



Report To:	DSB Finance Committee
From:	Connie Morphet, Director of Finance and Administration Steve Broadhurst, Supervisor of Infrastructure & Asset Management
Date:	June 26, 2013
Re:	<b>Social Housing - End of Operating Agreements - Issue Report</b>

## **Background**

Manitoulin-Sudbury DSB currently receives Federal Funding and pays debentures for the public housing buildings through funding distributed by the Ministry of Municipal Affairs and Housing (MMAH). This report deals only with DSB owned and operated properties.

As debentures for public housing mature, the federal funding associated with the buildings is also being terminated due to the end of operating agreements.

The current federal funding for capital purposes of the public housing stock is approximately \$800 per unit, totaling \$225,867. The building condition assessment that was prepared for Manitoulin-Sudbury DSB indicated that an additional \$79,880 is required annually to maintain the capital reserve for the housing buildings.

The annual budget, for the capital repairs of the housing stock, has been static at \$325,657 for the past four years. Therefore, the municipalities contribute \$100,000 annually to maintain the capital requirements of the housing stock. Based on the building condition assessment report the DSB should be allocating \$405,537 on an annual basis to maintain the capital reserve for the housing buildings.

The Manitoulin-Sudbury DSB needs to ensure that there is an adequate local supply of affordable housing and must meet the service level standards obliged by legislation.

## **Report**

Ministry of Municipal Affairs and Housing has issued the [Annual Apportionment of Federal Funds by Social Housing Program for 2013 – 2017](#). The report indicates that Manitoulin-Sudbury will be negatively affected by the end of operating agreements starting in 2015.

The chart below details the funding changes net of debentures ending:

	<b>Federal Funding for Public Housing</b>	<b>Loss of Funding net of Debentures</b>
<b>2012</b>	\$680,817	\$0
<b>2013</b>	\$680,817	\$0
<b>2014</b>	\$680,817	\$0
<b>2015</b>	\$666,382	<b>(\$7,953)</b>
<b>2016</b>	\$560,665	<b>(\$6,974)</b>
<b>2017</b>	\$316,074	<b>(\$27,902)</b>
<b>2018</b>	\$316,074	\$0
<b>2019</b>	\$316,074	\$0
<b>2020</b>	\$232,582	<b>(\$13,224)</b>
<b>2021</b>	\$232,582	\$0
<b>2022</b>	\$152,158	\$0
<b>2023</b>	\$92,191	\$0
<b>2024</b>	\$0	\$0
		<b>(\$56,053)</b>

The five year forecast that will be issued early in 2017 will represent a significant decrease in the federal funding. The federal funding for 2018-2024 has been projected with debenture completions and corresponding capital funding reductions.

## **Conclusion**

The effect of the End of Operating Agreements (EOA) on the annual federal funding for the social housing buildings of Manitoulin-Sudbury DSB is a decrease by \$56,053 by 2024. Currently the DSB spends \$325,567 on capital expenditures and this amount will be reduced by \$56,053 in 2024.

Additionally the Building Condition Assessment (BCA) that was prepared for Manitoulin-Sudbury DSB indicated that an additional \$79,880 is required annually to maintain the capital reserve for the housing buildings.

By 2024, the DSB will require an additional \$135,933 (\$56,053 + \$79,880) in municipal funding in order to maintain the capital infrastructure of its existing public housing stock.

Staff are recommending that the Finance Committee consider increasing the capital repairs budget on an annual basis to eliminate the \$135,933 shortfall over the next 11 years. That would require an additional \$12,358 annually from 2014 to 2024 to eliminate the shortfall.