

# NEWS BRIEF



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*File  
O.H.*

*Good Review  
of O.H.C. & for Housing*

## THE PROPOSED TAKEOVER OF THE HOUSING AUTHORITY OF TORONTO BY THE ONTARIO HOUSING CORPORATION

There are indications that responsibility for socially-oriented services is filtering upward through Ontario's levels of government. Recent examples of this trend include provincial assumption of the administration of justice, transfer of all welfare services to Metro Toronto, and reorganization of the public school system upon a county base. This News Brief deals with the latest proposal for such a transfer to a more senior level--that the Ontario Housing Corporation (OHC) assume the responsibilities of the Housing Authority of Toronto (THA).

### The Present Situation

THA now administers both low-rental and moderate-rental projects. Its low-rent complex, Regent Park North, has 1,397 units housing about 5,000 people. The 1,364 geared-to-accommodation units (rent calculated on the basis of unit size and cost factors, with an upper limit on tenant's income) are administered by THA under the City of Toronto Limited Dividend Housing Corporation. The Moss Park project comprises 903 of the units in this category.

During 1966, revenue from Regent Park North totalled \$1,290,067 and operating expenditures were \$1,318,047, leaving a direct operating deficit of \$27,980. Debt service amounted to \$805,769, producing a total 1966 deficit of \$833,749.

Under the Limited Dividend programme, any shortfall between income and operating costs plus debt service charges is met either by rent increases, by the City assuming the deficit, or by a combination of these devices. Deficits assumed by the City rose from \$57,476 in 1965 to \$116,628 in 1966.

Rounding out THA responsibilities are a small number of miscellaneous housing units (including the emergency hostel services), rent supplement agreements, and sponsorship of recreational activities (101,000 participants in 1967).

### History of the Takeover Proposal

In 1966, THA applied for CMHC assumption of 50% of annual operating deficits and for waiver of the requirement for a replacement reserve

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fund for projects financed under Section 16 of the National Housing Act. Denying power to do the latter, CMHC suggested that, subject to provincial agreement and adoption of CMHC's rent-to-income scale, it could contribute up to 50% of an annual operating deficit (which CMHC has been doing since January 1, 1968). The Province, which had granted \$1,000 per unit for construction of Regent Park North and Moss Park, refused to consider operational subsidies without some control of administration. } 206

It was suggested, however, that the Province might assume responsibility, through the agency of OHC, for those THA properties eligible for federal aid upon transfer of ownership of such properties to the Province. This could be accomplished by the City's leasing of its equity to OHC for a nominal sum (i.e. \$1.00). OHC would assume all outstanding indebtedness (including earlier provincial grants which would be capitalized to form part of the total indebtedness) to be recovered over a period not to exceed the lease on the land. Terms of the leases on the land would be not less than 10 years beyond the dates on which the outstanding indebtedness would be fully amortized, after which the properties would revert to the City.

*Donna North*  
Conditions and Procedures

Following are the conditions and procedures, regarding the proposed transfer, as set out by the Minister of Economics and Development (letter to Mayor of Toronto for consideration at March 8, 1968, meeting with the Board of Control):

- (a) Passage, by City Council, of a resolution requesting takeover by OHC.
- (b) Offers by the City of alternate employment to all THA employees, including those employed in Limited Dividend programmes. Such employees would be given the first opportunity at newly-created OHC positions under terms of the Public Service Act of Ontario with waiver of the usual probationary period.
- (c) Offer by the City of alternative employment to those currently employed under collective agreements with Locals 43-767 CUPE and District Council No. 46 of the Brotherhood of Painters and Paperhangers. OHC would undertake to hire all personnel required to fill newly-created maintenance positions from previous employees through discussions with Local 767.
- (d) The City is to understand that it has relinquished all claims to transferred properties, which would become part of OHC's Metro portfolio and would operate under usual OHC terms and conditions regarding rentals, eligibility of tenants, etc.
- (e) Upon receipt of the resolution mentioned in (a), a formal application would be made to CMHC to participate in financing of these developments and agreeing that all of them would be operated on



the basis of the national rent scale with CMHC bearing 50% of operating losses which may result. Application would be made to Metro Toronto to bear 7.5% of operating losses.

- (f) The previous provincial grants for Regent Park North and Moss Park would be capitalized and would form part of total indebtedness to be recovered by the Province over a period not exceeding the term of the lease on the land.

Concurrently, a formal application would request CMHC to concur in an amendment to the No.2 agreement for Regent Park South, permitting payment of a grant in lieu of taxes equal to the full normal taxes. This would result in the City realizing an additional \$100,000 per year. Properties now used by THA for emergency purposes would not be taken over by OHC, since the Province feels that these would be better administered under the Metro emergency housing programme.

#### Some Implications and Observations

It is important to realize that full implementation of these conditions would require the active cooperation and consent of all four levels of government--City, Metro, Province, and Federal (CMHC). To this extent, the proposal would constitute a case study of intergovernmental relations in actual operation.

It is the City which must assume primary responsibility for guaranteeing employment to those presently employed in THA operations. The Province has stated firmly that it does not wish to sacrifice OHC's administrative efficiency.

In a certain sense, the Province has little to gain by the take-over, excepting enlargement of OHC's Metro portfolio and recoupment through capitalization of its original \$1,000 per unit grant for the 2,300 dwelling units in Regent Park North and Moss Park. OHC must bear 42.5% of any total annual deficit, with such deficit influenced by the absorbing of management and maintenance personnel into the larger OHC structure, by CMHC's January, 1968, agreement to extend and thus reduce annual debt payments, and by any operating deficit.

The City would gain financially, although the amount of such gain cannot be calculated. This uncertainty stems from cost cutting and cost increasing factors. If THA were to be continued, CMHC's extension of debt payments, which already apply, would reduce future annual deficits. Also, the City could itself request that CMHC provide \$100,000 in additional in lieu of payments. On the other hand, if THA were dissolved, the City would have to find employment for those personnel not absorbed by OHC, thus increasing overall personnel costs. Also, under the proposed take-over agreement the City would have to meet its share of Metro's increased levy to finance Metro's 7.5% portion of operating losses. THA would cease to exist, although (as mentioned above) the entire staff would be guaranteed employment.

It is difficult to assess the effects upon tenants, although THA's personalized approach is likely to be less evident under OHC management.