



Report To:	Program Planning Committee
From:	Connie Morphet Director of Finance and Administration
Date:	April 25, 2019
Re:	Non-Profit Housing Operating Agreements - Issue Report

Manitoulin-Sudbury DSB is the service manager responsible for funding three Non-Profit Housing projects, two Urban Native projects and 1 Rent Supp project. The Operating Agreements for these projects were downloaded from the Ministry to DSB in 2000.

## **Background**

In 1999, through the Social Housing Agreement, CMHC delegated the federally funded programs, previously administered by CMHC, to the Province of Ontario. This agreement establishes a funding schedule that declines as mortgages/debentures mature. It also establishes program and reporting rules and transfers contingent liability to the province of Ontario. Through the Social Housing Reform Act (2000), the obligations for the former Federal/Provincial programs were further delegated to the service manager.

Operating Agreements set out the amount, duration and conditions of the subsidy provided by service managers. Their expiry, often tied to a 35-year amortization period, means that when the mortgage expires, housing providers are solely responsible for the project's ongoing financial viability. The reasoning behind this was that following repayment of the mortgage, a project should be able to generate sufficient revenue to maintain its viability, while continuing to provide affordable housing.

## Current Issues

The current Operating Agreements do not coincide with the ending of mortgage obligations for most of the service providers. This would cause the providers to be in a financial burden prior to the mortgage discharge. The table below details the expiry dates related to each of the providers.

<b>Expiry Dates</b>	<b>Espanola Non-Profit Housing Corp</b>	<b>Gore Bay Non-Profit Housing Corp</b>	<b>Little Current Non-Profit Housing Corp</b>	<b>Native People Sudbury Development Corp</b>	<b>Cochrane Temiskaming Native Housing Inc.</b>
<b>Operating Agreement</b>	April 1, 2020	Nov. 30, 2022	Dec. 1, 2025	April 1, 2022	Aug. 1, 2027
<b>Mortgage</b>	Feb 28, 2021	Dec. 1, 2023	Jan. 1, 2026	April 30, 2023	Sept. 1, 2022
<b>Difference (Months)</b>	11	12	1	13	N/A

## Financial Implication

The table below details the projected budgets for 2020-2028 based on the 2019 budgets. There are is no provision for inflation or budget increases.

<b>Budget 2020-2028</b>	<b>Espanola Non-Profit Housing Corp</b>	<b>Gore Bay Non-Profit Housing Corp</b>	<b>Little Current Non-Profit Housing Corp</b>	<b>Native People Sudbury Development Corp</b>	<b>Cochrane Temiskaming Native Housing Inc.</b>	<b>Total</b>
2020	306,664	71,802	104,886	113,638	183,777	<b>780,767</b>
2021	127,134	71,802	104,886	113,638	183,777	<b>601,237</b>
2022	91,228	65,819	104,886	113,638	164,192	<b>539,763</b>
2023	91,228	-	104,886	87,718	105,438	<b>389,270</b>
2024	91,228	-	104,886	74,758	105,438	<b>376,310</b>
2025	91,228	-	104,886	74,758	105,438	<b>376,310</b>
2026	91,228	-	26,458	74,758	105,438	<b>297,882</b>
2027	91,228	-	26,458	74,758	105,438	<b>297,882</b>
2028	91,228	-	26,458	74,758	105,438	<b>297,882</b>
	<b>1,072,394</b>	<b>209,423</b>	<b>708,690</b>	<b>802,422</b>	<b>1,164,374</b>	<b>-</b>

The Federal Funding table below demonstrates the annual allocations as provided by the Ministry of Housing in October 2017.

<b>Federal Funding Rev Budget 2020-2028</b>	<b>Espanola Non-Profit Housing Corp</b>	<b>Gore Bay Non-Profit Housing Corp</b>	<b>Little Current Non-Profit Housing Corp</b>	<b>Native People Sudbury Development Corp</b>	<b>Cochrane Temiskaming Native Housing Inc.</b>	<b>Total</b>
2020	(160,877)	(73,753)	(66,246)	(118,842)	(101,207)	<b>(520,925)</b>
2021	(26,813)	(73,753)	(66,246)	(118,842)	(101,207)	<b>(386,861)</b>
2022	-	(73,753)	(66,246)	(118,842)	(101,207)	<b>(360,048)</b>
2023	-	(73,753)	(66,246)	(39,614)	(101,207)	<b>(280,820)</b>
2024	-	(6,146)	(66,246)	-	(101,207)	<b>(173,599)</b>
2025	-	-	(66,246)	-	(33,736)	<b>(99,982)</b>
2026	-	-	(60,726)	-	-	<b>(60,726)</b>
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<b>(187,690)</b>	<b>(301,158)</b>	<b>(458,202)</b>	<b>(396,140)</b>	<b>(539,771)</b>	<b>-</b>

The Municipal Share table details the net budget costs for each provider as well as the total difference to the Municipal Share each budget year. The overall increase at 2028 is \$38,040.

<b>Municipal Share 2020-2028</b>	<b>Espanola Non-Profit Housing Corp</b>	<b>Gore Bay Non-Profit Housing Corp</b>	<b>Little Current Non-Profit Housing Corp</b>	<b>Native People Sudbury Development Corp</b>	<b>Cochrane Temiskaming Native Housing Inc.</b>	<b>Total</b>	<b>Increase (Decrease)</b>
2020	145,787	(1,951)	38,640	(5,204)	82,570	<b>259,842</b>	-
2021	100,321	(1,951)	38,640	(5,204)	82,570	<b>214,376</b>	<b>(45,466)</b>
2022	91,228	(7,934)	38,640	(5,204)	62,985	<b>179,715</b>	<b>(34,661)</b>
2023	91,228	-	38,640	48,104	4,231	<b>182,203</b>	<b>2,488</b>
2024	91,228	-	38,640	74,758	4,231	<b>208,857</b>	<b>26,654</b>
2025	91,228	-	38,640	74,758	71,702	<b>276,328</b>	<b>67,471</b>
2026	91,228	-	(34,268)	74,758	105,438	<b>237,157</b>	<b>(39,172)</b>
2027	91,228	-	26,458	74,758	105,438	<b>297,882</b>	<b>60,726</b>
2028	91,228	-	26,458	74,758	105,438	<b>297,882</b>	-
	<b>884,704</b>	<b>(11,836)</b>	<b>250,489</b>	<b>406,282</b>	<b>624,604</b>	<b>-</b>	<b>38,040</b>

## **Recommendations**

Staff are recommending that the Manitoulin Sudbury DSB support affordable housing by amending the current operating agreements to coincide with the end of the mortgage obligations for each provider.

Staff are further recommending that the Manitoulin Sudbury DSB continue to support affordable housing by authorizing the staff to negotiate new operating agreements when the amended operating agreements expire. Any re-negotiated operating agreement that impact on the DSB budget will be tabled with the Board for their approval.