

The Region of Peel's Role in Housing

Housing Workshop for Regional Council
April 25, 2013

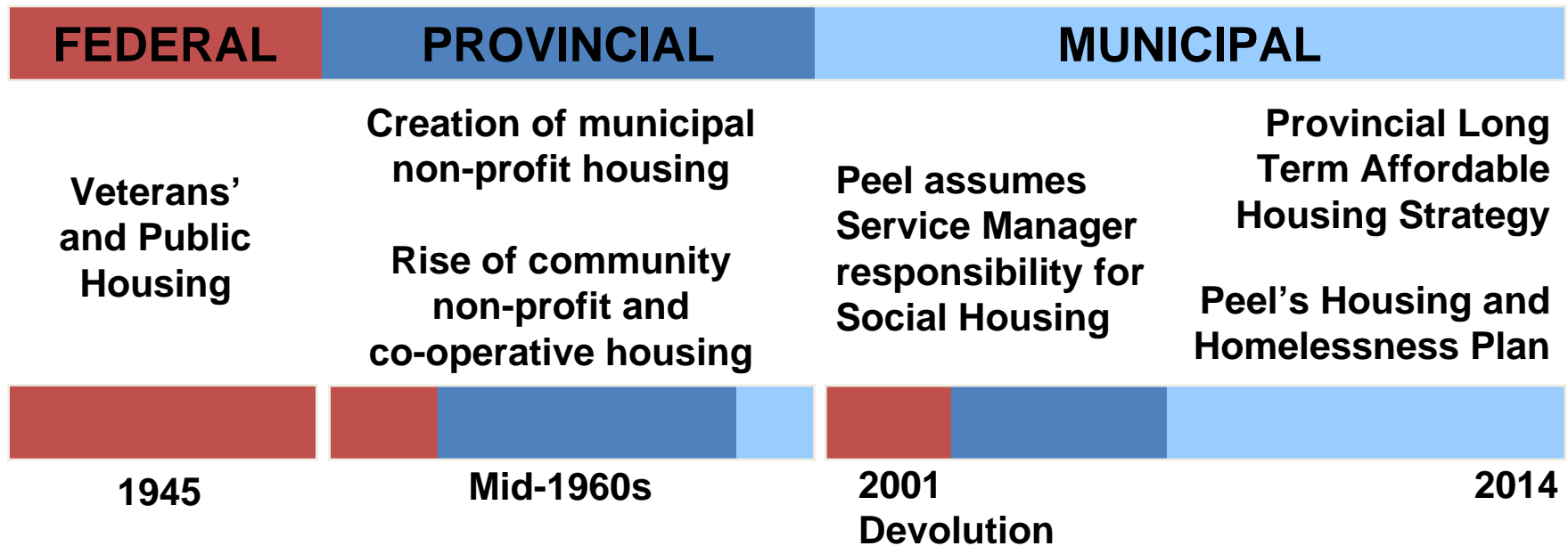


Agenda

1. History of Housing in Peel
2. The Region of Peel as Service System Manager (2001 to Present)
3. System Funding

History of Housing in Peel

Housing Evolution in Ontario



Before 2001: Pre-*Social Housing Reform Act*

Province

Housing Development Act

Peel Non-Profit
Housing
Corporation
(Peel Living)

Ontario Housing
Corporation/
Peel Regional
Housing Authority

Community-based
housing providers

Before 2001: Pre-*Social Housing Reform Act*

Province

Housing Development Act

Authority for Grants

Loans + Related Agreements

Subsidies

Direct development

Peel Non-Profit
Housing
Corporation
(Peel Living)

Ontario Housing
Corporation/
Peel Regional
Housing Authority

Community-based
housing providers

Before 2001: Pre-Social Housing Reform Act

Province

Housing Development Act

Peel Non-Profit
Housing
Corporation
(Peel Living)

Ontario Housing
Corporation/
Peel Regional
Housing Authority

Community-based
housing providers

Incorporated 1976

Non-share capital
(membership) corporation

Members:
Regional Councillors

Before 2001: Pre-Social Housing Reform Act

Province

Housing Development Act

Peel Non-Profit
Housing
Corporation
(Peel Living)

Ontario Housing
Corporation/
Peel Regional
Housing Authority

Community-based
housing providers

“Public” Housing

OHC = Owner (Province-wide)

PRHA = Operator (in Peel)

Before 2001: Pre-*Social Housing Reform Act*

Province

Housing Development Act

Peel Non-Profit
Housing
Corporation
(Peel Living)

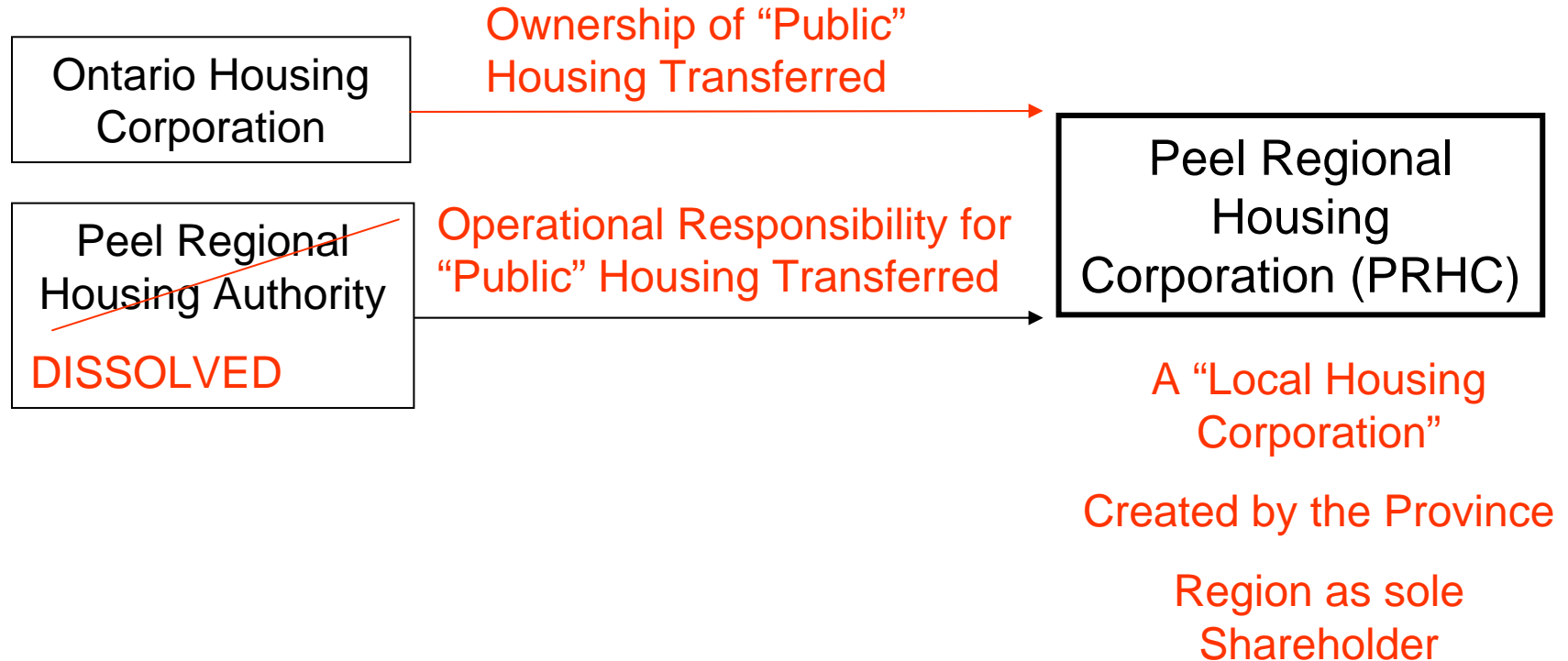
Ontario Housing
Corporation/
Peel Regional
Housing Authority

Community-based
housing providers

Encompasses
co-operatives and non-
profit housing corporations

Currently 46 such entities

2001 *Social Housing Reform Act*



2001 *Social Housing Reform Act*

Province

Housing Development Act

Social Housing Reform Act

Peel Non-Profit
Housing
Corporation
(Peel Living)

Peel Regional
Housing Corporation
(PRHC)

Community-based
housing providers

2001 *Social Housing Reform Act*

Peel Non-Profit
Housing
Corporation
(Peel Living)
51 properties – 5,535 units

Peel Regional
Housing
Corporation
(PRHC)
14 properties – 1,008 units

AMALGAMATION →

Peel Housing
Corporation
(the “new”
Peel Living)

A share capital
corporation

Region as sole
shareholder

2001 *Social Housing Reform Act*

Province

Housing Development Act

Social Housing Reform Act

Region of
Peel

Peel Housing
Corporation
(Peel Living)

Community-based
housing providers

Sole Shareholder

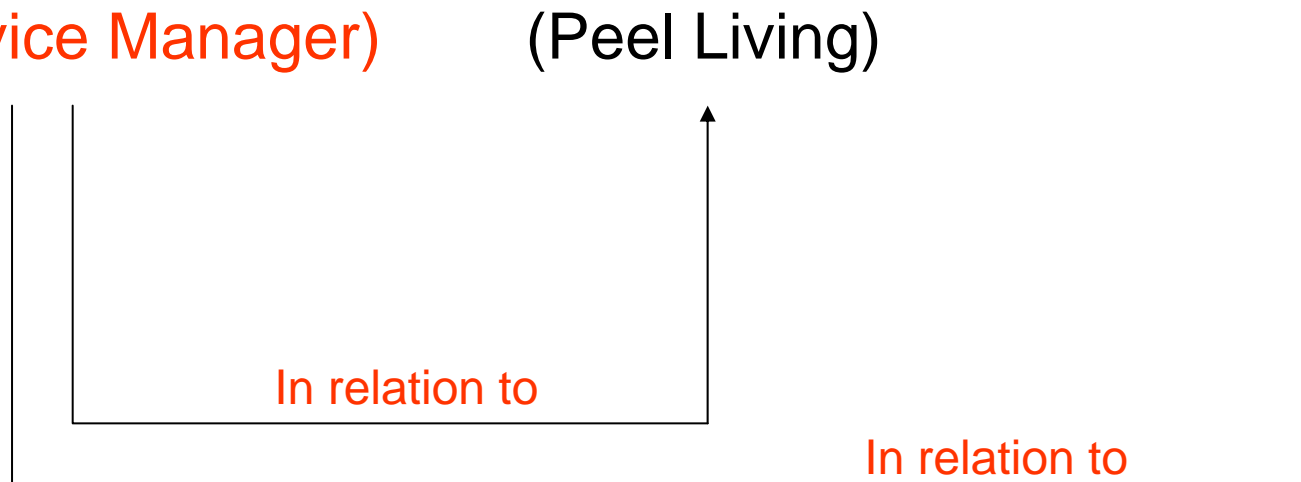


2001 *Social Housing Reform Act*

Region of Peel
(Assumes role of
Service Manager)

Peel Housing
Corporation
(Peel Living)

Community-based
housing providers



Post 2001 *Social Housing Reform Act*

Province



Region of Peel

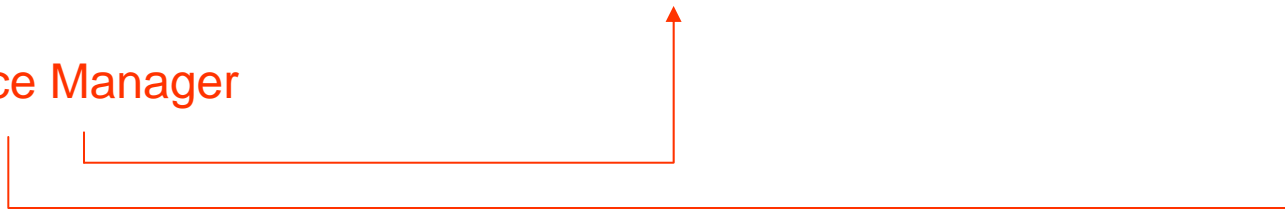
Peel Housing Corporation
(Peel Living)

Community-based housing providers

Sole Shareholder



Service Manager



2011 Housing Services Act

- *Social Housing Reform Act* repealed
- Not a fundamental shift in roles
- More comprehensive planning requirements
(an Integrated Housing and Homelessness Plan)
- More flexibility for local rule making discretion
(fewer prescriptive legislation rules)

2011 *Housing Services Act*

Province



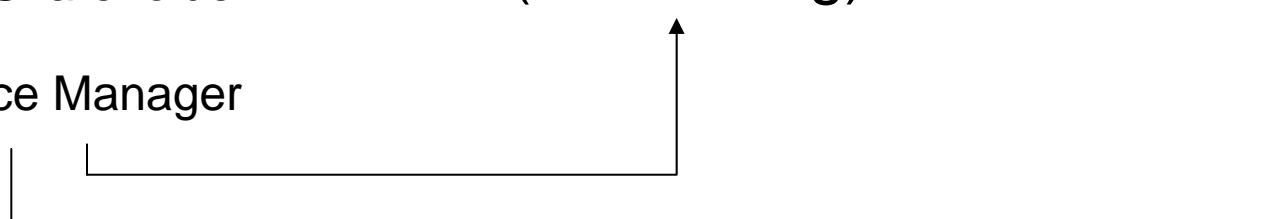
Region of Peel

Sole Shareholder

Service Manager

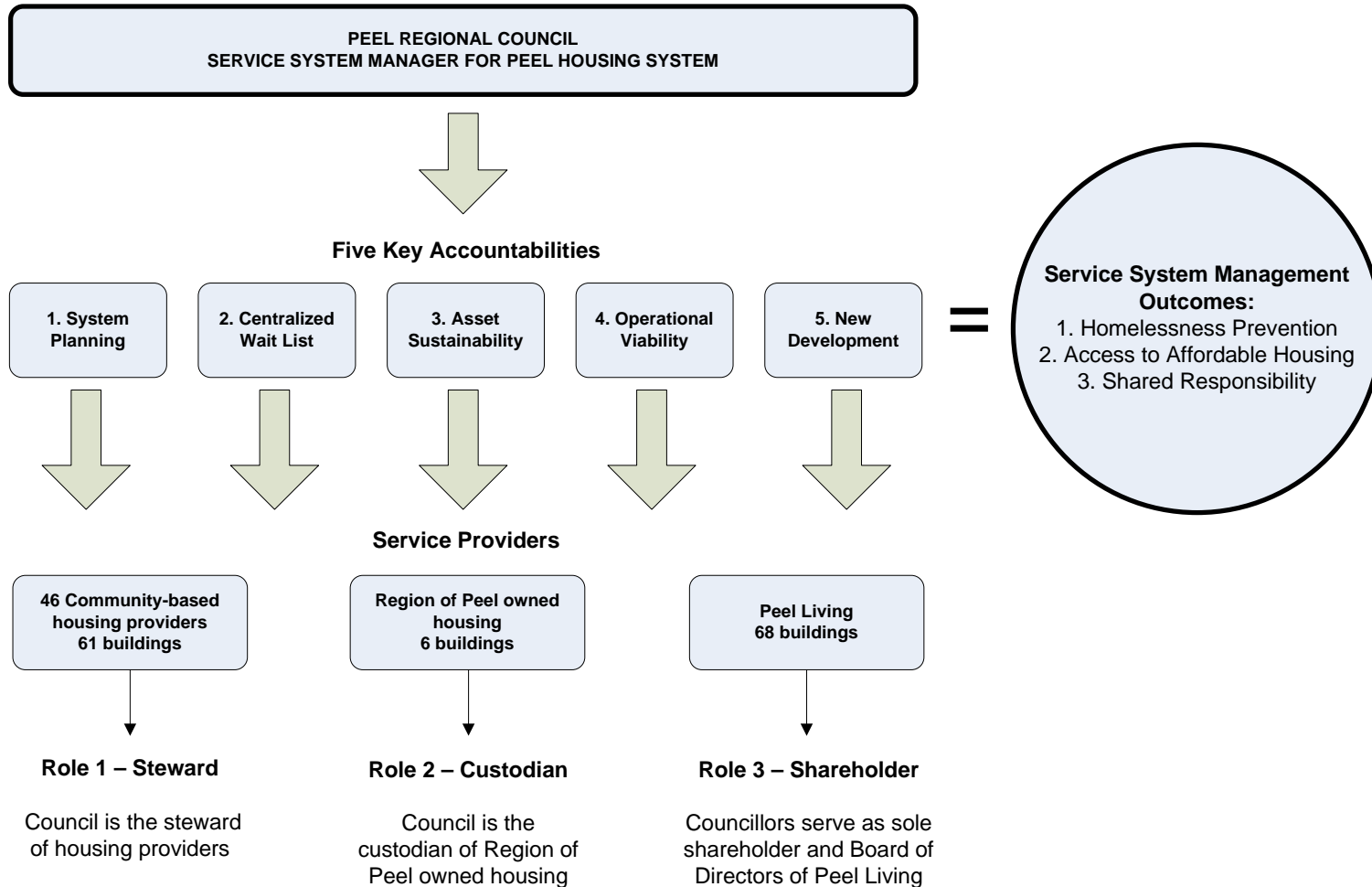
Peel Housing Corporation
(Peel Living)

Community-based housing providers



The Region of Peel as Service System Manager (2001 to Present)

Housing Service System



Housing System – Regionally Funded/Operated Programs

Homelessness	Emergency Shelter	Transitional Housing	Supportive Housing	Social Housing	Subsidized Rental	Private Market Rental	Home Ownership
<p>Outreach Services</p> <p>Preventing Homelessness in Peel Program</p> <p>Homelessness Partnering Strategy</p>	<p>3 emergency shelters (421 beds)</p>	<p>2 transitional housing projects (112 beds)</p>	<p>Work with supportive agencies in the community who provide services that allow residents to live independently (i.e. Supportive Housing in Peel)</p>	<p>155 non-profit/co-operatives and private partners; and Affordable Housing Program (14,208 units):</p> <ul style="list-style-type: none"> • 21 Provincial community non-profits (2,562 units) • 15 Provincial Co-operatives (1,976 units) • 1 local housing corporation: Peel Living (6,682 units) • 9 Federal non-profits (886 units) • 100 Private landlords (rent supplements) • Rent supplement <p>Affordable Housing Program:</p> <ul style="list-style-type: none"> • 6 Region of Peel owned housing developments (937 units) • 1 community non-profit – Aboriginal Affordable Housing Program (8 units) • 1 in development with a non-profit (225 units) 	<p>Home in Peel (assisted 332 households; includes 4 for Habitat for Humanity)</p> <p>Peel Renovates Program</p>		



Homelessness prevention



Shelters



Housing for People in Transition



Rental housing



Home ownership

1. System Planning

Actions:

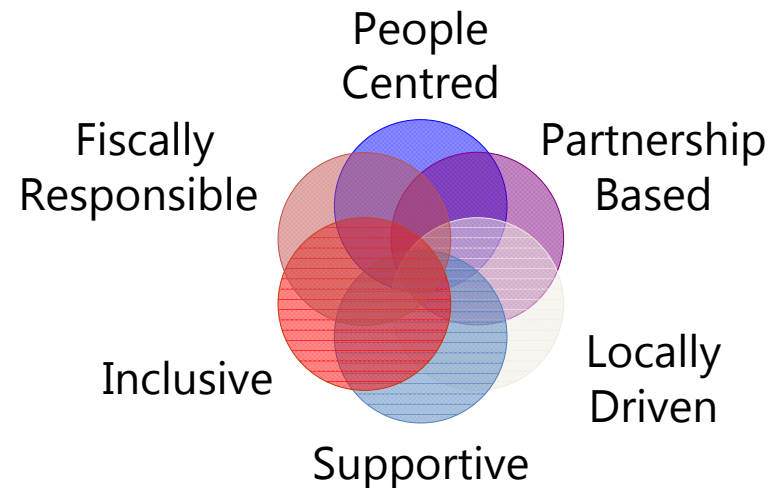
- Human Services integration
- Housing Investment Plan
- Long Term Affordable Housing Strategy

1. System Planning

Provincial Long-Term Affordable Housing Strategy Vision:

To improve Ontarians' access to adequate, suitable and affordable housing, and provide a solid foundation on which to secure employment, raise families and build strong communities.

Principles



Peel is expected to deliver a plan by 2014 that reflects these principles

1. System Planning

Local Plan

- Local Plan: Peel required to consult with the community to develop its own Housing and Homelessness Plan

The Plan

- Strategic plan that treats housing as a whole system and is appropriate for the local community
- Assessment of current and future housing needs; activities to meet objectives and targets; measures that showcase progress

Other requirements

- 10 year plans (review every 5 years)
- Reviewed (not approved) by Province
- Plans are approved by Service Managers
- First plans approved by January 1, 2014

1. System Planning

Pre-Housing Services Act, 2011

- Discretionary housing and homelessness plans
- Prescribed programs, eligibility criteria and program parameters
- Funding allocated by province to each program
- Service agreements outline funding and expectations

Post-Housing Services Act, 2011

- Mandatory integrated 10 year housing system plan
- Prescribed outcomes and targets (local flexibility)
- Block funding allocated locally to programs
- Service agreements outline expectations (outcome reporting)

In addition:

- Influence private market development
- Local rules and funding allocations
- Working closely with community stakeholders and housing providers

2. Centralized Wait List (CWL)

Actions:

- Took responsibility for CWL (2001)
- Conducted analysis of CWL to assess community need
- Aligned reporting with other municipalities (2011)
- Launched applicant-directed letting pilot project (2012)
- Developed Housing Investment Plan (\$17.1 million - 2011)

Key Facts

- 870 households from CWL received subsidized housing in 2012
- 12,850 households on CWL as of Dec. 31, 2012
- Average wait time of 11 years for three and four bedroom units in all-age housing communities (seven years for units in senior-designated housing communities)

2. Centralized Wait List (CWL)

Housing Investment Plan Framework - \$17.1 Million

Goal

To increase the supply of appropriate housing options along the housing continuum that addresses, among other needs, the needs of individuals on Peel Region's centralized housing wait list.

Guiding Principles

Responsive
Adaptable
Build Strong Communities
People-Centred
Demonstrate Accountability



Strategic Direction 1:
Increase Number of Rental
Assistance Recipients



Strategic Direction 2:
Increase Rental Housing
Supply



Strategic Direction 3:
Increase Access to Home
Ownership



Strategic Direction 4:
Enhance Housing Stability

3. Asset Sustainability

Actions:

- Ensure state of good repair for system
- Regular technical audits of assets
- Launched a new capital infrastructure policy
- Managed other government capital funding programs (e.g. Social Housing Renovation and Retrofit Program, Renewable Energy Initiative)

4. Operational Viability

Actions:

- Allocate subsidy to providers based on their Board-approved budgets
 - Subsidy is given to the provider, not to the household
- Conduct operational reviews
- Support projects in difficulty
- Support Boards of Directors and staff
- Developing local rules
- Developing strategies for end of operating agreements

How a housing provider runs their building is *essential* to our relationship

4. Operational Viability

Implications when operating agreements expire:

Providers

- Those with a high number of Rent-Geared-to-Income (RGI) units (usually over 60%) and unstable capital reserves will be at risk:
 - Former Ontario Housing Corporation (OHC) buildings owned by Peel Living
 - Some independent non-profits and co-operatives
- Historically under funded capital reserves contributed to this issue (providers had to manage assets with limited reserves)

Service System Manager

- Lose units in the system
- Peel responsible to provide operational subsidy for some independent non-profits and co-operatives

2016
mortgages expire for
a small number of
housing providers

2023
mortgages expire for
most housing
providers

2032
all operating
agreements expire

2013 Housing Services Corporation study: 40% of buildings in Peel will be left vulnerable to varying degrees.

4. Operational Viability

Local Rules

- *Housing Services Act* provides increased flexibility for Service Managers to create local rules for housing administration
- Consulted with housing providers and community members on local rules
- June 2013: Policy proposals on local rules to be confirmed with stakeholders
- Developing local rules on the Centralized Wait List application process
- Nov. 2013: Council to receive recommendations on all local rules

Types of Local Rules

Housing Provider Standards

minimum number of Board meetings; leases; conflict of interest; property management options; remuneration of Directors

Rent-Geared-to-Income (RGI)

eligibility; pursuit of income; asset limits; convictions; over housed; occupancy standards; absence from unit

Notices & Internal Reviews

opportunity to comment and reviews of decisions

Housing Provider Reporting

operational reviews and subsidy estimates

RGI Waitlist options to use different management techniques

4. Operational Viability

Mediated Appeals under the *Housing Services Act*

- Appeals regarding subsidy amount and eligibility made to Service Manager
- Unique mediated approach that promotes partnerships
- Significant decrease in appeals and number requiring formal decision

Year	Total Appeals	Mediated
2008	408	18 (4%)
2009	282	74 (26%)
2010	203	112 (55%)
2011	238	140 (59%)
2012	374	268 (72%)

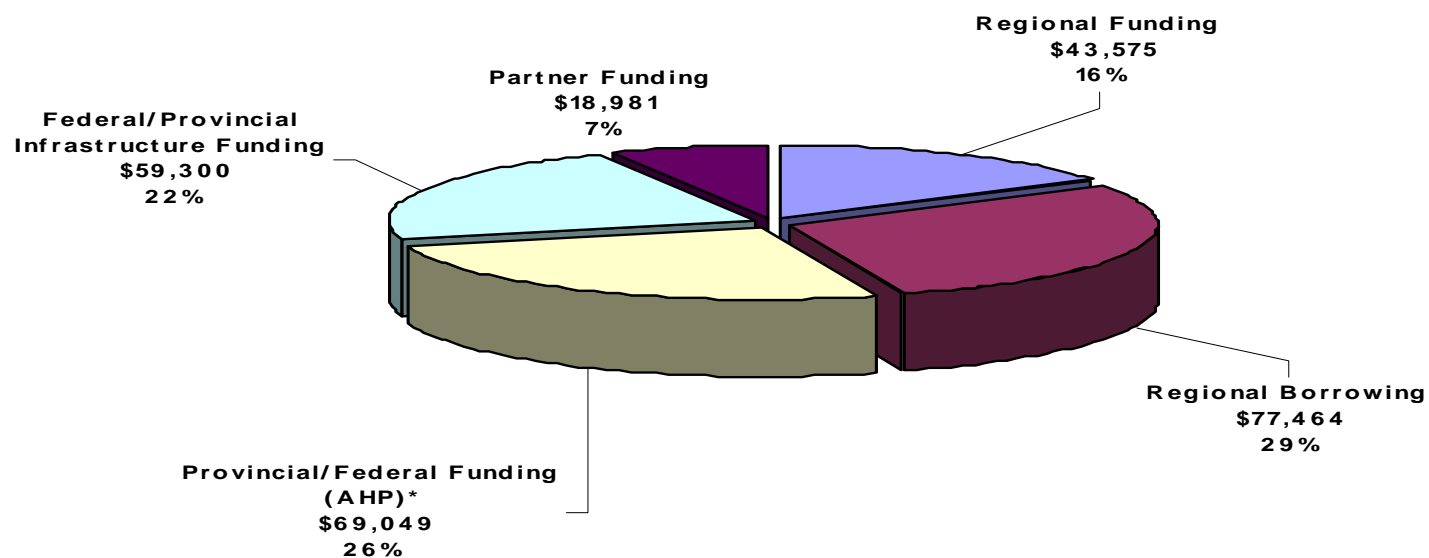
5. New Development

Actions:

- Increase system capacity
 - Built 1,361 units since 2001 (\$268 million)
- Leverage community partnerships and assets
- New innovative approaches to financing projects

5. New Development

Affordable Housing Projects Funding Sources 2003-2015 (\$'000s)



Total = \$268,369

*AHP = Affordable Housing Program

5. New Development

Post 2001 - Affordable Housing Projects and Partnerships (1 of 2)

Building Name	Municipality and Ward	Owner/ Operator	Year Completed	Number of Units	Total Capital Cost	Regional Funding	Regional Borrowing	Prov./Fed. Funding (AHP)*	Prov. Infrastructure Funding	Partner Funding
Millbrook Place	Mississauga Ward 7	Region of Peel/ Peel Housing Corporation	2003	163	\$15,245,616	\$0	\$15,245,616	N/A	N/A	N/A
Summerville Pines	Mississauga Ward 3	Peel Housing Corporation	2005	136	\$13,052,253	\$52,140	\$11,925,326	\$1,000,000	N/A	\$74,787
Walker Road Expansion	Caledon Ward 3	Peel Housing Corporation	2009	25	\$6,050,000	\$4,800,000	N/A	\$1,250,000	N/A	N/A
Abbeyfield	Caledon Ward 3	Abbeyfield Houses of Caledon	2010	12	\$2,100,000	\$0	\$300,000	\$1,800,000	N/A	N/A
Chapelview	Brampton Ward 3	Region of Peel/ Peel Housing Corporation	2010	200	\$41,906,000	\$2,941,288	\$22,240,712	\$5,800,000	N/A	\$10,924,000
Nance Horwood	Brampton Ward 5	Region of Peel/ Supportive Housing in Peel	2010	30	\$6,732,000	\$2,532,000	N/A	\$4,200,000	N/A	N/A

AHP = Affordable Housing Program

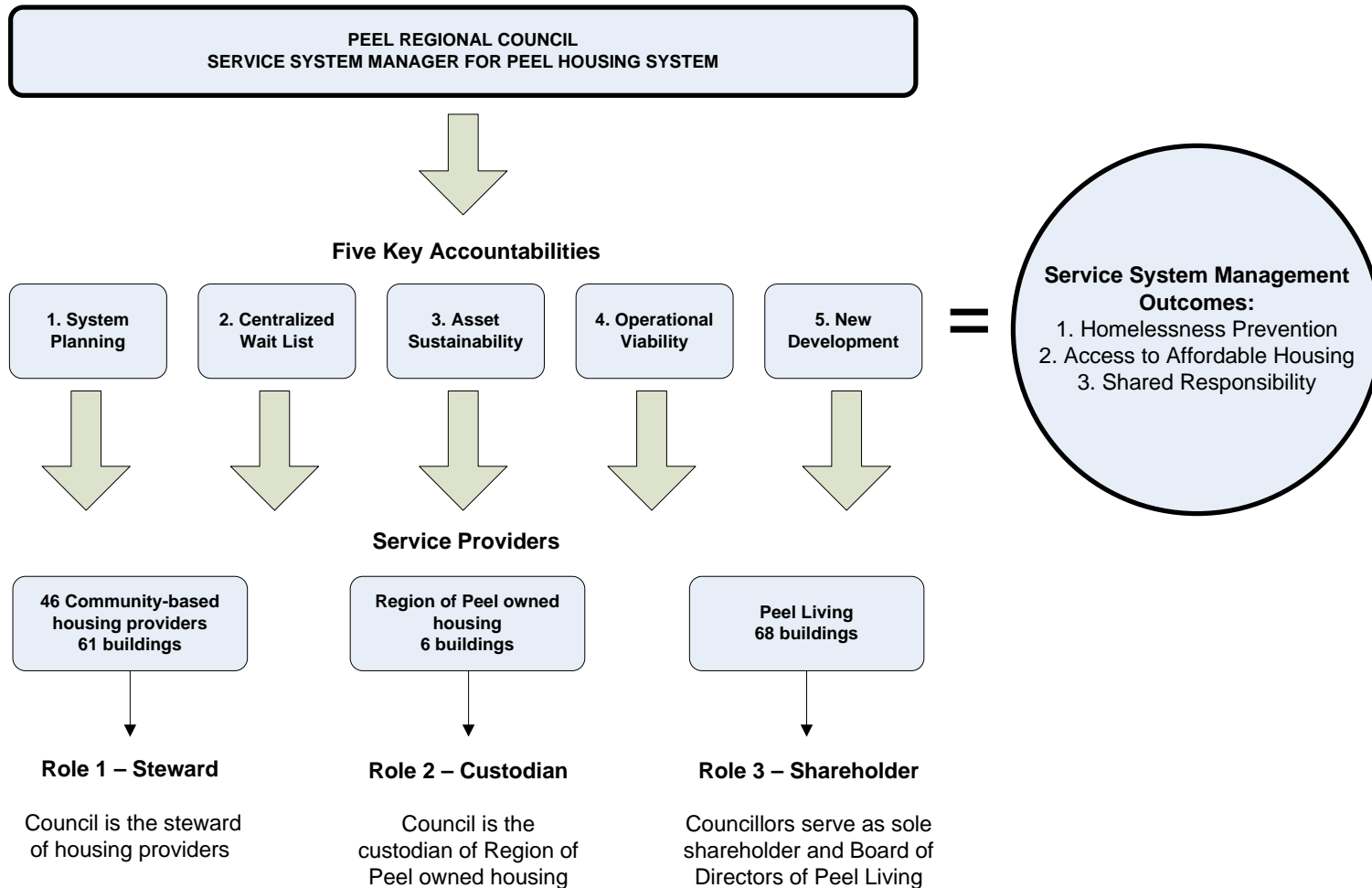
5. New Development

Post 2001 - Affordable Housing Projects and Partnerships (2 of 2)

Building Name	Municipality and Ward	Owner/ Operator	Year Completed	Number of Units	Total Capital Cost	Regional Funding	Regional Borrowing	Prov./Fed. Funding (AHP)*	Prov. Infrastructure Funding	Partner Funding
Henderson Ave (Sheard)	Brampton Ward 4	Supportive Housing in Peel	2011	26	\$6,100,000	\$2,200,000	N/A	\$3,900,000	N/A	N/A
Snelgrove Place	Brampton Ward 2	Region of Peel/ Peel Housing Corporation	2012	94	\$19,976,000	\$10,026,000	\$3,889,100	\$6,060,900	N/A	N/A
Creditvale Mills	Mississauga Ward 6	Region of Peel / Wisma Mega Indah and Residential Property Management	2013	250	\$53,184,000	\$4,684,100	\$12,600,900	\$5,899,000	\$30,000,000	N/A
Villa Polonia	Brampton Ward 6	Jasinski Legacy Non-Profit	2013	225	\$57,982,175	N/A	N/A	\$24,000,000	\$26,000,000	\$7,982,175
Canadian Legion	Brampton Ward 3	Region of Peel/ TBD	2013	200	\$46,041,000	\$16,339,000	\$11,262,800	\$15,139,200	\$3,300,000	N/A
Totals (2003-2015)				1,361	\$268,369,044	\$43,574,528	\$77,464,454	\$69,049,100	\$59,300,000	\$18,980,962

AHP = Affordable Housing Program

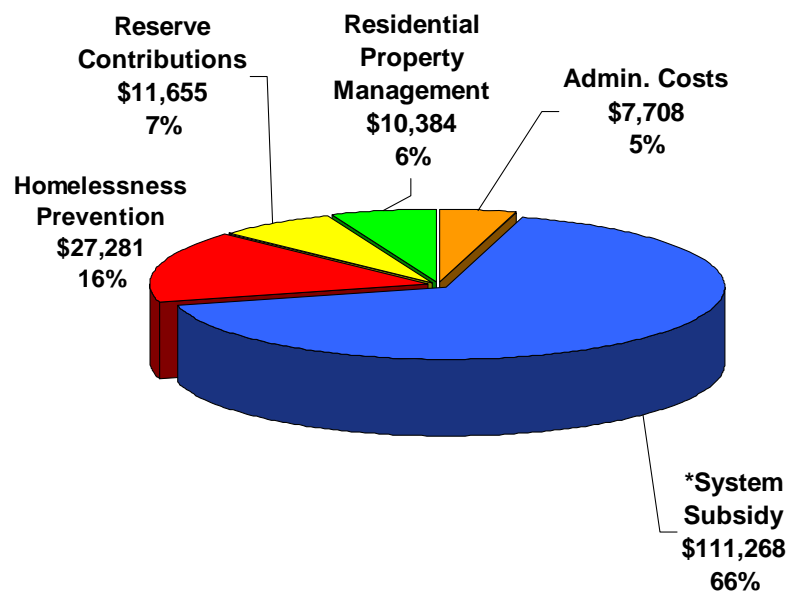
Housing Service System



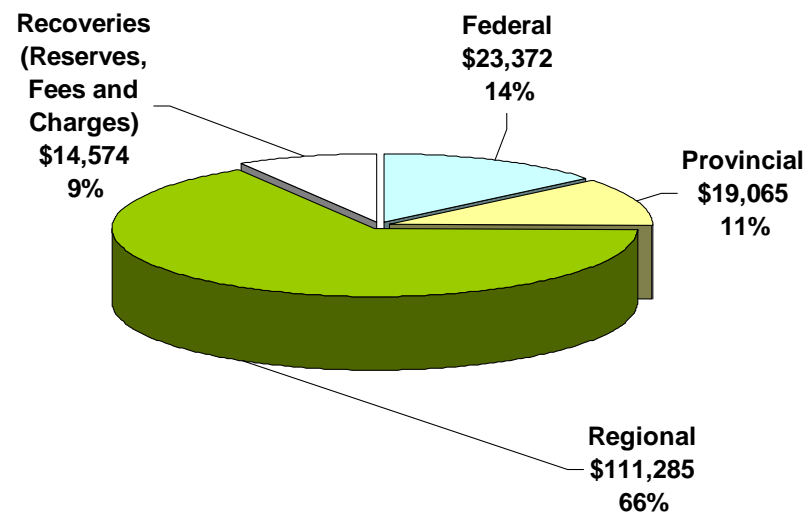
System Funding

System Funding

2013 Housing Operating Budget at a Glance (\$'000s)



Gross Budget
\$168,296



Funding Sources
\$168,296

*System Subsidy includes funding for housing providers, rent supplements, and affordable home ownership.

System Funding

Providers	Types of funding provided				
	Mortgage	Start-up Capital	Operating	Rent Subsidy	Property Tax
Former Federal	✓			✓ ¹	
<i>Housing Services Act</i> Providers	✓ ²		✓	✓	✓
Post 2001 – Affordable Housing Projects		✓		✓ ¹	✓
Former Ontario Housing Corporation (PRHC) (Peel Living)			✓	✓	
Municipal Non-Profit Housing Program (Peel Living)				✓	
Private Landlords under Rent Supplement program				✓	

Notes:

1. If there is an additional rent supplement agreement

2. Mortgage costs are subsidized through calculation of operating subsidy

*Peel Living has a portfolio mix consisting of all of the above except private landlords

System Funding

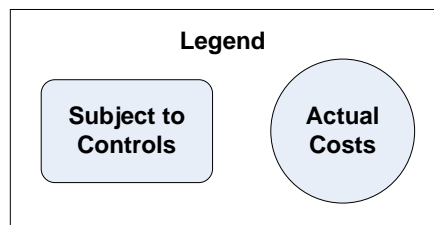
How subsidy is provided to *Housing Services Act* providers (Total Subsidy = A+B+C)

$$\begin{array}{ccccccc}
 \text{Operating Costs} & + & \text{Mortgage Costs} & - & \text{Revenue} & = & \text{Operating Subsidy} \quad \mathbf{A} \\
 \text{[Subject to Controls]} & & \text{(Actual Costs)} & & \text{[Subject to Controls]} & & \text{[Subject to Controls]}
 \end{array}$$

+

$$\begin{array}{ccccccc}
 & & \text{Market Rent for RGI Units} & - & \text{RGI Rents Paid} & = & \text{Rent-Geared-to-Income (RGI) Subsidy} \quad \mathbf{B} \\
 & & \text{[Subject to Controls]} & & \text{(Actual Costs)} & & \text{[Subject to Controls]}
 \end{array}$$

+



$$\begin{array}{ccccccc}
 & & \text{Actual Costs} & = & \text{Property Tax Subsidy} \quad \mathbf{C} \\
 & & \text{(Actual Costs)} & & \text{[Subject to Controls]}
 \end{array}$$

Total subsidy paid to provider

Impact of Land Costs and DCs on Affordable Housing Projects

*Project Name	Year Completed	Number of Units	Land Cost	Development Charges (DC)	Per Unit DC Charge
Millbrook^{ROP}	2003	163	\$668,867	\$710,858	\$4,361
Summerville Pines	2005	136	\$429,056	\$503,827	\$3,705
Walker Road Expansion	2009	25	N/A	\$147,464	\$5,899
Chapelview^{ROP}	2010	200	\$1,600,962	\$1,032,600	\$5,163
Nance Horwood^{ROP}	2010	30	N/A	\$396,819	\$13,227
Henderson Ave (Sheard)	2011	26	\$600,000	\$605,000	\$23,269
Snelgrove Place^{ROP}	2012	94	\$1,522,500	\$1,239,795	\$13,189
Canadian Legion^{ROP}	2013	200	\$1,877,000	\$3,469,322	\$17,347
Creditvale Mills^{ROP}	2013	250	\$3,081,000	\$4,718,172	\$18,873
Villa Polonia	2013	225	\$3,500,000	\$6,380,220	\$28,357
Totals (2003-2015)		1,349	\$13,279,385	\$19,204,077	\$14,236 (Total DC/Total Units)

ROP = Region of Peel owned properties only subject to area municipality development charges

*Does not include Abbeyfield (12 units)

Evolving Business Models for Development

2001

Focused on increased affordability in new housing developments

More affordable housing created at 80% of Average Market Rent

No significant impact on the Centralized Wait List

Development was for Peel (ROP/Peel Living owned)

Modelling required the Region to contribute (on average) \$32,000/unit (\$89,000/unit including the Region's recoverable investment)

Region internally financed projects

Affordability set at 20 years

2011

Change that reflects a different approach to maximize funds available

Creditvale Mills: created internally leveraged RGI (self-funded)

Greater impact on Centralized Wait List

Seeking partnerships

Hansen project (pending): goes a step further – community partner assumes some risk by taking out a large mortgage – the Region contributes \$7,500/unit for capital costs

Leverage community partners (for land, reduced price for land, financial contributions to project, assets they can bring to a project, including donations and experience)

Villa Polonia: partnership with community provider to ensure internally leveraged units exist for extended period of time

New Model for Development

Criteria

Provincial

- Commitment of 20 years of affordability
- Overall affordability – 80% Average Market Rent

Region of Peel

- Ratio of market to subsidized units
- Self-funded rent geared to income
- Extended commitments to internal subsidies (from 20 years to 30+)
- Contributions to reserves

Lender

- Community partner contribution (equity contributions)

Viability Test

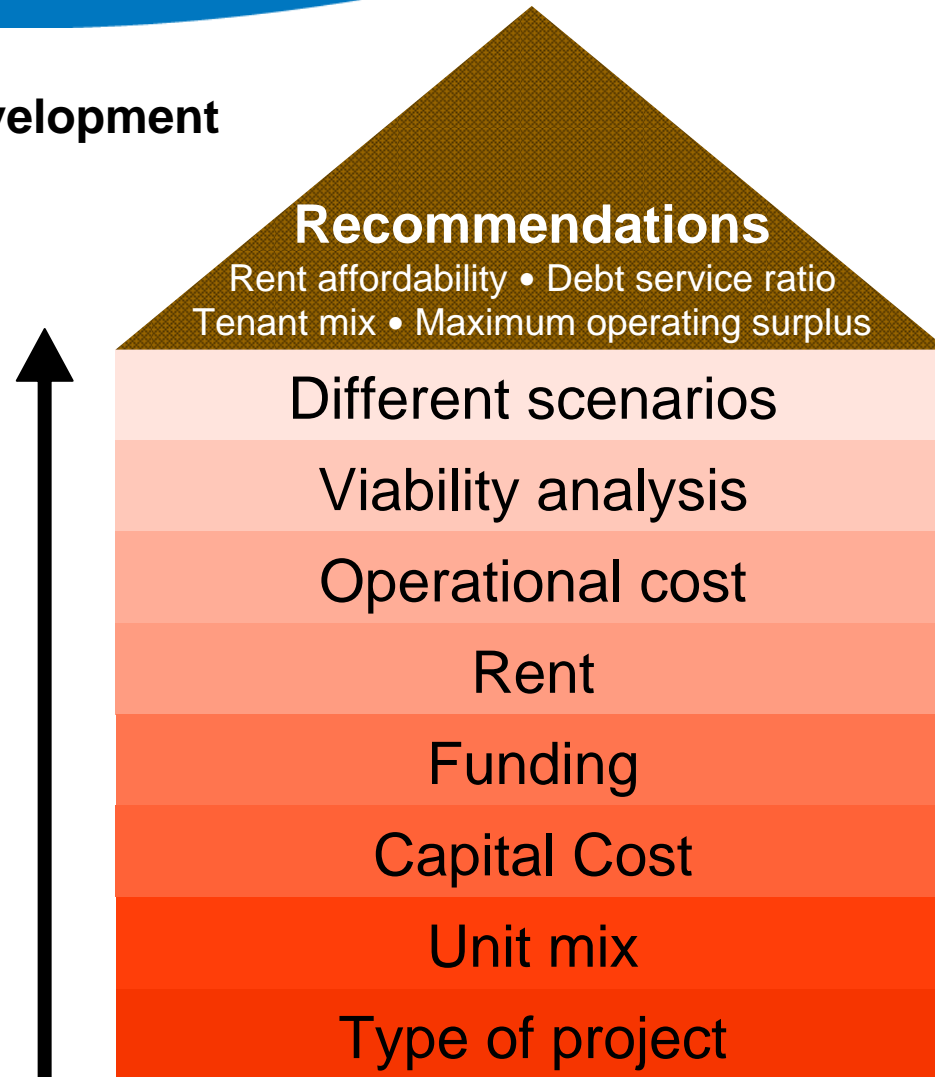
- Debt servicing ratio

Project costs

- Influenced by land, development charges and contribution

Financial Viability Modelling Process

Model for new development



Financial Viability Modelling

80% Average Market Rent (AMR); Capital cost \$225,000 per unit

Scenario 1

Rental Revenue	1,318,905
Other Revenue	135,670
<u>Total Revenue</u>	<u>1,454,575</u>
Less: Operating Expenses	<u>926,314</u>
Operating surplus before mortgage	<u>528,261</u>
Mortgage Payment	467,879
Operating surplus after mortgage	<u><u>60,382</u></u>
Debt Service Coverage Ratio	1.13
Minimum requirement	1.10

OK

Financial Viability Modelling

67% market units and 33% internal subsidized units

Scenario 2

Rental Revenue	1,313,306
Other Revenue	135,670
<u>Total Revenue</u>	<u>1,448,976</u>
Less: Operating Expenses	<u>926,314</u>
Operating surplus before mortgage	<u>522,662</u>
Mortgage Payment	467,879
Operating surplus after mortgage	<u><u>54,783</u></u>
Debt Service Coverage Ratio	1.12
Minimum requirement	1.10

OK

Financial Viability Modelling

Scenario

3

Increase Regional capital grant by \$100,000 and generate 1 additional internal subsidized unit

Rental Revenue	1,304,763
Other Revenue	135,670
<hr/> Total Revenue	<hr/> 1,440,433
Less: Operating Expenses	<hr/> 926,314
Operating surplus before mortgage	<hr/> 514,119
Mortgage Payment	462,888
Operating surplus after mortgage	<hr/> <hr/> 51,231
Debt Service Coverage Ratio	1.11
Minimum requirement	1.10

OK

Financial Viability Modelling

**Capital cost increase to \$250,000 per unit or
\$3.125M total capital cost**

Scenario 4

Rental Revenue	1,318,905
Other Revenue	135,670
<hr/> Total Revenue	<hr/> 1,454,575
Less: Operating Expenses	<hr/> 929,503
Operating surplus before mortgage	<hr/> 525,072
Mortgage Payment	623,839
Operating surplus after mortgage	(98,767)
Debt Service Coverage Ratio	0.84
Minimum requirement	1.10

FAILED

Financial Viability Modelling

**Capital cost increase to \$250,000 per unit and
increase regional funding by \$3M**

Scenario 5

Rental Revenue	1,318,905
Other Revenue	135,670
<hr/> Total Revenue	<hr/> 1,454,575
Less: Operating Expenses	<hr/> 929,503
Operating surplus before mortgage	<hr/> <hr/> 525,072
Mortgage Payment	474,118
Operating surplus after mortgage	50,954
Debt Service Coverage Ratio	1.11
Minimum requirement	1.10

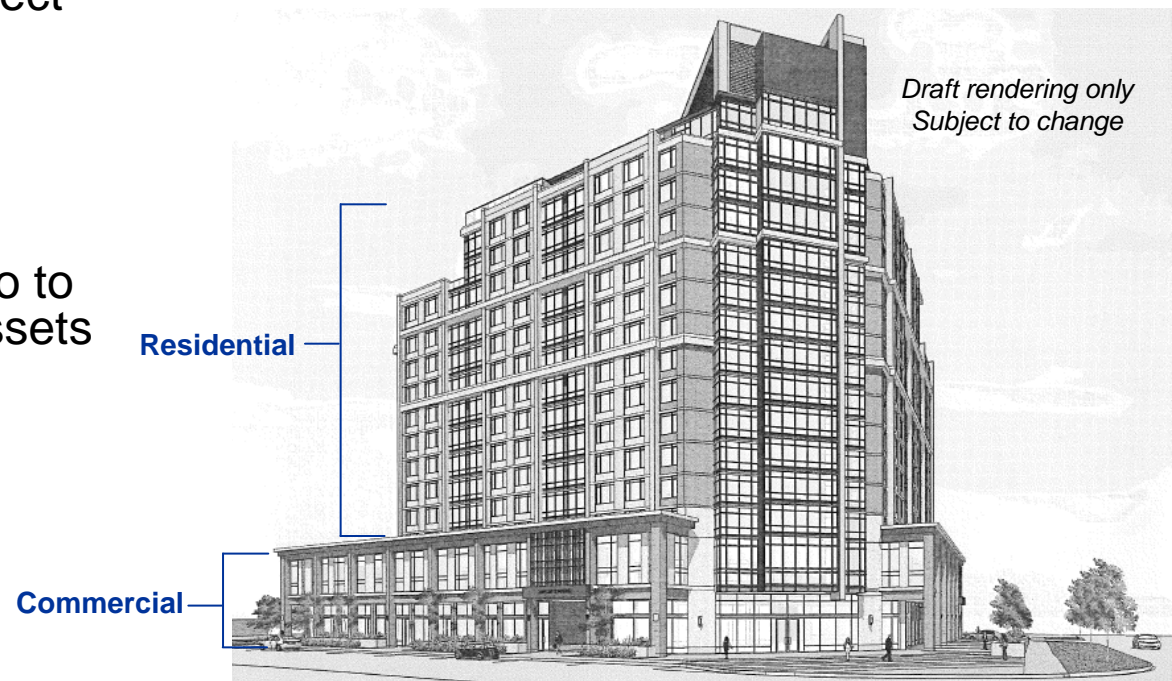
OK

Financial Viability Modelling

	Description	Projected cumulative operating surplus at end of year 40	80% rent affordability test	Debt coverage ratio at 1.10
Scenario	1 Capital cost: \$225,000/unit Grant: Fed/Prov/Region of \$150,000/unit or 67% of capital cost Financing: 4% interest amortized in 40 years Program restriction: overall average rent at or below 80% average	\$6,218,000	OK	OK
	2 Scenario 1 with an overall average rent of 80% AMR, the project could sustain 33% of units at RGI and balance of 67% of the units at 100% AMR	\$5,880,000	OK	OK
	3 Scenario 2 by increasing an additional \$100,000 capital grant, the project can provide one additional internal subsidized RGI unit	\$5,563,000	OK	OK
	4 Capital cost: increase to \$250,000/unit Grant: Fed/Prov/Region of \$150,000/unit or 60% of capital cost Financing: 4% interest amortized in 40 years Operation not sustainable	(\$213,151)	OK	FAILED
	5 Scenario 4 Region will be required to fill in the funding gap to sustain healthy operation	\$5,775,704	OK	OK

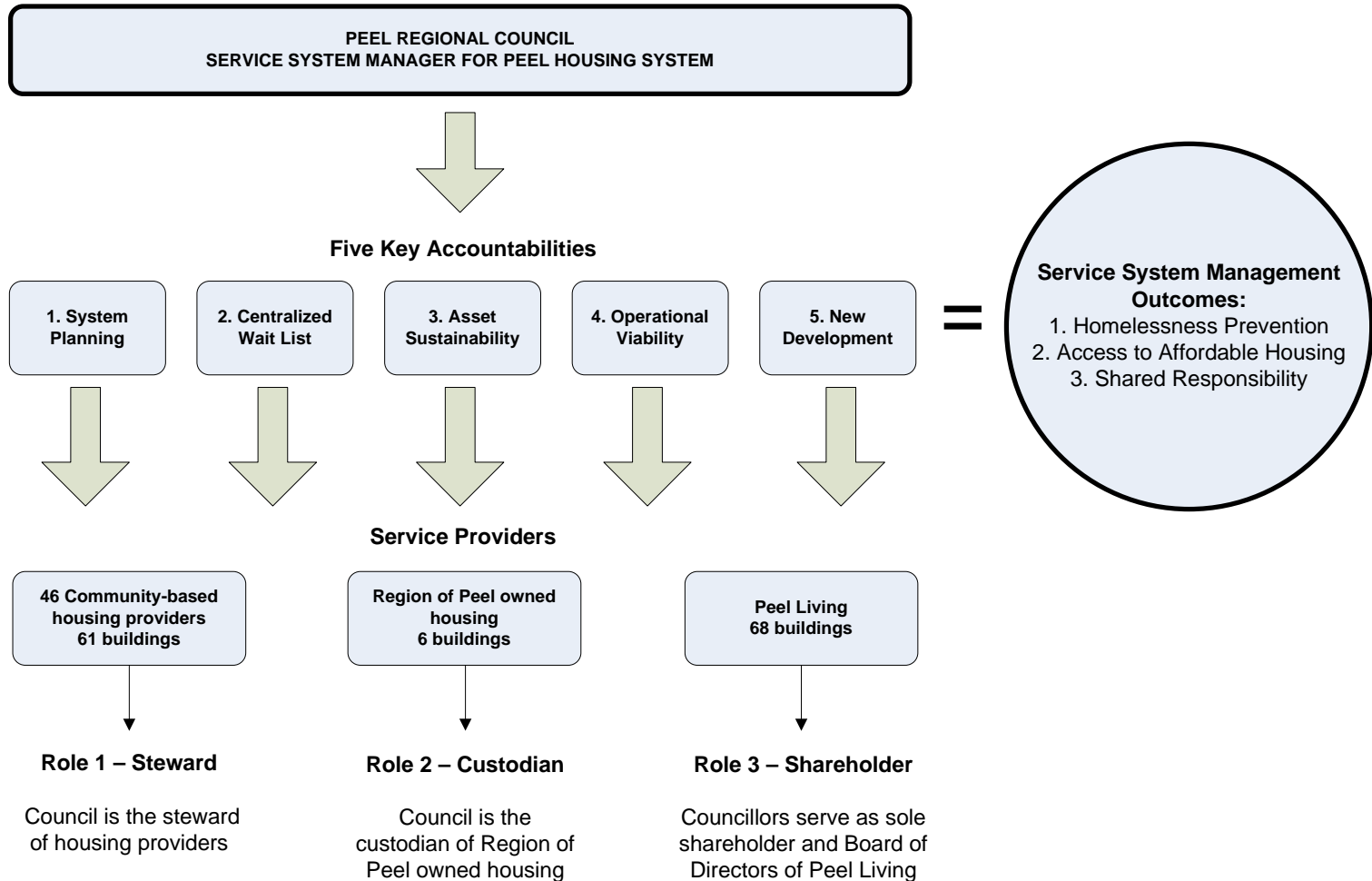
Financial Viability Modelling

- Hansen: 205-unit proposed affordable housing project with commercial space (pending)
- First two floors are for commercial space
- New modelling scenario to leverage community assets and build capacity of community partners



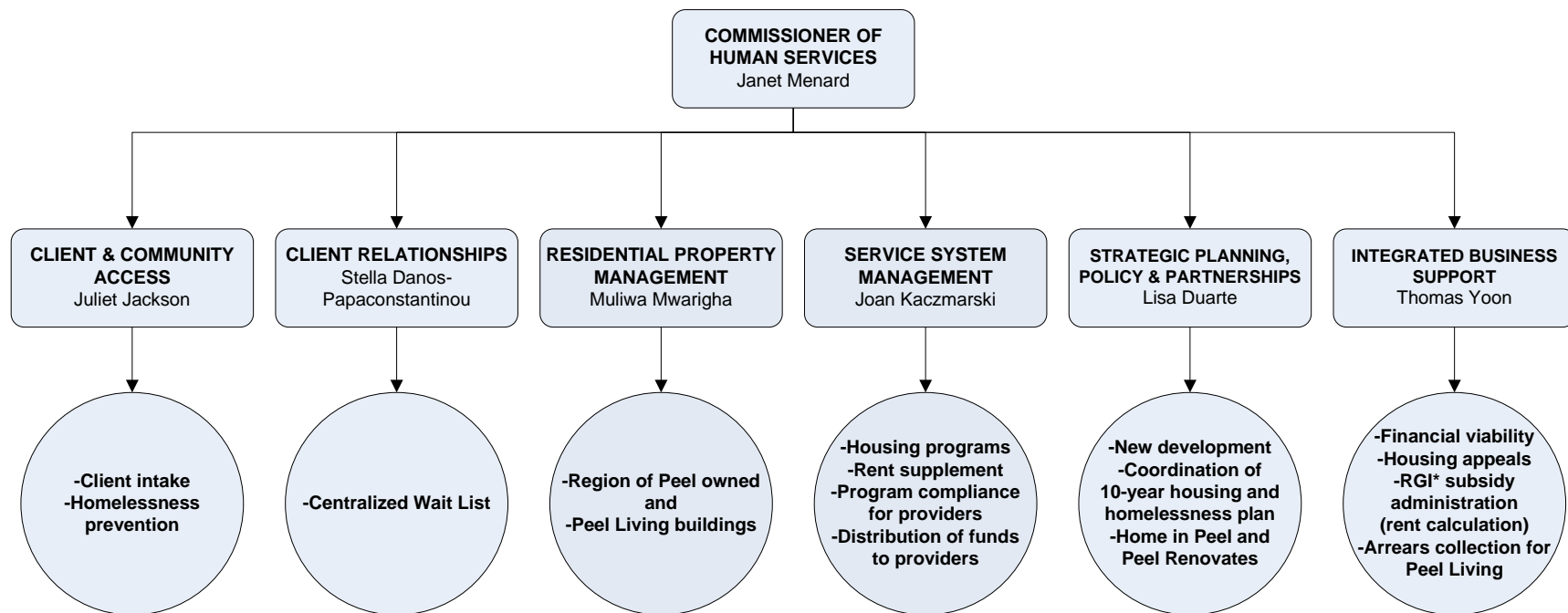
**Hansen Affordable Housing Development
247 Queen St. E. Brampton**

Housing Service System



Human Services Department

Housing Roles



*RGI = Rent-Geared-to-Income

Summary

- Service Manager role is evolving
- Good decisions have been and are being made
- Challenges are significant
- Approach – system/partnership