
REPORT TITLE: **COVID-19 Response for Community Housing Providers**

FROM: Janice Sheehy, Commissioner of Human Services

RECOMMENDATION

That the Commissioner of Human Services, or the Director of Housing Services, be authorized to administer additional discretionary subsidy payments to community housing providers of up to \$7 million, as outlined in the report from the Commissioner of Human Services, titled “COVID-19 Response for Community Housing Providers”.

REPORT HIGHLIGHTS

- There are 48 community housing providers in Peel Region’s housing system, as well as new affordable housing projects owned by community partners that have agreements with the Region of Peel for the provision of affordable housing.
- The COVID-19 pandemic has negatively affected community housing providers’ operating costs, revenues and financial stability.
- The *Housing Services Act, 2011* authorizes the Region of Peel, as Service Manager, to require that all community housing providers which are subject to the Act remain operationally and financially viable and to assist them to do so.
- Information and supports have been regularly shared to ensure providers have the means to respond to this pandemic.
- To offset the unplanned operational expenses related to COVID-19, such as additional cleaning, supplies and personal protective equipment, community housing providers that have an agreement with the Region of Peel will receive a grant estimated in total at \$720,000, funded through the Provincial Social Services Relief Fund.
- In addition, staff recommends that community housing providers under the *Housing Services Act, 2011* be given the opportunity to apply for additional subsidy to offset the impact of lost rental revenue.
- It is further recommended that this subsidy be funded from working fund reserves up to \$7.0 million.
- The duration of the pandemic and its full impact are not yet known. Staff will continue to monitor the impact on the community housing system and will work with all housing partners to ensure the viability of the system and further, will update Council on issues and risks should they emerge.

DISCUSSION

1. Background

There are 48 community housing providers in the Region of Peel’s housing system. The providers, which include the Peel Housing Corporation, consist of non-profit community housing, co-operative housing and Federal housing providers. Each offer a mix of affordable

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rental options and Rent-Geared-to-Income (RGI) subsidized units. All RGI housing is subject to the provisions of the *Housing Services Act, 2011* or as defined within their federal operating agreement. In addition, as the Service Manager, units are subsidized within sites built by, or in partnership with, the Region of Peel since devolution. These sites are managed by community non-profit providers and have agreements with the Region of Peel to ensure affordable stock. These units are outside of the jurisdiction of the *Housing Services Act, 2011* but considered affordable based on the development funding agreements.

The Region of Peel as Service Manager, as required within the *Housing Services Act, 2011* has authority to ensure community housing providers are complying with all applicable legislated requirements. This includes supporting partners to ensure that each property is well managed and financially sustainable.

2. Provincial Changes and the Effect on Community Housing Providers

The Province recently announced several initiatives to stabilize and secure housing for tenants. These initiatives include postponing all Landlord and Tenant Board hearings, evictions and deferring rental payments, if required.

To assess the impact of these changes, Regional staff have been working with providers in gathering data and completing a rental analysis. Rent receivables from March-April and April-May were compared for providers and this analysis indicates an average reduction of rental revenue collected of 22 per cent and 9 per cent respectively. The analysis further confirmed that seven providers would experience an immediate cash flow crisis, when the property tax deferral ends, as a result of a decrease in rental income.

Additionally, the Province deemed certain property management duties such as maintenance, emergency repairs, security and sanitation as essential services. This has resulted in several increased expenses that providers were not prepared nor budgeted for.

The incurred expenses include:

- Personal protective equipment (PPE);
- Cleaning supplies;
- Additional cleaning/maintenance staff; and,
- Program and equipment purchase to enable staff to work remotely.

3. Service Manager Supports

To support the Region of Peel's providers during the COVID-19 pandemic, staff is focusing on providing consistent and current information and support. Staff has:

- Regularly shared information detailing Provincial and Regional directives, guidance and supportive resources and Peel Public Health information;
- Contacted providers frequently to ensure they have the information and support they require;
- Specifically advised providers of available financial support such as tax and mortgage deferrals;
- Completed a rent analysis to identify providers with cash flow issues and assess the system impact of lost rental revenue;
- Updated the Region of Peel's housing webpage regularly; and,
- Developed policies and templates to ease the administrative burden on providers.

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4. Service Manager Financial Supports:

Providers are experiencing a range of financial pressures, some more significant than others. To ensure the sustainability of the Region of Peel's community housing system during the COVID-19 pandemic, staff has developed a model that provides equitable support for all Region of Peel providers while acknowledging that some require additional support to maintain health and safety standards and remain solvent. The approach mitigates the immediate and longer-term impacts of lost revenue due to COVID-19.

The approach includes four areas of financial support: deferral of overpayments, early advancement of subsidy payments, grants for additional operating expenses related to COVID-19 and additional subsidy as required to offset the cash flow impact due to delays in collecting rental revenue.

a) Deferral of Overpayment Recovery

The recovery of overpayments has been deferred until such time as the providers' cash flow levels stabilize. These subsidy overpayments are a result of the annual reconciliation between the subsidy paid by the Region of Peel and the subsidy entitlement based on the actual audited expenses. The intention is to recover the overpayments by the end of 2020. This decision will have a relatively immaterial financial implication for the Region of Peel, but it does ensure providers have cash flow.

b) Early Advancement of Subsidy Payment

Subsidy payments for April, May and June 2020 have been advanced early to increase provider cash flow. This activity will be assessed and will continue as required.

c) Grants for COVID related expenses

All providers that have agreements with the Region of Peel for affordable housing or that fall under the *Housing Services Act, 2011* will receive a grant to offset the unexpected and unplanned expenses related to COVID-19. These expenses include but are not limited to costs for cleaners, supplies, PPE and equipment or process changes to support an off-site service delivery model. Each provider will receive a grant based on the number of total units in its housing project. The cost per unit is \$18 for 3 months. The expected total cost of this support is approximately \$720,000 and will be funded by the Provincial Social Services Relief Fund. Agreements to flow these funds are under development. Supports for additional COVID-19 expenses will be reassessed as the pandemic continues.

d) Additional Subsidy

COVID-19 has had an impact on tenants' income and as a result, some housing providers are not receiving rental revenue as anticipated. Staff recommends that providers under the *Housing Services Act 2011*, that are significantly affected by rental revenue loss be allowed to apply for additional subsidy. Should all providers apply, the cost of the additional subsidy is estimated at \$7.0 million. An analysis of available data indicates that up to 10 providers will require this support, although this projection may change over time. This additional subsidy will be funded from working fund reserves.

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RISK CONSIDERATIONS

The Region of Peel as Service Manager, as required within the *Housing Services Act, 2011* has authority to ensure housing providers are complying with all applicable legislated requirements. If a provider were to become insolvent, be in danger of insolvency or unable to fulfil their legal obligations, the Region of Peel has authority to step in to rectify the situation and has an interest as Service Manager to address such circumstances.

As providers incur unexpected operating expenses due to COVID-19, without additional financial support they will be required to withdraw from their reserves to ensure the health and safety of their buildings. This will have a longer-term impact on the overall operating and capital budget for community housing providers.

FINANCIAL IMPLICATIONS

Agreements will be entered with community housing providers in order to flow grant funding for eligible COVID-10 related expenses, such as personal protective equipment, cleaning supplies and additional cleaning/maintenance staff. These grants in total of \$720,000 will be funded through the Provincial Social Services Relief Fund.

Upon Council approval, community housing providers under the *Housing Services Act, 2011* in need of further financial support, can apply for additional funding. This additional discretionary subsidy would amount to \$7.0 million if all providers required this assistance. Through the regular year end reconciliation process, surplus funds would be recovered from providers.

Staff will continue to monitor the financial impacts of the pandemic. The actual funding provided will be reported to Regional Council through the triannual process.

CONCLUSION

Since the pandemic began, staff has regularly communicated information about COVID-19 and has provided emergency protocols, guidance and financial supports. To offset the unplanned operational expenses related to COVID-19, such as additional cleaning, supplies and personal protective equipment, community housing providers will receive a grant estimated in total at \$720,000, funded through the Provincial Social Services Relief Fund.

Recognizing that some providers will experience sizable losses in rental revenue as a result of the pandemic, staff is seeking Council approval for funding of up to \$7 million for additional subsidy to ensure the community housing system remains viable.

As the impact of the pandemic has not yet been fully realized, staff will continue to monitor the effect on the community housing system. Staff will keep Council informed of issues and risks should they emerge.

For further information regarding this report, please contact Aileen Baird, Director, Housing Services, Ext. 1898, aileen.baird@peelregion.ca.

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Reviewed and/or approved in workflow by:

Department Commissioner, Division Director, Financial Support Unit and Legal Services.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink that reads "Nancy Polsinelli". The signature is written in a cursive style with a large initial "N" and a distinct "P".

N. Polsinelli, Interim Chief Administrative Officer