March, 2002

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Service Manager Update
For the month of March, 2002

Message from the Stage Two Transfers Assistant Deputy Minister Three-Quarters Complete

More than three quarters of Service On March 1st, nine Service Managers Managers are now administering the social assumed full responsibility for social housing in housing programs in their areas. In just over their service areas, bringing the total number a month, the second and final stage of of stage two transfers completed to 36, or 76 social housing devolution will effectively be per cent of all Service Managers. Ten of the complete. We've come a long way in just six remaining eleven transfers will occur on the months! first of April, with Toronto the final transfer on

May 1st. With the completion of the business transfers, the ministry will continue to focus In addition to the public housing portfolio on stabilizing and transferring those projects transferred in January 2001, more than 800 excluded from the primary transfers and non-profit and co-op housing providers in the conducting the six-month compliance 36 service areas are now being directly reviews with Service Managers. As the administered by Service Managers. ministry's role in social housing will be much diminished, the Social Housing Business Beginning next month, the ministry will also Division will be organizing activities to reflect start transferring to Service Managers some its residual responsibilities. This will include the of those projects that were excluded at the eventual closure of the division's regional primary point of transfer in each service area. and area offices, as well as branches at our head office. Residual functions will be the responsibility of the Social Housing Branch (SHB).

As we complete the second stage business transfer, SHB will be having discussions with Service Managers about possible fine tuning to the *Social Housing Reform Act, 2000* regulations. (See the article in this newsletter on the subject.) I look forward to hearing your comments on the regulations, and your suggestions as to how we can make them more effective and workable for you.

Sincerely,

Lynn M. MacDonald
Assistant Deputy Minister
Social Housing Business Division

Stage Two Transfers Three-Quarters Complete

On March 1st, nine Service Managersassumed full responsibility for social housing in their service areas, bringing the total number of stage two transfers completed to 36, or 76 per cent of all Service Managers. Ten of the remaining eleven transfers will occur on the first of April, with Toronto the final transfer on May 1st.

In addition to the public housing portfolio transferred in January 2001, more than 800 non-profit and co-op housing providers in the 36 service areas are now being directly administered by Service Managers.

Beginning next month, the ministry will also start transferring to Service Managers some of those projects that were excluded at the primary point of transfer in each service area.

Tips and Strategies – Point of Transfer and Beyond...

Each month, this section will feature excerpts from interviews with Service Manager staff representatives who are now managing the social housing programs in their service areas.

Rainy River

*The Rainy River District Social Services Administration Board assumed responsibility*Sincerely, *for social housing in its service area in January of this year. The DSSAB includes 11 housing providers, plus the Local HousingCorporation (LHC). Donna Dittaro, Chief Administrative Officer, and Myron Romaniuk, Housing Manager, discuss their experiences.*

Donna: " Taking on the administration of the social housing business has been a huge task, but it's gone fairly smoothly so far. That's largely because our staff have been wonderful. The LHC staff have become our housing staff for non-profit administration as well. The transition wasn't difficult since the LHC was already managing two non-profits before the transfer. We have seven staff involved in various aspects of housing administration, and some of them are also involved in other social services, like Ontario Works. We're fortunate our staff have been so versatile.

"The training provided by the ministry was also helpful, as was the limited post-transfer support from the ministry's area team. We also established a good rapport with providers early on in the transfer process. Since then, our housing team has developed an excellent working relationship with them. We've used a combination of in-person meetings and on-site visits to get input from providers, starting with the development of the joint local transfer plan. "

Myron: "Going and talking to each provider takes time, but it pays off. Providers have a lot of questions, and each non-profit operates a little bit differently. We met with providers initially as a group, but now we find it better to meet individually. Email and the Internet aren't really options for us, since our providers tend to be small and some don't have a computer. "

Donna: "Providers are generally glad to sit down face to face, have their questions answered. I think meeting with providers has allayed some of their fears. And the learning works both ways. We understand their needs and interests better, and they understand ours.

"When we were developing policies for areas of local discretion, Myron went and met with each provider to make sure they understood these new policies completely, get their buy-in and obtain specific feedback as to how best to implement them. This process has now become standard whenever we're introducing a new policy."

Their advice to other Service Managers?

Donna: "In terms of policies where there's local discretion, you need provider buy-in. What better way than to sit down with them? These people have been in this business forever. Why wouldn't we use their expertise?"

Myron: "Gather as much information as you can from other Service Managers. Read a lot

– the legislation and regulations, ministry guides. And communicate with providers."

Leeds and Grenville

The United Counties of Leeds and Grenville assumed responsibility for social housing in its service area in January of this year. The Leeds and Grenville service area includes 12 housing providers, plus the Local Housing Corporation (LHC). Dorothy Theobald, Director of Community and Social Services, and Pixie Trip, Community Housing Business Unit Manager, talk about their experiences.

Dorothy: "Communication is really key --having an honest and open dialogue with stakeholders. It makes a huge difference to consult with providers and other key groups. We started working with providers even before we developed our joint local transfer plan. We have a great respect for their knowledge and experience, and I think they respect our position and perspective. We haven't agreed with providers on every point, but we've agreed to disagree. There's a mutual respect.

"We meet with providers monthly, and providers are members on all the working committees that are looking at areas like occupancy standards, waiting lists, and the lease agreement. We're looking forward to getting their continued input as we develop or refine policies. They have a better feel for

demand and a direct link to the community."

Pixie: "The working committees *[which also include members from outside agencies, such as supportive housing groups]* will make recommendations by the end of June 2002, and decisions will be implemented by September or October, so everything should be fully operational by the end of the year.

"Providers host the monthly meetings in their projects. We have both staff and board member representatives from providers. Attendance has been 100 per cent so far. Buy-in from stakeholders is key to being able to maintain interest and move forward. "

Dorothy: "We consulted with staff from the LHC as part of first stage of the social housing transfer. I think they felt that the county recognized the knowledge and experience in housing from the LHC, that it was beneficial to all of us in gaining experience. That built credibility with non-profit providers. "

Pixie: "The LHC has been an advantage to us, taking the lead in bringing together non-profit and LHC experience without baggage. "

Dorothy: "Council said about taking on social housing, 'if we're going to do this, we're going to do it right and we're going to do it well' and they've been fully supportive of our approach. "

Pixie: "We've given providers a lot of information – copies of regulations and amendments, meeting minutes, ministry newsletters. The regulations require that we provide information to providers for the public. We've prepared that information for them – a listing of providers and the kinds of housing they offer, even a map. And it's all in a binder, so it can be easily updated.

"We're also planning to do our own provider training in the fall. It will evolve as the working groups complete their work and we make decisions based on their recommendations. "

What has the experience been in administering the social housing programs so far in Leeds and Grenville?

Pixie: "Administration is already going quite smoothly. We've been pleased and surprised with how well it's going."

Dorothy: "The planning has paid off. It's a very exciting time for us, particularly regarding service integration. We're looking at the integration of services across Community and Social Services. Our working groups have other division representatives, from areas like Ontario Works and children's services. In terms of service delivery, this is the right place for social housing. We know our communities."

Their advice to other Service Managers?

Dorothy: "Communicate and get buy-in from providers. Look at it like a partnership. The more people you bring to the table for different perspectives, the better decisions you make. Taking the time to listen to people is key, and I think it will serve us well at the end of the day."

Adds Pixie: "We see ourselves as a team with providers to achieve a common goal. As a team, if we don't work together, we won't get the job done. Plus, it definitely helps to keep a sense of humour."

Service Manager Input To Be Sought on Regulations

The ministry, through SHB, is planning to seek input from Service Managers and other stakeholders on refinements to the regulations under the *Social Housing Reform Act, 2000*. The plan is to obtain input this spring for possible regulation changes after the second stage transfers are completed.

The focus of the discussions will be on fine tuning that would allow Service Managers to administer the programs more efficiently and effectively. Input will also be sought on how to strengthen the special priority policy for victims of abuse, following up on recommendations from the Coroner's Inquest into the deaths of Gillian and Ralph Hadley.

More information will be provided to Service Managers as soon as it becomes available.

Post-Transfer Reviews

A ministry post-implementation review of the devolution of the social housing business in each service area is expected to commence this spring. This is a follow-up to the implementation of joint local transfer plans developed and approved in early 2001. Progress made by Service Managers since their point of transfer date towards compliance with the terms set out in the *Social Housing Reform Act, 2000* will also be assessed. Detailed information on the review process and program design will be provided to Service Managers shortly.

Regulation Round-up

Recent Clarifications

In addition to changes made to enable the final stage two business transfers, a number of clarifications to regulations under the *Social Housing Reform Act*, 2000 were recently made.

The following is a general synopsis of key changes only. Please consult the amendments to the regulations directly, available through the Ontario Gazette website at www.ontariogazette.gov.on.ca ***, for the actual legal amendments made.***

Ontario Regulation 298/01

- Amending section 5(5) to give Service Managers the ability to determine a longer period of time than 10 days for households to report changes in household circumstances
- A similar amendment of the corresponding regulation section dealing with special needs housing
- Stipulating that households owing monies for damages, as well as rental arrears, are ineligible for RGI assistance
- Amending section 10(1) to give Service Managers the ability to specify a period longer than 10 days for the provision of documents by a household relating to changes in their information
- A similar amendment of the corresponding regulation section dealing with special needs housing
- Adding a new section, 35.1, in order to clarify that households that are already located in social housing and are requesting RGI assistance are to be included on the centralized waiting list (Without this change, only external households requesting accommodation and assistance would be placed on the list.)
- Clarifying that at least one, but not all, members of a household have to meet the housing provider's mandate to be placed on that provider's subsidiary waiting list
- Clarifying that the rules on the transfer of assets include both income-producing and non-income-producing assets

Ontario Regulation 339/01

- Amending section 3(4) to clarify that if a housing provider is dissolving its corporation, that one of the entities to which it can transfer its assets is the Service Manager or a related municipality
- Clarifying that a housing provider may have an internal transfer policy that only allows transfers for overhoused households
- Clarifying that the prohibition on the housing provider maintaining its own waiting list only comes into effect after the Service Manager establishes its centralized waiting list
- Complementing the proposed change in O. Reg. 298/01, allowing for households already residing in social housing projects to be placed on the centralized waiting list for RGI assistance
- Clarifying that the amount that housing providers are required to place in their capital reserves is the amount they were required to have under their terminated operating agreements
- Clarifying the meaning of a factor in the establishment of the market rent index
- Clarifying that the Service Manager may alter the targeting plan or mandate of a housing provider for a period of not more than two years

where the Service Manager agrees to give a housing provider additional subsidy

- Correcting the date reference in section 37
- Making a name change to one provider
- Adding providers that become subject to the regulation as of April 1, 2002 and May 1, 2002
- Adding providers to the table that sets out those providers who are 100% RGI
- Making Table 4 applicable for 2002

Regulation Chart on Ministry Website

For a quick reference to new and amended regulations under the *Social Housing Reform Act, 2000,* the ministry has posted a chart on its website at http://www.mah.gov.on.ca/business/SHT/SH RA_Reg/shrareg-chart-e.pdf. This chart is continually updated as regulations are amended. Current links to individual consolidated regulations and amending regulations are included in the chart.

Social Housing Services Corporation Regulation

The Social Housing Services Corporation regulation is now available on the e-laws website at http://192.75.156.68/DBLaws/Regs/English/020017_e.htm.

Shareholder Agreement with LHC an SHRA Requirement

It has now been more than a year since the stage one public housing transfer took place on January 1, 2001. Since the transfer, some Service Managers have made the local housing corporation (LHC) part of a municipal department, while others are leaving them as separate corporations, reporting to the Service Manager.

Under Section 32 of the *Social Housing Reform Act, 2000*, Service Managers in which the LHC remains a stand-alone corporation are required to establish rules governing the accountability of the local housing corporation to the Service Manager.

Per section 32 (2) of the Act, these rules should address matters such as reporting requirements, budgeting and funding, the maintenance of housing projects, audits and investigation, the exchange of information, "and such other matters as the Service Manager considers appropriate to ensure the performance of the local housing corporation's duties under this Act."

In Kingston, the Service Manager began working on a shareholder's agreement between the City and the Kingston and Frontenac Housing Corporation almost a year ago.

"The shareholder's agreement was a high priority for us," says Kingston Social Housing Division Manager Greg Grange. "It's needed to clearly define the roles and responsibilities of the corporation and the direct relationship with the shareholder [the Service Manager]. By setting out terms now, you avoid any confusion and problems later on."

Greg gathered input and models of agreements from a wide variety of sources. An agreement between the City of Kingston and its new utilities corporation provided one framework for a relationship between municipality and service provider, as did templates from the City of Toronto for its housing corporation. Greg also referenced the master management agreement which the former local housing authority had with the Ontario Housing Corporation, and, of course, the regulations under the *Social Housing Reform Act, 2000*. Also incorporated into the agreement were models used in New Zealand and California, accessed through the Internet.

In addition to consulting with other city departments, including the Legal Department, and the LHC, Greg brought the draft agreement to a meeting of the Seaway Group, an organization of nine Service Managers in eastern Ontario that meets monthly specifically to discuss social housing issues, share information and materials, and get feedback.

The Kingston agreement, which is slated to go to Council within the next few months, lists the objectives of the agreement and the shareholder (the Service Manager), as well as principles governing the operations of the LHC. It describes the business the corporation may engage in, the responsibilities of the LHC's Board of Directors, conflict of interest policy, and confidentiality. The agreement also describes matters requiring the approval of the shareholder (the Service Manager), and deals with matters such as financial reporting, audits, accounting, the LHC's capital reserve fund, group insurance, and record-keeping.

Ministry Training Well Received

Ministry training for Service Managers is now complete. More than 500 staff from Service Managers across the province attended one or more of the nine social housing training modules since the pilot training began last summer.

Service Manager feedback from the training has been very positive. More than 95 per cent of participants who completed evaluations said the outcomes of the training were achieved, and their training needs were met.

One-day training sessions for housing providers wrap up this month. More than 1,200 participants (representing staff and board members from more than 900 different housing providers, along with municipal officials and Service Manager staff) have attended the provider training sessions.

Transfer Tools

The following implementation guidelines were recently sent to Service Managers and have been posted on the ministry's website:

- Release 17, the *Guide to Special Needs Housing*
- Release 18, the *Operating Framework Guide*
- Release 20, *Procedures on obtaining Ministerial Consent under the Social Housing Reform Act, 2000*
- Release 12F, *Federal Non-Profit Program Administration Projects Transferred after Initial Point of Transfer*

In addition, Release 2, *Guide to Annual Information Return*, published under the Implementation Guidelines for Non-Profit and Co-operative Housing Providers Guide, has been sent to Service Managers, for distribution to providers in their service areas. The guide was sent by SHB directly to those providers who have not yet been transferred to Service Managers.

Frequently Asked Questions about Mortgage Renewal

Here are the answers to some questions about the mortgage renewal process that ministry staff have been hearing from Service Managers.

Q1 Please clarify the Service Manager's responsibility/liability for the mortgages and debentures, particularly from an auditor's perspective.

A1 The province holds the contingent liability for any mortgage that forms part of the province's social housing non-profit mortgage portfolio. As such, the province is responsible for reimbursing CMHC for any claim made against CMHC's mortgage insurance fund. Individual Service Managers do not share this liability. However, if it is found that lack of diligence by the Service Manager caused a mortgage to go into default, the Minister has the option of charging back the default costs to the Service Manager.

Service Managers are responsible for the following with respect to social housing non-profit mortgages:

- Within a month of mortgage renewal, the Service Manager must calculate an adjustment to individual subsidy payments based on the new interest rate and payment amount of the new mortgage;
- Notify the ministry if the mortgage is in default; and
- Notify the ministry if the Service Manager is of the opinion that, due to the financial position of the housing provider, a mortgage is likely to default within 12 months after the end of the housing provider's current fiscal year.

Unlike the social housing non-profit mortgage portfolio wherein the contingent liability is determined by the terms of the federal-provincial Social Housing Agreement, there is no provision allowing the province to transfer the responsibility for paying the debentures directly to the Local Housing corporation (LHC) or to Service Managers. Service Managers are responsible for compensating the province for the cost of servicing the debentures related to projects managed by their LHC.

Currently, the annual cost of servicing the debenture debt is offset against the transfer of federal block funding payable to Service Managers. The expiry date of debentures corresponds to the expiry of associated federal funding for any project.

Q2 Will a reduction in the mortgage payments reduce the subsidy from federal funding?

A2 Before the Social Housing Agreement (SHA) was signed between the province and the federal government, federal funding was distributed to housing providers based on cost sharing rules. Federal subsidies could fluctuate based on factors such as mortgage payments and interest rates.

Since November 1999, when the SHA was signed, federal funding is distributed according to a pre-determined funding schedule. The agreement contains schedule "E" that sets out the total amount of federal block funding that will be provided each year and that will continue until the terms of the last commitment is reached. Federal funds are flowed to individual Service Managers through the federal funding model on an annual basis.

This block funding approach replaces old cost sharing agreements that existed prior to 1999. As a result, federal subsidies for social housing programs to Service Managers do not change according to the SHA, despite the fact that subsidies to housing providers do change according to interest rates at which their respective mortgages are renewed.

Q3 Who pays for the legal and administration fees for renewal of mortgages after the point of transfer?

A3 There are no legal or mortgage administration fees payable by any housing provider as a result of the Ontario Competitive Financing Renewal Process. The legal fees are paid by the lender who is awarded the mortgage tender tranche.

Regular editions of *Service Manager Update* are published each month by the Ontario Ministry of Municipal Affairs and Housing to summarize important information that will assist Service Managers with the social housing business transfer.

Special editions will be published, if required, to provide Service Managers with time-sensitive information.

For more information, please contact your Area Transition Team.

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