of BCA's in 2020 to determine longevity and plan for future building regeneration
- Advocate for continued capital funding from the Province such as the Social Housing Improvement Program (SHIP) (2016) and the Social Housing Apartment Improvement Program (SHAIP) (2018-19)
- Introduce market rent units into Grey County Housing so rental units provide extra funds towards capital and general repairs.

Grey County does need to maintain a certain number of RGI units according to legislation in the Housing Services Act. Portable Housing Benefits count towards RGI units and would allow existing units to become market units. Grey County would identify some buildings to pilot market units and look at the effects on an increase in funding. Current rent is based on 30% of a person's income or a rent scale for OW and ODSP recipients.

Future Initiatives

- Explore indigenous off reserve housing opportunities
- Homelessness Enumeration April 2018: By name list for residents identified as homeless, transformation of homelessness services in next two years
- Public consultation for the 10 year housing and homelessness plan in 2018
- Explore opportunities for social enterprise initiatives
- Determine life span of apartment buildings and develop strategy for regeneration

Financial / Staffing / Legal / Information Technology Considerations

Funding from Provincial and Federal Housing Programs as available

Real Estate and legal costs for selling of Westmount units

\$500,000 municipal contribution to building affordable housing from housing reserve.

Link to Strategic Goals / Priorities

Create and sustain affordable housing

Collaborate with public, stakeholders and other governments to improve delivery of county services

Attachments

Attachment to HDR-CW-12-17 Regeneration of Grey County Family Homes Report

Respectfully submitted by,

Anne Marie Shaw
Director of Housing