



Report To:	Program Planning Committee
From:	Donna Moroso, Director of Integrated Social Services Rhonda McCauley, Housing Program Supervisor
Date:	November 27, 2013
Re:	Affordable Housing Policy - Issue Report

Background:

Rent Geared to Income (RGI) buildings are not revenue neutral, and typically result in an annual deficit. As the End of Operating Agreements (EOA) occurs, and mortgages are concluded, the Manitoulin-Sudbury DSB needs to review how we can effectively meet the needs in our communities, while limiting the financial liability.

Purpose:

As Operating Agreements end, the Manitoulin-Sudbury DSB needs to review the current housing stock and determine how best to maintain and operate our properties.

The current RGI model, by no means creates a positive revenue stream.

We are obliged by legislation to meet determined Service Levels, but are able to do this by way of additional housing programs such as Rent Supplement or the Direct Shelter Subsidy (DSS) program.

Analysis & Discussion:

Below is a 2012 building analysis which breaks down the revenue versus expenses by building which clearly show that these buildings operate at a deficit. The option to convert some buildings to Affordable rents may be a way for the DSB to reduce costs while maintaining service level standards as dictated by provincial legislation. If the DSB decides to replace an RGI rent with an Affordable rent, there is a legislated requirement that we replace the RGI unit.

The rate charged for Affordable rents is 80% of the Average Market Rent for a community.

2012 Actual Revenues & Expenses (Excludes Capital Expenses)				
Location	# of Units	Rental Revenue	Expenses	Loss/Gain
66 Meredith Gore Bay	10	26,162	36,320	(10,158)
3 Water Gore Bay	22	77,031	78,526	(1,495)
66 Robinson Little Current	20	91,165	135,027	(43,862)
29 Nixon Mindemoya	24	86,823	108,561	(21,738)
76 Wellington, Manitowaning	16	48,361	80,797	(32,436)
60 Barber Espanola	10	34,696	99,859	(65,163)
70 Barber Espanola	29	94,616	171,940	(77,324)
410 Bell Massey	21	86,283	148,015	(61,732)
10 O'Neil Webbwood	24	80,290	114,092	(33,802)
40 St. Christopher Noëlville	21	82,011	122,547	(40,536)
25 John St. Charles	23	95,762	128,845	(33,083)
17 Stanhope Warren	19	61,846	108,079	(46,233)
78 Pine Chapleau	13	36,842	92,308	(55,466)
80 Pine Chapleau	13	71,190	78,126	(6,936)
Total	265	973,078	1,503,042	(529,964)

The Town of Gore Bay currently has 3 Housing Properties. One Senior Non-Profit, and 2 DSB operated Rent-Geared-to-Income properties. In Gore Bay the current waiting list has 35 applicants, of which 30 are seniors. These applicants can be serviced by the Non-Profit and the DSB building on Water Street. The analysis of the portfolio shows that the building known as Woods Lane (66 Meredith Street) is a logical choice to convert to affordable rents.

Hence, it would be beneficial and responsible to consider the Woods Lane Property for conversion to Affordable Rents rather than Rent-Geared-to-Income (RGI) based on this analysis. This would ensure continuation of supplement to the operational dollars required to maintain the building more efficiently. Also for consideration is that this building is one of the first to have its mortgage expire, which will of course eliminate the Federal Government subsidies received for this building which currently are inadequate.

Woods Lane Gore Bay 2012 Costs		
Rent Geared To Income (RGI) Net Gain (Loss)		
Rent Revenue		26,162
Operating costs	24,856	
Maintenance costs	11,464	
Capital costs	1,889	
Total Expenses		38,210
Net Gain (Loss)		(\$12,048)
Based on Affordable Rents Net Gain (Loss)		
Rent Revenue		57,120
Operating Costs	24,856	
Maintenance Costs	11,464	
Capital Costs	1,889	
Total Expenses		38,210
Net Gain (Loss)		\$18,910

Affordable rents are calculated at 80% of average market rent for same sized unit in that community. Choosing to offer an affordable option, would increase the rental revenues, and would lessen the burden.

No current tenancies will be affected by this change. Using the attrition method, vacant units will be filled with residents paying an affordable rent for the designated building as vacancies occur. Current waiting applicants will be provided with the choice to remain on the waiting list for affordable rents, or choose another location of their choice. Any new applicants for a designated building will be considered waiting for affordable housing rental units.

Conclusion:

As the end of Operating Agreements fast approaches, consideration for Affordable Housing rates is an option to meet the needs of our communities while maintaining fiscal responsibility to our member municipalities.

Service Managers are expected to continue to meet the housing needs of our communities while the degree of funding for these projects continues to decline. The cost of operating our buildings continues to climb, and as a responsible provider, we aim to be proactive in our approach to review and repurpose our portfolio to meet the demand for affordable housing.

Based on the information contained in this report, it is recommended that effective January 1, 2014, the Manitoulin-Sudbury DSB converts the Woods Lane Apartments in Gore Bay to Affordable Housing designation.