



Date 9 July 2012

City Council Committee Report

To: Mayor Canfield & Members of Council

Fr: Karen Brown

Re: Non Profit Housing Corporation Amalgamation

Recommendation:

That Council hereby approves the establishment of a Non Profit Housing Transition Board that will act in the capacity of the Board for both the Kenora Municipal Non-Profit Housing Corporation and the Keewatin Municipal Non-Profit Housing Corporation operations effective 1 December 2012 for a two year term; and

That Council hereby directs the CAO to develop a terms of reference for the Non Profit Housing Transition Board and bring a draft terms of reference for this Board, which includes direction for the amalgamation of the two municipal non-profit housing corporations, forward for Council review and approval on or before the October 2012 Council meeting; and

That Council Members Louis Roussin and Sharon Smith, as the Council representatives on the existing Non Profit Housing Board Members, be hereby appointed to this new Non Profit Housing Transition Board effective 1 December 2012; and

That the Clerk's department be directed to advertise for membership on the Non Profit Housing Transition Board; and further

That a subsequent report recommending membership on the Non Profit Housing Transition Board be brought forward to Council for consideration on or before the November 2012 Council meeting.

Background:

On March 31, 1999, the Honourable Al Leach, the Minister of Municipal Affairs and Housing at that time, signed an order made under the Municipal Act and the Planning Act setting out the framework for the amalgamation of the former towns of Kenora, Keewatin and Jaffray Melick. That order outlined the treatment of certain Boards of the former municipalities upon amalgamation.

The boards specifically contemplated included:

- Kenora Hydro Electric Commission of the Town of Kenora;
- Police Services Boards;
- Library Boards;
- Property Standards Committee; and
- Land Use Planning Boards.

Not included within the order was direction for the Non Profit Housing Boards. Despite this, the concept of the amalgamation of these two boards was pursued as part of the transition and amalgamation discussions. In late 1999, the then Housing Manager, Mr. Art Mior, spoke with one of the former Town solicitors, Mr. Jim Hook, to investigate the process required to pursue the amalgamation of the two non-profit housing corporations. At that time, the solicitor's opinion was that an actual amalgamation of the two boards would need to be undertaken, the process for which would take approximately three to four months. Independently at this same time, the Provincial government was looking to introduce legislation that would "expedite the amalgamation of the Local Housing Authorities (LHAs) where there is more than one LHA within the boundary of a District Social Services Administrative Board (DSSAB)". It was unclear how that legislation would affect the non-profit housing boards. As such, the recommendation made was that the City leave the corporate governance for the two housing boards unchanged for 2000 and revisit the decision once the impacts of the legislation were known. A copy of the letter from Art Mior (dated December 6, 1999) outlining this information, as well as a letter from the Ministry of Municipal Affairs and Housing (dated February 28, 2000, and quoted above) advising as to this process have been attached (attachment #1) to this report for your reference.

Ultimately, the corporate structure of the two independent non-profit housing corporations remained unchanged as a result of this legislation.

Role of the Housing Board:

In Ontario, Social Housing is highly regulated by the Province, making the role of the Housing Board restricted in nature. A number of related functions are performed by other entities, including:

- Kenora District Services Board (KDSB) – deals with tenant application process, tenant waiting lists, tenant screening and eligibility and calculation of rent (RGI, or Rent Geared to Income)
- Ontario Landlord Tenant Board – deals with disagreements with a tenant, complaints and evictions.
- Province – deals with mortgage renewals, investment of capital reserve funds and insurance, as well as sets out the funding formula for the annual operating budget, which is distributed through the KDSB.

With some exceptions such as tenant committees or board members, it is considered to be a breach of confidentiality for the Board to see the list of names either on waiting lists or for tenants residing within the buildings. In addition, the Boards are not eligible to be a registered charity, and while they are not prohibited from fundraising, they are unable to issue charitable donation receipts.

The two items of significance that remain with the Board are:

- Adherence to budget – ensuring the annual operating costs remain within the budget allotment from the Province / KDSB.
- Capital Repairs / Replacements – budgeting for required capital repairs / replacements.

Both of these Boards currently use a property management company to handle the day to day operations, maintenance and capital work. This means that, for both Boards, their primary role is to ensure the property management company is doing its job and staying within the approved budget. The Province has determined that this function can be adequately handled through quarterly meetings between the Board(s) and the property manager(s).

The Boards are administrative in nature, with a somewhat restricted scope of authority. If the two Boards were amalgamated, social housing functions would not be impacted as a result.

Anticipated Cost Savings:

There would be some cost savings that would result from the amalgamation of the two corporations, strictly through the elimination of administrative duplication (for example, audit fees, board training / travel and other general administrative expenses) as well as anticipated economies of scale (for example, property management fees and building maintenance staff, insurance coverage consolidation, software licenses and other maintenance / service contracts). A high level, conservative estimate of these savings is \$20,000.

Discussion:

The potential amalgamation of these two corporations remains outstanding from the time of the amalgamation of the City. Given the history, together with the anticipated administrative cost savings without impacting social housing service provision within the City, it is recommended that the amalgamation of these two corporations and boards be now dealt with.

It is worth noting that the two current non-profit housing boards were appointed for a term that will expire November 30, 2012. With the end of term comes the opportunity for the City to appoint one non-profit housing transition board that will oversee both corporations until the amalgamation is completed.

This Board would be given direction by Council to consolidate the two existing non-profit housing corporations into one consolidated non-profit housing entity that would service the entire City of Kenora. The transition board would further determine the efficiencies that would result from an amalgamation of these two corporations, and ensure that these efficiencies were implemented.

This Board could continue to oversee the newly amalgamated corporation for the remainder of Council term. In order to ensure some consistency on this Transition Board, and to help provide direction to the Board at the Board level, it is recommended that the two Council representatives currently serving on the two non-profit housing boards (Council Members Louis Roussin and Sharon Smith) both be appointed to this transition board.

The Amalgamation Process – Next Steps:

Consultation with the City's current solicitor, Bruce Ormiston, has confirmed that the following would be involved in the legal process for the amalgamation of these two entities:

- An application for Letters Patent of Amalgamation, Form 11 as prescribed under the Regulations to the Corporations Act, must be completed and filed with the Companies and Personal Property Security Branch, which has been attached for your reference (attachment #2).
- A name must be chosen for the amalgamated entity, and if the name chosen is other than one of the current names used, a NUANS name search is required to confirm name availability.
- An amalgamation agreement must be prepared.

These tasks should be completed through the transition board, with the City providing administrative assistance as required to help the board through the amalgamation process.

Budget:

There would be no incremental costs related to the appointment of one transition board that would oversee both Non Profit Housing Boards for the remainder of the term of Council. There should be some reduction in costs for eliminating the second board (for example, board training / travel).

The mandate for the transition board would be to proceed with the amalgamation of the current two individual corporations, including the operations and administration of same. Legal costs related to the amalgamation would be offset through the anticipated savings that would result from the amalgamation.

Communication Plan/Notice By-law Requirements:

The existing Non Profit Housing Boards have been copied on this report to make them aware of this recommendation. The KDSB has been made aware of the recommendation as contained within this report as well as consulted as part of the research for this report. They are also being copied on this report.

Advertising would be done to attract volunteers to the Transition Board.

At Council direction, a press release could be prepared.

Cc: Kenora Municipal Non-Profit Housing Corporation Board
Keewatin Municipal Non-Profit Housing Corporation Board
Kenora District Services Board