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May, 2002

Service Manager Update
For the month of May, 2002

Message from the Assistant Deputy Minister

I'm delighted to be able to say that the second and final stage of the social housing business transfer has been completed on schedule. This is a remarkable accomplishment which could not have been managed so successfully without the skills, dedication and co-operation of Service Managers. Congratulations on your part in making the business transfer the success it has clearly been.

The size of this achievement, by far the largest and most complex intra-jurisdictional transfer in the province's history, is worth noting. The transfer involved:

- more than 250,000 social housing units, including some 45,000 units of federal housing
- the reform of the provincial non-profit and co-operative programs the subsequent transfer of the reformed programs along with the rent supplement program and the various federal programs
- the creation of 47 municipally-controlled Local Housing Corporations, and the transfer of all public housing employees, property and moveable assets (estimated $3 billion in assessed assets at the time of transfer)
- approximately 1,400 housing providers
- annual subsidy costs of over $1 billion dollars
- over $150 million in one-time transition funding provided to service managers

Furthermore, this transfer involved significant program reform, conducted while preparing to devolve the business, and very ambitious timelines during which municipalities faced their own challenges with restructuring, elections and the devolution of other services.

With the completion of the social housing business transfer, the ministry now turns to other work. Consultation on regulations will begin shortly, as will the post-transfer assessment process. The ministry is also redefining its role in social housing. See articles in this newsletter for more information.

Again, my thanks for working hand in hand with us to make this a smooth and highly successful business transfer. The relationship we have established will see us well into the future.

Sincerely,

Lynn M. MacDonald
Assistant Deputy Minister
Social Housing Business Division

With Transfers Complete, Ministry Focus Shifts

For the immediate future, the ministry will focus on completing the transfer of projects held back from initial transfer to service managers. Housing projects that had been identified as being in difficulty, or at risk of being in difficulty, continue to be administered by the ministry until a resolution to their issues is reached. As with the initial transfers, these projects are being transferred in batches.

The ministry began transferring stabilized projects earlier this year, and will continue to do so throughout the remainder of 2002.

Over the coming year, the ministry will be completing its own transition, moving from direct administration of social housing to monitoring municipal administration and managing any associated risks. The ministry will continue to be responsible for a number of social housing-related activities:

- flowing federal funding to Service Managers
- debenture debt payments to the federal government
- contingent liability
- mortgage renewals
- making decisions with respect to Minister's consents under the SHRA
- benchmarking

- default management
- interim management of Rural and Native Housing, a former federal program
- setting broad social housing policies
- monitoring and enforcing provincial legislation, regulations, standards and provisions of the federal-provincial Social Housing Agreement

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

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

Hamilton

The City of Hamilton assumed responsibility for non-profit housing in its service area in December of last year. The Hamilton service area includes 68 housing providers, plus the Local Housing Corporation (LHC). Mark Mascarenhas, Director of Housing and Bob McKnight, Program Manager, Social Housing Administration discuss their experiences.

Mark: "From our perspective it's been going really well since the transfer. We took the time to organize ourselves, and it paid off. We worked closely with staff from the ministry, and took advantage of a number of secondments. Between seconding ministry staff and the development of the Joint Local Transfer Planning Team, we felt we prepared ourselves very well. We started with a good plan and then we implemented it."

We've had nothing but excellent feedback from our housing providers. We developed a wide-ranging consultation process on areas of local flexibility early on, and that consultation is still under way. We created an advisory group called the Community Consultation Committee on Social Housing (CCCOSH), involving housing providers, tenants, shelters, legal clinics, the social planning research council, and other advocacy groups. They set up work teams to report on areas such as coordinated access and local occupancy standards. These teams will report to us in the next few weeks. A staff team will evaluate the recommendations and we expect to go to City Council with a report in the fall."

Bob: "Involving stakeholders so extensively has been a lot of work, but it's brought the social housing community in the city together. We want the kind of relationship with providers where they'll call us with questions and concerns before any major problems arise. In January and February of this year, our Housing Officers went to the board meetings of all our providers to help build that relationship."

Mark: "The day before the transfer we held a forum for all housing providers to talk about our respective roles and our plans. That helped communicate our expectations and reassure providers." Bob: "Housing providers have told us that they want consistency in communication – to know that everyone's getting the same message. We're developing a communiqué/bulletin to communicate policies and procedures. We're also designing a newsletter for providers and a web page."

Mark: "The City chose to make the Housing Division part of its Planning Department, but we have linkages in place that cross departmental lines – dealing with long range planning, buildings, health, licensing, social services. You have to take a ‘soft silo, hard rings' approach – work in matrix teams across departments, regardless of where you happen to be situated."

Bob: "Networking with other service managers is also helpful. Service managers in the south and southwest have been meeting informally every three months or so, and we recently decided to formalize that group with a terms of reference. We met in Hamilton recently, and our next meeting, set for September, will be held in Halton, so we'll share the responsibility for hosting meetings. We're all doing the same business and there's a lot of information we need to work on together. It's useful not only to share documents and experiences formally, but also just to hear what other people are doing, how they're handling the same issues you're dealing with."

Their advice to other Service Managers?

Bob: "Consultation with housing providers is key. Our first few meetings were pretty rocky, with a lot of different opinions from different providers about the best approaches. I think having providers see the different perspectives and be able to reach a consensus brought the community of providers together, and helped them understand how difficult it can be for the city to develop effective, workable policies."

Mark: "You've got to have a vision of how you want your end state; you can't just stumble along. It's not just about devolution, it's about what your role is going to be in social housing and affordable housing in your community. You can't just pigeonhole yourself as the administrator of the social housing transferred from the province. You need to take a leadership role in the community on all affordable housing issues. Be innovative and creative."

Renfrew

The County of Renfrew assumed responsibility for non-profit housing in its service area in April. The service area includes seven housing providers, plus the Local Housing Corporation (LHC), which combines three former local housing authorities. Social Housing Manager Les Scott talks about his experiences so far.

"We've been doing very well. We agreed right from the word ‘go' that all the housing providers, both provincial and federal, must be part of the transition. We met about seven to 10 times in the first year, developing the Joint Local Transfer Plan, sharing information, and providing workshops for the providers on the legislation and regulations. Providers have formed an advisory group that meets regularly now."

"I personally met with all housing provider boards before the transfer. In many cases, board members are long-time volunteers with a great deal of experience and knowledge in running social housing projects. There was a fear among some boards that the Renfrew Community Housing Corporation (the LHC) was going to take over, and that boards would not be needed. *[The LHC reports to the County Council's Community Services Committee.]*

We were able to reassure them that that wasn't going to happen."

"I think the biggest challenge has been connectivity - making the most of technology to keep us connected to providers and receive information from them."

"The Seaway Group *[an organization of housing managers from nine service managers in eastern Ontario which has been meeting monthly since October 2001]* has been excellent as a place to discuss experiences and share ideas and materials. Since the City of Kingston was one of the pilot transfers back in October, we've been able to learn from their experiences as to what works and what doesn't. The Seaway Group has looked at the various areas of local flexibility and heard presentations from ministry staff on different topics. We recently set up a sub-committee to look at the Yardi system to see if it can meet our needs for non-profit providers as well as the LHC."

His advice to other Service Managers?

"You need to build the team together – staff, providers, the local housing corporation – share your ideas and develop a sense of ownership by working together. Keeping people involved and informed led to our success. In addition, our politicians at the County level were also involved in the process and were very supportive of our progress and end results."

Consultations on Regulations Starting Shortly

With second stage transfers complete, the ministry is preparing for stakeholder consultations to help fine-tune key social housing regulations. Consultations will also provide an opportunity to strengthen the provincial special priority policy for victims of family violence, given recommendations arising from the Gillian Hadley inquest.

The focus of the consultation will be on three regulations:

- O. Reg. 298/01 "Rent-Geared-to-Income and Special Needs Housing"
- O. Reg. 339/01 "Housing Providers Subject to Part VI of the Act" (the new Operating Framework)
- O. Reg. 644/01 "Local Housing Corporations and Successor Housing Providers"

Input will be primarily from service managers, who will be asked to consult their own local stakeholders (including providers, social housing residents and applicants) as part of the process.

A series of questions is being designed to guide discussions and help the ministry determine what is working well and what needs fine-tuning. Input will be in the form of written responses to the questions, plus a number of regional discussion forums for service managers.

Regional discussion forums will be held this summer, with a request for final service manager input by September.

Before proposing any regulatory amendments, the ministry will discuss feedback with a variety of stakeholder organizations as well as other ministries, including the Ministry of Community, Family and Children's Services, Ministry of Health and Long Term Care, and the Ministry of Citizenship and Culture.

Discussions with stakeholder organizations will take place in the fall, and any proposed regulatory amendments are expected to be ready to go forward to Cabinet this winter.

Post-Transfer Assessments Starting Next Month

The post-transfer assessment process is now being finalized based on input from a recent focus group of Service Managers involved in the pilot transfers. The process is expected to involve a checklist questionnaire, a follow-up on-site meeting, and a follow-up report with the ministry's recommendations.

The **checklist** is designed to allow Service Managers to assess their progress toward meeting key requirements set out in the Act, including a brief description of the processes or systems currently in place. It will cover organization/service delivery; status of contingency plans, if any; subsidy; reporting; and communications with stakeholders. The ministry expects to send the checklist to all service managers next month.

On-site meetings will be conducted with a representative sample of service managers this fall. Meetings will be held at the offices of the service managers and are expected to take a half or full day.

The **written report** to service managers will use the same format as the checklist, with ministry comments provided after each question. It will be sent to the Service Manager within 15 business days after receipt of the checklist (or after the site meeting, where applicable).

The assessment process will take place between October 2002 and May 2003.

Funding Model Benchmarks

The establishment of benchmarks for manageable costs is prescribed in the *Social Housing Reform Act, 2000* as a component of the new funding model. These benchmarks will be a key component of housing provider budgets, establishing base funding levels that service managers will be required to support.

Benchmarks were established through expert panels of housing providers, private sector focus groups, a detailed survey of all social housing providers, and other sources, including the Energy Management Initiative, Capital Reserve Study, and the Canada Mortgage and Housing

Corporation Rental Market Survey.

The ministry is close to finalizing the benchmarks, although a number of issues are still under discussion. Draft benchmarks are expected to be completed by September 2002. Until then, service managers will continue to use housing providers' actual costs and revenues as "interim benchmarks".

A roll-out strategy for the benchmarks is being developed and will include training for service managers and providers and technical support to service managers for a limited time period. Service managers will determine their own implementation date for the new benchmarks.

Benchmarks will be set only once; however, provisions in the Act enable housing providers to request that the Minister adjust their benchmarks if necessary.

While the ministry has responsibility for the establishment of benchmarks for budget-setting purposes under the new funding model, the Social Housing Services Corporation is responsible for developing and providing advice to service managers and prescribed housing providers on various performance indicators and best practices measures that promote efficient and cost-effective delivery of services.

Additional Survey for Benchmarks

Earlier this month, the ministry sent a survey to select housing providers (including alternative housing providers, who deal primarily with the "hard-to-house", and providers who house a high percentage of people with special needs) to gather information for funding model benchmarking. The survey is a follow-up to one sent to most providers last June; these providers were not included in that survey since their projects are considered to have higher operating and administration costs due to the type of tenants housed and so their costs and revenues are being analyzed separately.

Service managers are asked to encourage such housing providers in their service areas to complete the surveys and return them to the ministry. The deadline for returning the survey has been extended from May 24th to June 14th, to allow providers more time to complete it.

Regulation Round-up

For a quick reference to new and amended regulations under the *Social Housing Reform Act, 2000*, see the ministry's website at http://www.mah.gov.on.ca/business/SHT/SHRA_Reg/shrareg-chart-e.pdf. The site provides a chart that is continually updated as regulations are amended.

Electronic links to individual consolidated regulations and amending regulations are included in the chart.

Transfer Tools

The following implementation guideline was recently sent by mail and electronically to Service Managers and will be posted on the ministry's website shortly:

- Service Manager Implementation Guideline Release #25, *Guide to the Funding Model*

Upcoming releases include a revised version of *Annual Information Returns for Service Managers* and *an Energy Management and Water Conservation Measures Guide*.

Frequently Asked Questions about Rent Supplement Programs

Here are the answers to some questions about rent supplement programs that ministry staff have been hearing from Service Managers.

Q1 Please outline the ministry's and the service manager's respective roles in administering the homelessness rent supplement program as of the point of transfer.

A1 The ministry has issued program guidelines dated February 22 and March 1, 2002 that outline the changes to the program and the new roles and responsibilities of service managers.

Service managers are responsible for:

- approving applications and entering into rent supplement agreements (operational guidelines and forms will be provided)
- providing RGI subsidies in order to bridge the gap between what the household can afford and the unit's market rent
- ensuring that funds are used for targeted households
- invoicing the ministry
- submitting reports to the ministry as required

The ministry will continue to:

- set market rent caps
- require units to be in a satisfactory state of repair

- reimburse service managers for homelessness expenditures
- review and approve any variations to the alternative delivery models provided in the guidelines

Q2 Will federal providers with rent supplement units under the OCHAP or CHSP programs have to sign new operating agreements?

A2 Expired operating agreements will not be renewed. Instead, federal providers will be given the opportunity to enter into a new agreement (the Social Housing Rent Supplement Agreement) which, if signed, would replace existing or expired OCHAP or CSHP agreements.

The new agreement was drafted in accordance with O. Reg. 298/01 (regulations governing Part V of the Social Housing Reform Act) which assigns service managers the responsibility for administering centralized waiting lists, determining eligibility, verifying income and calculating RGI subsidies for households, including rent supplement tenants. The ministry is currently revising the new agreement based on the additional flexibilities that service managers now have. Service managers will receive copies of the revised agreement once complete. Any providers interested in entering into a new rent supplement agreement should contact their respective service managers.

Q3 a) Where federal projects have flexibility in their operating agreements as to the number of rent supplement units, which amount, minimum or maximum, is used for purposes of service levels? How does the variable nature of such agreements affect service level standards?

A3 a) The variable nature of such programs/agreements will have no impact on service level standards established by regulation since a service manager's service level standards are determined through a count of the number of active rent supplement and ‘regular' RGI units at a set point in time prior to the date of the second-stage transfers. Service managers will therefore only be responsible for maintaining the number of RGI units established in the service level standards, regardless of the additional number of rent supplement units that could be allocated.

Q3 b) Can the rent supplement units still flex between minimum and maximum levels?

A3 b) Unlike former rent supplement agreements, the new agreement being offered to federal providers does not allow for minimum or maximum level of rent supplement units. Instead, the number of units is to be fixed at either the same number of rent supplement units listed in the old/expired agreement, or the current number of rent supplement units that the provider has been claiming in its monthly reports (note that this number could be the same as or less than the number of units in the current agreement).

Q3 c) Where a project is at or above the minimum number of rent supplement units, what happens when a vacancy occurs? Can the unit be filled with a market-rent tenant or must it be filled by a household from the centralized waiting list?

A3 c) All vacancies in provincially-funded rent supplement units must be filled by households on the service manager's centralized waiting list.

Q4 If a rent supplement applicant owes arrears to a private landlord, are they eligible, or must applicants meet the new provincial eligibility rules?

A4 In order to be eligible to receive RGI assistance, households must meet the conditions outlined in Part III (‘Eligibility Rules') of O. Reg. 298/01.

Q5 Which parts of the Social Housing Reform Act apply to private rent supplement programs?

A5 Parts III (section 32), IV (sections 34 and 37) and Part V (sections 62 to 90) of the Act apply to private rent supplement programs.

Q6 Rent supplement assistance for RGI households is cost-shared (50:50) between service managers and the federal government. How are payment amounts determined and how will the money flow?

A6 The amount a service manager will receive for 50:50 cost-share rent supplement agreements is determined in accordance with the OHC budgets for the 2000-2001 fiscal year, the number of these types of agreements, and their expected expiry date. Once the province receives the federal funds from CMHC, they are allocated on a quarterly basis to service managers through a transfer payment line item.

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.

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