

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, May 8, 2013

LEGISLATIVE CHAMBER

**Department of Community Services
Housing Development Corporation**

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Public Accounts Committee

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[Mr. Andrew Younger was replaced by Ms. Kelly Regan/Ms. Diana Whalen.]
[Mr. Chuck Porter was replaced by Mr. Keith Bain.]

In Attendance:

Mrs. Darlene Henry
Legislative Committee Clerk

Ms. Evangeline Colman-Sadd
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Mr. Gordon Hebb
Legislative Counsel Office

WITNESSES

Department of Community Services

Mr. Robert Wood, Deputy Minister
Mr. Dan Troke, Executive Director, Housing
Mr. George Hudson, Executive Director, Finance and Administration
Mr. Peter McLaughlin, Director, Communications



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, MAY 8, 2013

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Keith Colwell

VICE-CHAIRMAN

Mr. Howard Epstein

MR. CHAIRMAN: Good morning, everyone, I'd like to call the meeting to order. We will begin with introductions.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Just before we start, I would just remind everybody to either shut your telephones off, or put them on silent or vibrate, and to not adjust your microphones.

So with that, I would ask Mr. Wood to start with a brief presentation if you would, please.

MR. ROBERT WOOD: Thank you, and good morning. As all of you know, government introduced a new housing strategy earlier this week and for Dan, George and I this has been a piece of work that we have been working on for at least the last 18 months. I thought I would just simply give you a little bit of context and talk a little bit about the strategic objectives, and then we can move into the questions.

When we started this work, it started really with an understanding that housing and the kinds of communities that people live in really is an important factor for social policy. When you can improve the health and vibrancy of communities, when you can give people more affordable housing choices, you see improvements in outcomes, whether it's educational, whether it's around levels of crime in a community, whether we're talking about economic development, health outcomes - really, housing and community have the capacity to actually make improvements in all kinds of objectives.

There's a real serious need for us to look at housing. Nova Scotia has made some very significant changes over the last 20 years. If you go back to 1996, only 27 per cent of households were single or single-parent households, and by 2010 that number was 64 per cent. So we have a massive change in the nature of families and the nature of the need for housing, and yet a lot of our stock - we have probably some of the oldest housing stock in Canada - it's not necessarily in the right place and it's not the right type. If you need a larger home, we might be able to help you, but if you need a one bedroom or a two bedroom for you and your child, we struggle to provide that kind of housing. So we need to be able to rethink the nature of the housing that we have.

We heard very clearly from people through our consultations that issues of affordability were a real concern. As the prices of rent and the cost of real estate rises, it makes it more and more difficult for people to make ends meet and for them, in fact, to actually move into a place of home ownership or to actually maintain their home.

The last component of this is that we have some real financial sustainability challenges. One of the largest pots, in fact the largest pot of money that goes into the operating of public housing is through the social housing agreement with the federal government. A number of years ago the federal government made a decision that they were going to be moving out of that portfolio, and over the last number of years, going out through to 2034, we see gradual reductions in that funding. It's going down about \$2 million a year, which is a compounding problem - \$2 million in the first, \$4 million in the second, \$6 million in the third and so on, all the way out to 2034 where we'll be down, net each year, around \$60 million. We have to be able to rethink how we think about housing and how do we diversify our portfolio if we, in fact, are actually going to go and create a financially sustainable system.

Within that context, one of the first things that we are doing within this strategy is moving away, where traditionally the majority of development that we have done has been specifically for social housing - we get a pot of money, we go out, we build some more units and they are specifically just social housing units. What we are talking about is moving to a more diverse kind of portfolio. We will continue to still build social and affordable housing accessible units, but we're going to do so in a broader context as far as possible, where we will have people with different income levels, different tenure types, different family types actually living in the same communities. That is actually one of the fundamental components of what we are talking about doing.

While we will do some of that development, we're also talking about being a catalyst for other partners - whether those are private sector developers, whether those are non-profit partners, but really we have opportunity where a developer or a builder might, in fact, actually be looking to us to help finance, provide some resources, perhaps even buy some of those units. Can we create partnerships where we, in fact, can actually be meeting our social purpose, we can, in fact, actually be a catalyst for development in Nova Scotia in bringing these different interests together so that we can actually build the kinds of communities and the healthy affordable kinds of housing that we think is necessary?

So, on this notion of affordability, what we heard very clearly when we went around the province was that the people felt that developers and builders weren't really building the kinds of houses that people could afford. We heard over and over again from people who said developers were building houses that were 2,000-, 3,000- square feet and that they were building to a price point that they could not afford, but if somebody was willing to build smaller, more modest houses, they would be willing and would want to buy those homes. That's the first piece.

The second is that if we can actually increase the stock of affordable housing and we can actually create a broader range of rental rates and affordable home ownership options that we, in fact, should be able to actually help to improve the level of affordability. Of course you're talking about very broad macroeconomic kinds of policy and we won't be the ones who totally affect all of that, but we can certainly make a difference within that.

What we also heard - and we know - that for many families, particularly for families of more modest income, it is very difficult for them to actually gain equity, to move into home ownership. They're in an environment where the rent that they pay, the cost of food and everything else, at the end of the day they have very little money left over so they don't have the opportunity to create savings. You'll find people who go through their working lives and they will retire and they still don't have any equity. The tragic part of that is that for many of those people, the rent that they pay is actually very close to what a mortgage would be, but they can't get started because they don't have any equity.

We're going to be looking at a variety of different kinds of programs - whether we're talking about down-payment assistance programs, lease-to-own programs or other kinds of mechanisms where we, in fact, can actually help people gain equity, move into the market.

Then the final area is really just around how we are going to help serve vulnerable populations. In Nova Scotia, approximately 1,000 people turn 65 each and every month. It is just a reality of our demographic shift, and the cost to us of continuing to build more and more nursing homes is extremely expensive - and it's not what people want. People want to be able to stay in their home, by and large, as long as they can. If you can, in fact, actually do home adaptations you can make homes more accessible, you can bring support services to people, you are actually giving them what they want and it is actually good financial policy.

The other area is around community living and there is much talk around helping people with disabilities move and live in communities and increase the level of social inclusion. For us, we want to sort of change the nature of that debate, where we're not talking about how many people live together to make it community living but, rather, we're talking about how do we actually build supported and accessible units directly within community, directly within the developments that we are doing.

Finally, just tackling the issue of homelessness or people who are at risk of homelessness. It's a complex issue. Some of it relates to simply access to affordable housing, but in the majority of cases, particularly for people who experience chronic homelessness, there are also issues of mental health and addiction and other kinds of challenges that people are facing.

Our intent here is to think about a Housing First kind of model, where, in fact, you can provide people with a stable home that they can call their own, that they can start to rebuild and create a sense of community, but also make sure that people have the right kinds of support services around them that will allow them to actually maintain that housing. If you think about the cost of incarcerating people, you think about the cost in an emergency room, the fact of us proactively and preventively actually putting the right support services around people that allow them to maintain their housing, increase their level of stability, you, in fact, are creating the right public policy.

This is an ambitious plan. We are talking about something that over the course of the next number of decades we will be changing the trajectory of where we go. We're talking about bricks and mortar - these are fixed assets, this does not change overnight, nor would we want it to. For us, we are going to be creating this entity called Housing Nova Scotia. It is really just a way for us to be thinking about how we are going to start offering new kinds of programs, starting to change the nature of the portfolio that we have. We are talking about how we, in fact, can be a catalyst for this kind of development and we're going to be building an advisory board that will be representative - it will have existing tenants sit on that board; we will have experts from a variety of different areas that relate to housing and development; and we will have various stakeholder interests at the table as well.

Our intent is, over the course of this next year, to really start to map out what housing is needed, how do we start to build out that plan and very much start to work with communities around that. We are first starting to talk specifically about new kinds of developments, and we can talk about that more over the course of the morning. It's not about going into existing public housing and start making massive change. We are really wanting to start to invite conversation with people, with their community - what would they like, how do they want it to change? Then we can see what kind of resources we have and how we are, in fact, actually going to help to enable that.

Finally, what will roll out of that - we have a framework in place for performance and accountability framework. It will start to set targets and objectives in terms of the level

of development, and we are going to be working over the course of this next year with this advisory body to go and establish that, to move that in place and start to create very concrete plans and an accountability framework that will hold us accountable to citizens in terms of what we can deliver on.

With that, I'll stop and I'll look forward to your questions.

MR. CHAIRMAN: Thank you very much.

Ms. Regan, you have 20 minutes.

MS. KELLY REGAN: Thank you, gentlemen, for coming in today to speak about this important issue. I would, off the top, just like to say that I am delighted to see that you are going to create an advisory board because that's something that we have been calling for. I'm just wondering when you'll be calling for members. You said that over the next year it will be getting underway, do we have any idea of the timeline when you will actually be looking for board members?

MR. WOOD: That's actually something that we want to do relatively quickly, so over the course of the next month or two we're hoping to be able to put that in place. We'll work with people around the terms of reference and actually start to create that membership.

The piece of work to do over the course of the next year really relates to actually setting out those objectives in terms of number of affordable units, accessible units, which kinds of developments we should be moving forward on, and validating the kind of performance framework and accountability framework that we should have.

MS. REGAN: Actually that sort of leads me to another question which I brought up on Monday. Normally when you see a strategy, you have targets, you know who's responsible for what, you know how you're going to get to those targets, et cetera. What I saw on Monday - some great ideas, don't get me wrong, and some things that definitely we've been calling for, but what I didn't see was a whole lot of detail. So in terms of, you know, even targets, I had some problems there. It's not a strategy.

MR. WOOD: There are a couple of specific projects that were mentioned within the housing strategy. What I can tell you is that we have upwards of 10 or 15 different projects of different types around the province that we are actively looking at, making consideration around. We want to make sure they are real, viable opportunities that we have done our due diligence around, and that we will start to make announcements around over the course of this next year.

The other part is - well, a couple of things come out of this. We did make a commitment that we will start to offer some home ownership programs over the course of the next six months. We are actively working on what those particular kinds of programs

might look like, and we did put in our business plan this notion of an initial framework around what that accountability structure is going to be.

I think the piece that, you know, makes it difficult for us and where we didn't want to put down specific targets is that we actually do want to be getting ideas and opportunities coming from different partners. It is not so much about all the development that we're going to do, quite the opposite. In fact, I think the majority of the opportunity isn't going to be what government builds, it's actually going to be what the private sector brings to us as opportunities, what non-profit groups bring to us as opportunities, and we're hopeful that over the course of this next year, as we start to go and have those conversations with builders, developers, and non-profits, that we actually start to build out a bit of a plan about what we see and where this is all going to go.

MS. REGAN: So it sounds to me like we're talking about public-private partnerships.

MR. WOOD: In almost every instance we are; in fact, in everything that we build, even today, we're the largest developer in Nova Scotia and in every single one of those developments, we bring in a partner to do the development. We don't actually build.

MS. REGAN: What's the cost of deferred maintenance of affordable housing units across the province right now? I've asked this several times in the House, et cetera, and I haven't been able to get an answer.

MR. DAN TROKE: When you're talking about an exact figure as to the deferred maintenance, I think is the question, basically in the last two years we've done five years' worth of work, mainly through economic stimulus funding, as well as additional contributions for capital and maintenance. So what you do is you would look at what the - when you're ranking the stock as to what condition it is in, you use terms from either excellent to poor or fair, with fair being kind of middle of the road based upon most of the rental stock that exists within the community - so not just ours, but when you look at what the private sector has as well.

So we look at our stock as being in fair condition, and what that means is, the investments that we make each year, we're trying to either maintain or improve the stock, so making sure those investments don't allow your stock to fall backwards. If you were to do a comprehensive audit of all the units - and that's really how you would get to an analysis of what the value would be - first of all, that kind of comprehensive audit is a very expensive proposition.

So what we do is we use - it's kind of a proxy; it's a capital asset maintenance plan. Where we would look at most of our major buildings, particularly, because those would be your most expensive buildings to do maintenance and repairs on, what we would do is we would look at the age of the materials that are in there, what were the warranties on those

materials, look for any deficiencies, and come up with a plan where you would be replacing those items based upon that information.

While I don't have an exact dollar value on it is what the overall - if you had everything in a kite today that you could throw into the overall portfolio, what we do know is the investments we are making are continually maintaining the stock or moving it ahead. Certainly we make every effort to make sure that the health and safety for folks within social housing is maintained.

The other part that's important is we do a lot of work too, with the co-operative and non-profit sector, so when you think about the housing stock that is out there for low- to modest-income families, a big chunk of that is actually maintained by third party organizations through co-ops and non-profits. We actually lend our expertise out to them as well as work with property management organizations to try and maintain their stock.

I know that's not the exact number but it tells you we are making sure that the work that's going on is either maintaining or moving that stock ahead and that what we believe is based upon the last two years of work. We believe there is about five years worth of work done during that period due to the injection of both economic stimulus and additional capital.

MS. REGAN: What you're telling me is we don't have an exact figure of what kind of work is outstanding and needs to be done to our housing stock, is that correct?

MR. TROKE: What I'm saying is that we work each year to make sure that the overall portfolio continues to move ahead but if you're looking for a number that would say that if we were to make everything perfect within the housing stock, no, because that would be a very expensive proposition to go out and try and analyze exactly everything you would need to do. We are making sure that that stock is safe and that the portfolio continues to move ahead from a perspective of quality of the units and with regards to overall maintenance and repair. But to actually say here is an exact number that you would put on the overall stock and that would make everything exactly where you would want it to be, no. Again it's a very subjective and expensive proposition to do that kind of analysis.

MS. REGAN: I'm not suggesting we should move everything to excellent, I am suggesting that fair might be cause for concern. I'm just thinking back to when we looked at schools, for example, and we did the Imagine our Schools project and we went through and schools that were in fair condition - I know what they look like and they're fair to poor, is what they are. When we say that we want to move housing stock to fair, or keep everybody at fair, that does concern me. Again, we don't have any dollar figure of what we have to do to move existing housing stock from not safe to safe or anything like that, we don't have a dollar figure.

MR. TROKE: First of all what we do in all the work we do is about keeping stock safe and about making sure that it stays affordable and that these units are available for low

and modest income individuals. When you're talking about the term, fair, within a rental portfolio, what you're actually talking about is a combination of not just the work that we're talking about within the building but also the surrounding building and the yards and so on. The terminology is not fair to poor, the terminology, when we talk about the stock as fair is actually a comparable kind of measure versus other units. I actually wouldn't categorize it in the term of fair to poor.

But also understand that the work we're doing is very much about what are the investments needed each year to continue to move ahead so it's not about making an investment and that investment is going to actually cause your overall quality to fall backwards. It's about continually making sure that not just the big ticket things, like roofs and furnaces and whatnot get done, it's also about making sure things that have a 20-year life expectancy on them that you are replacing them at or before 20 years. Those are the types of things to make sure, as a property manager, and we rely very heavily on our housing authorities to deliver that service, but as a property manager to be able to make sure that folks look at where they're living as a safe place to live but also making sure that you are keeping ahead of the things that need to be done so you don't have a situation where something occurs that requires a massive overhaul of a building or whatnot.

MS. REGAN: So what benchmarks is the corporation using to decide how many senior units we need and how many family units we need because I have to say I'm not clear on how you're deciding what the needs are? Is it when the community comes to you and what if a community doesn't come to you? What if there is no one in that community that is looking at that?

MR. TROKE: Currently, from the perspective of a wait-list, we maintain wait-lists in areas and on units that we own so we don't maintain any wait-lists on the private sector. Co-ops and non-profits maintain their own, as they have their own boards.

What we do is we look at certainly between Stats Canada and rental market survey information, we do get what's called core housing need by geographic area. Within the province it's actually fairly evenly weighted, so if you think about it, when you combine things like both affordability from price, suitability and adequacy for the stock that's there, it's actually pretty evenly distributed, so Halifax might have challenges in one area where Sydney would have challenges in another area. When you combine those, it's about 25 per cent in each geographic area in the province.

From that perspective, what we do is we do have wait-lists on our own public housing and co-ops, and non-profits keep them on social housing. What we have been doing essentially through the Affordable Housing Program is receiving proposals from the private sector, from non-profits over the last number of years, actually since 2003. What that does is it generates about 150 to 200 units of new, affordable stock throughout the province.

In some cases some communities come forward and say, we're looking to do two to four units, other places it's a larger opportunity. We've kind of married that up with some of the funding that has come from the federal government in the last couple of years, so looking at economic stimulus or looking at the affordable housing trust, so that, in addition, has allowed us to add about another 400 to 500 units that the province actually owns and looks after. All of that has been kind of the approach to date.

What we're talking about within the Housing Strategy is adding other tools so that when you have a non-profit that comes forward that says we have an idea in a certain community and we'd like to do a development, we actually have more tools that we can add to that now other than some of the traditional vehicles, but it also gives us the opportunity where government and that non-profit might work together to kind of share the overall development or overall responsibility in moving a project forward.

It's really about creating more tools to enable those proposals to move ahead. In some cases, to your point, if we have a community where we don't have proposals coming ahead but it appears, based on data, based on information that's coming forward from different levels of government, that there's a strong need, we do have an ability then to go in and look at what we actually do to a specific development there. It could be very, very small, it could be larger, based on that information coming forward.

As the deputy said, what really this is about is those conversations will now have other tools that we can bring to it, other than saying we have this program and everything has to fit within that program. It's about a wider array of opportunities to make some of that happen.

MS. REGAN: So is there a review mechanism in the strategy for knowing - are we meeting our targets along the way? How are you going to assess, because we haven't set any targets.

MR. WOOD: One of the pieces that we have not talked about yet and it's sort of buried within the strategy and I'm not sure it's actually in the strategy document, but one of the pieces of work that we want to be doing is actually looking at doing more of a portfolio management kind of approach. What I had said in some of my opening comments is that in many instances the kind of stock that we have in different communities is not necessarily the right type of stock.

The intent is that having a richer understanding of the types of housing, or where the greatest housing need is in that community, matched against the nature of the stock. So to give you an example, if you take a smaller community and we have a large house there, it's a four or five bedroom house because when we built it back in 1960 there were two parents and three kids and that was the need. Well as those units come up, we want to be in a position where we can actually be making decisions about either doing a refurbishment or do we take a building like that and turn it into a duplex, turn it into a triplex, that in fact actually makes more sense.

So really thinking about our existing assets and how do we leverage those rather than having to go out and do a full, new build, but actually just being able to make some renovations on that existing unit and actually create more opportunity with it.

In some instances we may actually be better off selling it, if the need in that community or with that particular type of housing and there is a market value for it, we may be better off actually selling that so that we can go and take that money and make investments elsewhere.

What I am highly conscious of is the reality that while there is market opportunity and there is opportunity here for us to partner with the private sector, and that we will take those opportunities where we can get them, I still have to build in communities where, in fact, there is no market opportunity, where there are challenges. So it isn't just about - in some ways you could almost think while there is greater pressure and challenge in larger urban areas, particularly in Halifax, there is opportunity, too.

The challenges in rural areas are almost the reverse, where there isn't that same kind of market driver that would allow us to offset the cost of development or maintenance, and what we're going to need to be able to do is, in fact, actually be taking the money that we can make in one place to be able to go and then reinvest it in another.

The intent is over the course of the next number of years we are, in fact, going to actually go and create a more robust kind of approach to this. Actually April 1st we launched our new housing administration system - it's a new IT platform that will get integrated over the course of the next year into our integrated case management system, but we're hoping that we'll be able to actually enhance our capacity to be able to do this kind of portfolio management.

MS. REGAN: There's mention of Housing First, that concept in the housing framework that was announced earlier this week. I'm wondering, will there be increased funding available to organizations that deal with that particular issue, that provide emergency shelter to homeless people?

MR. WOOD: That is very much the intent, so where we are right now is really let's try to understand the nature of the need.

Interestingly, we heard from a variety of communities that you would not traditionally think of as having a homeless challenge. For us I think, it's over the course of the next year of really digging underneath that and understanding the nature of those challenges.

What we do know, at least in some communities, the nature of the challenge is that we have people who have underlying root-cause challenges that make it difficult for them to maintain housing. We have already begun conversations with the Department of Health and Wellness, with the district health authorities, to say really in your community where

does it make sense that we start to think about programming where we're taking Mental Health and Addiction Services, or taking the work that our department does and not just think about the bricks and mortar, but actually think about how are you holistically helping that person.

The house, in some instances, is actually not the problem - right? It's that person's capacity to maintain their housing, for a variety of different reasons. So it's truly thinking holistically about that person and thinking about the overall net cost to society, of not, in fact, actually addressing that challenge that we're trying to get at.

You know Housing First started about a decade ago in the U.S. They've had some very good results coming out of that, there have been probably 10 demonstrations across Canada, and it does seem to move forward.

MR. CHAIRMAN: Order, please. Unfortunately Ms. Regan's time has expired.

Mr. Bain.

MR. KEITH BAIN: Thank you very much, Mr. Chairman, and thank you very much for your presentation this morning. I have a number of questions to ask, some of them are brief questions, but I'm sure the answers won't necessarily always be brief.

I guess the first one - how many homes do you say that this investment will create in the province?

MR. WOOD: The investment is multi-pronged, I think is the first thing to understand, so some of that is in the actual developments that we're going to do. If you think about all those 10 to 15 opportunities that we currently have on the books, and I'm not sure that all of those are going to be realized and we need to do our due diligence around them, but if we moved all of those forward over the course of the next five to seven years that would probably be over 1,000 units of new housing.

But it's also about actually making investments where we have partners come to the table and that we are, in fact, actually helping them move their projects forward. That's a much more intangible number that I can't give you an answer to right now, simply because we've put out, if you will, this expression of interest, this opportunity, and now we're hearing back from various developers and partners who want us to help move projects forward. I'm hoping over the course of the next year that will start to become a little clearer. Some of that investment, too, is in affordable home ownership programs where we're actually helping individuals with mortgages alone.

It's also about leveraging that private sector market and the kinds of opportunities that are out there that actually help people find affordable housing. What I'm clear on is that we can't do it all. The notion that government can actually build all of the affordable

housing that is required, I think, is a bit of a stretch. It's really about how we are being a catalyst, how we are using our policy levers to enable that kind of development.

MR. BAIN: You mentioned partnership and you're talking about partnering with private developers and I'm just wondering about some of the organizations that are in existence today. I'll use New Deal in Sydney Mines. Are they going to be part of this whole program and to what extent and what opportunities are going to be available for places like New Deal?

MR. WOOD: I guess I'll start it and then I'll let Dan add a little bit to it. That's exactly the kind of organization that we want to be having those conversations with. They may, in fact, have some existing assets. They don't necessarily have all of the kind of financial resources that they need, to be able to move those kinds of initiatives forward. What I'm also particularly interested in are those opportunities with partners who are already providing some kind of support service; they're providing something else within this so that it's not just the bricks and mortar component, they are actually adding these other value-added components that we think are better positioned and well positioned in a community to provide.

MR. TROKE: In particular, when we talk about New Deal, about four or five years ago, New Deal was able to put together about a 20-unit project. A lot of heavy lifting by the organization and they did an incredible job of putting that together. It was at that point in time that we had one or two very specific programs to try and help that initiative move forward. I think where the opportunity really aligns here is that those kinds of organizations, now there is even more flexibility and greater programs, we are looking at building out around that so that I think the timeliness of being able to make a project move ahead is much faster than it used to be. We also have the ability of multiple non-profits to work together as well or maybe even combine with the private sector.

When we talk about New Deal and we have Seton and New Dawn and other organizations, great capacity, but when you're trying to design or move forward with a project in one or two very specific programs, that's tough, but if you widen that and you widen the opportunities to do things, whether it's by maybe even providing a mortgage or maybe giving them some technical assistance, it actually not only increases the probability that those projects can get some legs, it can speed up the time in order for those projects to move ahead. New Deal had some really strong leaders who pushed that project ahead. Every community doesn't always necessarily have that capacity and we want to make sure that where there is enough capacity to move a good idea ahead, can we help to make sure that continues to move forward? The New Deals of the world certainly have the capacity to do more, if the business plan is there to support it.

MR. BAIN: I guess when we're talking about new homes being constructed or some of the existing homes brought up to a standard, do you have any idea at this time of how many rent-to-own properties would be created of those or is it too early in the process?

MR. WOOD: I would say it's probably a little too early to tell. I guess if I was to use an example - if you think about the Bloomfield development for a moment here in Halifax, we decided that we wanted to submit a proposal for that really because twofold: it had the kind of community plan that really fit this notion of mixed market, community space, support space, commercial space, that really fit with where we want to go.

It's exactly that kind of development that, as we build that out, what will be different about it is we will have some units that will be full market, we will have other units that are simply more modest in size, that we know that people can afford and that we are going to be building into those some actual rent-to-own kinds of opportunities. So people either may start off in a straight rental situation and over time make decisions that they want to be thinking about ownership, or that they may start right off the bat into that kind of a model.

It's the kind of model for me where if a person is already paying at or close to full market rent, we can actually, as a housing agency, hold money in trust for them - take a portion of the rent that they're paying and hold it in trust - and over the course of a number of years they start to be able to have a bit of a down payment. We in turn might add some matching funding and we can get them to the place where their mortgage will actually be the equivalent of what that rent was.

That particular development is probably about 470-odd units - we will be having probably 40 per cent of that that will be deemed to be affordable and we'll be able to be thinking about those kinds of opportunities within that - that's just one example.

MR. BAIN: How would the valuation of dwellings be determined before transfer?

MR. WOOD: Part of that is on our cost of construction - so what is it going to cost us to actually build and what is the price point, the valuation that we want to put on that, that would actually put some limits on what the cost is. The things for us to work out as we move forward is how do you make sure the people who are actually gaining access to these kinds of programs are actually targeted to the types of individuals who would not have opportunities outside of this. It's not for somebody who's making \$200,000 a year that we're going to be giving this kind of an opportunity to. It's really about helping people move into the market.

MR. BAIN: When you're looking at the construction of a new home or even an existing dwelling as it is, has the department looked at how it will impact the valuation of other real estate in the area too?

MR. TROKE: The way that traditionally this has been done around the world is that you would have a home that's constructed - for sake of argument the home is \$200,000 and the individual could afford \$150,000 as a mortgage, what would happen is that individual would be paying a mortgage based at \$150,000, but there's security put against the property on the differential. If that property were ever sold, it would be sold assuming at

fair market value, the money that was set aside to assist that individual, or the money that was put there to essentially buy down the cost of the home, actually would then come back to the province.

So think about it as a second mortgage that might be placed on the property. That approach has been done here in this province many times through some of our older programs; we also do it in doing partnerships around the creation of new rental units that are either in the private or the non-profit sector. What that does is it means that investments actually are there for a very long period of time but, second, what it does is it actually doesn't deflate prices because what you've done is said if that home is going to be sold you're going to sell it at fair market because there's a secondary investment there that would be recouped in the event you were going to sell it.

MR. BAIN: So in the process when you're doing your planning for the strategy - and I know there was consultation when I was in different organizations, we talked about New Deal and some of the private developers - I am wondering, was the Realtors Association consulted in any of this along the way?

MR. TROKE: We certainly had a various number of private sector landlords and members - I'm thinking of IPONS - at some of our sessions. We've also had several separate conversations with organizations that represent rental groups, so they understand where we're going and what we're doing. While most of those organizations have very different types of rental stock and target different markets, what we're really talking about here is either (a) working with those organizations to, in some cases, develop capacity, or (b) creating more tools to help individuals who either (a) may be renting to secure those rental accommodations, or (b) those who could be moving to ownership, having a plan in place to do that over a period of time.

It's also the type of thing where if you have somebody in a rental situation and they are working towards ownership, it's probably going to take them a period of time to secure that. One of the things that does in a rental market is it means you probably have a very stable tenant for a long period of time while you're moving towards that home ownership opportunity.

I'll be honest with you, I don't think there has been any pushback on this from those organizations and because we do so much work with them already in trying to find people places to live, working with the health authorities to find places for people with disabilities, so that we are continually talking with them almost every day anyway. It's the type of thing they understand what our business is and they understand that we're talking about enhancing some of those partnerships, which to them makes sense and the conversation is just starting.

MR. WOOD: I guess just a little bit more towards your question. Where we can create those kinds of market opportunities, so where our real estate agent would be engaged, what we are really doing is talking about creating more business for people,

whether that's developers, builders, real estate agents, those people. In some of these developments we are going to have people who will buy their home from us at full market rate. They will have their own realtor; they will go through that process.

As we think about each one of these new developments, what I think you're hearing us say is, we need to be thinking about first, we have a social purpose to our work. It is about being able to create affordability and preserve social housing stock and to do all of those important policy objectives. It also has to be financially sustainable and it has to be environmentally sustainable. So when we think about a development, what we're going to be doing is thinking about the cost of land, thinking about the cost of development in that community. We will be making decisions about how many of those units we would sell at full market rent, how many would be on some other rent-geared-to-income kind of level so that it's not just social housing or market rent, but there is a broader stratum of rental rates that are available.

When you put all of those different revenue streams into the hopper against the cost of development, what you're actually doing is saying, this is what the financials of this specific development need to be that will allow us help move it forward, whether we're doing that in partnership or however we're managing to structure this.

MR. BAIN: What would be the impact on apartment rentals when this comes into being? When you're looking at increasing the number of housing units that are available, what impact do you see it having on apartment rentals as they are today?

MR. WOOD: Well if you think about it, particularly in places - I mean the largest pressure that we have around rental stock is in HRM and it is going to continue to grow. The pressure will still be there. We will not be able to manage all of the need and all of the opportunity, nor would we wish to. We are merely going to be there as another participant within that system, much like we are today.

There are still going to be developments that go on that we won't be engaged in. There will still be many opportunities for other developers to be doing the work that they are doing.

MR. BAIN: I just wondered if this could possibly lower the price of apartments and whether or not it would have an impact on the bottom line for the owners of those apartments.

MR. WOOD: I'm not sure that it would necessarily decrease prices. The rental rates, traditionally, are pretty inelastic. The issue is, can you affect the growth in rental rates? If you were actually increasing the supply to meet the demand, are you helping to mitigate at least the increases? There will still be some increases, I'm sure, over time but what's the nature of that and how much of an increase is that?

MR. BAIN: I guess the other side of it is it's going to affect their bottom line, therefore they're going to look at their profit margin and it could mean things go the other way, especially for the middle and upper class, if it comes to rentals. That's only just a comment.

MR. WOOD: Some of that is about, which market are we competing in? The Trilliums of the world will still get built and that's serving a different market than the kinds of individuals that we're looking to help with housing.

MR. BAIN: In the last couple of minutes I have left, I just wanted to change direction totally here. We recall that last December there was a protest outside Province House by families and individuals with intellectual disabilities against institutionalization of those individuals. I know that the minister suggested that the Housing Strategy would solve this problem. The community living individuals we've spoken to feel there are not enough details or no details, so my question would be, can you shed some light on what the strategy will provide for these individuals?

MR. WOOD: Yes. I guess where the strategy fits for me is really - we know when we can do a development, rather than going and building a separate development, a group home or some other centre for people with disabilities that is separate and apart from other homes, that is the principal issue for me. What you hear within various corners of this argument is, how many people should be able to live together in order for it to be considered community living? What's the number of individuals?

For me, that's the wrong argument. The argument is, are you providing opportunities for people with disabilities to live in the same community, in the same developments as other people? If you think about it, in some of our developments that we're going to be doing, we will have units that are accessible, units that have supports within them and on the outside you have no idea until you open the front door and you see that the kitchen counters are lowered and that there are, perhaps, lifts and other things that are in there. There's no reason you can't have people with disabilities living in community.

Some of it is that, as we do these kinds of developments, we know that we have need in terms of increasing the number of community living options for people with disabilities. It is very much about utilizing and leveraging the kinds of development capacity that we're hopefully going to create through this strategy to actually build more units. That's the first piece.

The second part is that you also have to be able to work with the community around developing those plans. We have right now . . .

MR. CHAIRMAN: Order, please. Unfortunately Mr. Bain's time has expired. Mr. Skabar.

MR. BRIAN SKABAR: I've got a number of specific questions, many of which are along the lines we've been dealing with up until now. Right now the topic of discussion is the Nova Scotia Housing Development Corporation. In the next few days it's going to become Housing Nova Scotia, what's the difference?

MR. WOOD: I think the principal difference at this point is that right now the Nova Scotia Housing Development Corporation really sits as a shell. Its only two employees are George and I and we use it as a mechanism to do our banking. That's how it's used.

What we're going to be doing with Housing Nova Scotia is taking our existing housing service employees and employees under our properties and facilities and having them work underneath this organization. It is about us signalling a change in terms of approach and where we are going as an organization.

Many of the tools and the instruments are there, they're sort of lying passively without us really utilizing them, and what we're saying with this is, for the private sector, for non-profits, for individual families, we're going to build some new tools and some new programs that, in fact, are actually going to help increase and meet our social objective.

I think the other thing that is changing is there's going to be a much higher degree of accountability and openness about where we are going. So we will have an advisory board, and that board will be very active in terms of helping us set objectives and targets, with annual reports coming out where we will have objectives around financial sustainability, environmental stewardship and, most importantly, are we in fact actually meeting the social purpose for which it was created in the first place because, underneath all of this, while much of this conversation has been about financing and doing new development, ultimately it comes down to are we in fact actually improving outcomes for citizens, are we increasing the level of affordability for citizens?

MR. SKABAR: Now again, can you explain to me a little bit about the interface between federal funding for housing and Nova Scotia Housing Development Corporation, like, where does it fit? So federal funding for housing will decrease in the future, I understand, but did they not just recently announce - the federal government - the renewal of its affordable housing program for another five years?

MR. WOOD: Yes, so I'll start and then I'll perhaps get Dan to add some more to this - or George.

There are different pots of money. One of the pots is the investment in affordable housing - that is a renewal commitment that the federal government has made; the largest pot, though, is this social housing agreement - and it's that component that is not continuing. So while there is ongoing funding that is coming from the federal government - and we are in the process of negotiating the renewal of that agreement - there is this larger pot of money that is, in fact, going away and it has a larger trajectory in terms of the loss of that funding, but it ultimately says the subsidy around the operating expenses of public

housing, which is really the bulk of the money that that is for, is going away. And it's that funding that we in fact actually need to be rethinking about how we're going to diversity our portfolio.

I guess the last thing I would say, before I turn it over to Dan, is we also administer the CMHC programming, so all of the different programs around repair programs and so on, we are the ones that in fact actually administer those through Housing Services and we will continue to do so under Housing Nova Scotia.

MR. TROKE: So the most recent announcement from the federal government around housing is a five-year renewal, basically what you would consider to be the RRAP program - the Residential Rehabilitation Assistance Program - which is a grant program for homeowners, the affordable housing program.

These are cost-shared programs with the province that we'd almost consider our base. These are kind of your day-in and day-out grants and repairs that need to be done. At the same time the federal government announced the renewal of the homelessness partnering initiative that, here in Halifax, is delivered by AHANS, supporting initiatives that are helping individuals who may be homeless or near homeless.

When you think about those, they are kind of those base pots of money that allow those kinds of everyday things that we've been doing to move forward. One of the things, when we're talking about the strategy, is first of all it's new money on top of that. We're talking about the province and the investments that are going to be made.

Second, when you think about things like the homelessness partnering funding, there's an opportunity there for some collaboration between what's happening in the Housing Strategy with that set of programs being delivered by a group like AHANS, where we might be able to do more - so, leveraging one pot of money to do more things. That's really the benefit of a strategy in the framework that we really have here - we don't have all the answers around how that might work, but you've got community organizations that are working hard at that and they have access to some funding. So how can we make that money go further by doing more things collectively?

The recent announcement is really that base funding that has been renewed every two to three years - in fact, RRAP has been around for about 25 years in two-year renewals - but when you think about it, if that is the base of what we do, we're really talking about how do we build over and above that additional capacity and that's where the strategy is going.

MR. SKABAR: I recall the RRAP from back in my career when the department used to be known as the Department of Indian Affairs. Now I do have to admit I really appreciate the concept of housing being a cornerstone of social policy. If 45 per cent of the population of Nova Scotia live in the greater Halifax area and another 25 per cent live in Sydney, Kentville, New Glasgow and Truro - so the outlying areas like Wallace, River

Hebert, Springhill, places like that, I understand the challenges of either having some units there for which there is no demand or the other way around, having demand in one of those places and not having any affordable housing stock there. Is there kind of a clearing house? How are those circumstances addressed?

MR. WOOD: It's a great question. The truth is - a little bit of what I was saying earlier - there are a lot of communities where there really is not going to be the kind of mixed market development opportunities that we're talking about in some of these other parts of the strategy. There are places where we are simply going to have to go and make investments and continue to build. There's no getting around the fact that we have people who will be in housing need and we are going to need to be able to respond there.

In a number of instances and in some of those communities, it's also the cost of maintaining their housing, so it's not necessarily just an issue of them needing a home, it's the cost of that home, if the home is not energy efficient, if there are other challenges in terms of repair. Are there things they were doing that actually will enable them to stay there? We will continue to be building out those kinds of programs, particularly in many smaller communities where the demographics of those communities are changing rapidly. Where we do have large senior populations, are we making the kinds of investments that will allow people to stay in their home and that will allow us to delay the cost of continuing care and long-term care for individuals? That is absolutely part of the need and there is no getting around that some of that is simply going to cost us money.

MR. SKABAR: The other thing that resonated with me when you were speaking of the housing stock available, not just for public housing or subsidized housing, but generally speaking in the province, doesn't reflect the demographic that we have in particular. I'm thinking of a four-bedroom house or more in a place like Amherst. What would we do with that because there's only a senior left there or maybe an older couple that had the place? It would be either help them maintain a place that is far more than they would need and, frankly, quite expensive to heat and maintain or a seniors complex or apartment or something like that.

MR. WOOD: Here's where the synergy of different components of this start to come together. We've had conversations with many municipalities and when we went out through our consultations and were talking with citizens, we heard, particularly in smaller communities, this need for community revitalization. In some instances their downtown cores were not thriving in the way that they wanted them to be and yet they have, in particular, seniors who are living in larger homes on the outskirts of town and around, they're not necessarily in the downtown core of their community, and yet if we could actually start to provide other options of town homes, apartments and so on, people would in fact gravitate to those kinds of homes.

If you build it in a way where up front you're building an accessible unit that will allow a person to age in place you're really doing two things - if you're also thinking about the community, cultural, and commercial space and support space that may be required

with that, you in fact are actually helping that community revitalize their downtown core, and you're actually providing the kinds of housing opportunities that people will want and that people of a variety of different incomes, whether they sell their traditional family home and move into a small unit, or people that we help to move into a new subsidized unit.

But it's that kind of development and, again, community by community, hearing from that community what do they want, where they want us to come in and help partner, and what we're saying is that we're going to come to the table not with all of the answers but with a framework of things that are important to us to actually help people move their own plans forward.

MR. SKABAR: I have questions about the difference between market rent and rent geared to income and the future of rent. Has there been any kind of concept or projections of where rent would be going in, say, the greater Halifax area compared to rural Nova Scotia, and how we work our way around that, again, particularly with the onset of many seniors who, frankly, may not have put enough away for comfortable retirement with dignity in a home or apartment or whatever they could afford to live in?

MR. TROKE: Really what you have today is you have either full market rent in an open competitive market for rental units, or you would have, you mentioned, rent-geared income which is traditionally public housing within the province where you would see 30 per cent of your gross household income going toward your rent, because it was basically determined that if you spent more than 30 per cent that you were in an unaffordable situation - but that's also very limited to only certain income thresholds and downward.

You basically have these two spectrums - market or fully subsidized housing, and there is not really a whole lot in the middle. While co-operative housing was able to fill some of that with different rental rates, there is very much an ability here - and part of what we're talking about within the strategy is expanding the opportunities for folks who are low and modest incomes, so folks who may be too high for public housing from an income perspective but, as you mentioned, in their community it may be very difficult to find a rental opportunity or very difficult to build some equity in order to be able to move to home ownership. So what we're really looking at here is how you create a greater continuum of opportunities and whether it's within a development or within a community . . .

MR. SKABAR: Well said. That's what I was thinking; you articulated it pretty much for me. Thank you.

MR. TROKE: Then I should stop talking. But ultimately that is when we're talking about mixed-market community, we're talking about the full breadth of income ranges having opportunities to live side by side.

MR. SKABAR: Mr. Chairman, with that I'd like to pass the time on to my colleague, Mr. Whynott.

MR. MAT WHYNOTT: I only have a few questions and I think you guys will probably know what I might be asking about, and that is in particular around the units that were built recently - I guess over the last two years anyway - that were recently built in the Sackville area. Just as a prelude the communities of Sackville - Lower, Middle, and Upper - haven't seen a significant investment of affordable housing by the province for many, many, many years. What I'm happy to report, and to hear, is that we have been able to invest a significant amount of money in expanding one facility and building a new one.

Now more seniors can retire in their community where they raised their children. I think that is exactly what we want to be able to do. If seniors want to stay and live in the community where they raised their children and want to be able to see their grandchildren on a regular basis, that's something positive.

We, as a province, have been able to expand - I believe it's close to 90 units with over 100 seniors being able to live in their community, which I think is a positive thing.

What I find interesting is the - it's not subsidized housing, for folks watching at home, these are units where the province is making money off the rent from those people. There is an income cut-off, or income scale, between I believe it is \$22,000 and \$40,000 annually. People pay upwards of \$600 to \$700, in that vicinity, depending on if it's a one-bedroom or two-bedroom. I think that is just an example of what we can do, as a province. It is affordable. For instance, people have been living there for two years and rent hasn't gone up and probably won't go up because we are able to help that, so seniors can plan for their future in this regard.

Are these the sorts of buildings that the Housing Strategy can help create? Between the two facilities I think it's about \$15 million - is that right, Mr. Troke, about \$15 million between the two?

MR. TROKE: Yes.

MR. WHYNOTT: Is this the sort of thing that the Housing Strategy will be able to accomplish? Over 100 seniors being able to stay in their community, I think that's a positive thing. Can you just comment on that, please?

MR. TROKE: Absolutely, and that is just one option. I think the other piece, particularly within that community as well, co-operative housing has been an incredibly valuable opportunity for families who then, as their kids grow up, have other opportunities within that community, another option to retire.

I think what we are suggesting is a community like that has been proven as a successful model. You can build on that even farther and in addition there is also an opportunity to try some other things. If there are folks who are building in that community already, and are looking for opportunities to create affordable housing, we want to have the conversation. Also, are there different models, thinking about the co-ops in particular, can

we add capacity based upon not just that model but maybe on a new model? Those kinds of things are more than doable.

As you mentioned, the whole premise behind it is the business case is really on people getting affordable rent . . .

MR. CHAIRMAN: Order, please. Unfortunately Mr. Whynott's time has expired.

Ms. Whalen, you have 14 minutes.

MS. DIANA WHALEN: Thank you very much. It's my pleasure to be here and I just have a few questions. I'm very conscious of the short time, 14 minutes goes very quickly. I think my questions are pretty straightforward so I'm hoping we can get through them all in that time. I guess I'm asking for your co-operation to make your answers pointed and to the point.

My question to begin with would be around the financing of the Housing Strategy and the monies that are committed. I think there is some confusion around where the source is of the funds that are being committed for the 10-year plan. First of all the question would be, is it all provincial dollars? I'm not sure who that goes to directly - maybe Mr. Hudson.

MR. CHAIRMAN: Mr. Hudson.

MR. GEORGE HUDSON: As you heard, in terms of the private partners' piece of this, the province will be extending financing to them for projects that they do. This is a process already in place with the nursing homes, so if you were to look at our balance sheet, you'd see over \$500 million of debt. Most of that is attributable to the nursing homes, so there is a similar process. Our banker is the Department of Finance. We borrow funds from the Department of Finance.

MS. WHALEN: Can I interrupt for just a second? If some part of it is monies that are coming from the private partners, is that what you're saying, it's because it's a partnership? Or is it that you're lending money to builders?

MR. HUDSON: We're lending money to builders would be part of the equation, yes.

MS. WHALEN: What is the source of the funds you are going to lend? Are the funds coming from provincial general revenue or are they coming from the social housing transfer?

MR. HUDSON: The source of the funds is money borrowed by us from the Department of Finance who in turn - it would be part of their debt planning.

MS. WHALEN: So it's going to just be added to the bottom line debt of the province?

MR. HUDSON: It's part of the debt, but not the net direct debt. The province borrows, but because we have the receivable from a third party . . .

MS. WHALEN: What is your receivable - collateral?

MR. HUDSON: The receivable is secured by first mortgages, yes, so it's secured debt and there is . . .

MS. WHALEN: That's kind of obscure, a little bit, for a 10-minute discussion. I'm sure the members would agree. We're getting now into the weeds, aren't we? I want to know whether it's federal money or provincial money. In context, we receive money every year under the social housing transfer from the federal government. If we look at the next 10 years of our expected receipts on that - I had a chart that I think was made available to us for this meeting - if you take from 2013 to 2022 and add up what was expected to be received, what our schedule of money from the federal government is, and you add to that the \$58 million that we have right now in deferred federal contribution, which is on the balance sheet of the Housing Development Corporation, that adds up to almost \$500 million - \$479 million. The commitment for the Housing Strategy is \$500 million.

I'm questioning - where does that money go? If we're going to get into the weeds about debt and financing new projects and creating housing that way, which is wonderful, your mechanism of doing it, that's fine. I want to know though, who is paying for it, ultimately. Are we making proper use of the federal government transfer?

MR. HUDSON: The federal government transfer is going against losses already incurred annually on public housing. What we're talking about . . .

MS. WHALEN: Going against losses already incurred on public housing.

MR. HUDSON: Annually.

MS. WHALEN: Annually - so are we talking about, it's just paying the operating costs of public housing?

MR. HUDSON: The operating cost of public housing is right now about equally shared between tenant revenue, federal revenue, provincial and municipal. We're generating, after tenant revenue, about \$85 million per year losses on public housing . . .

MS. WHALEN: Can you tell me what percentage? When we talk about public transit, for example, they'll say the ridership is paying 80 per cent of the cost of public transit. How much are the tenants paying for the cost of public housing?

MR. HUDSON: About 40 per cent.

MS. WHALEN: So 60 per cent is being picked up by the other parts, okay, and primarily the federal government transfer?

MR. HUDSON: Yes.

MS. WHALEN: Can you tell me why there's \$58 million deferred federal contributions - that is money that has not been allocated, that's sitting in limbo? It shows on the books as a deferred amount.

MR. HUDSON: That, you will see in the last year, was drawn down by \$6 million.

MS. WHALEN: I see it went down slightly, yes.

MR. HUDSON: What you see is an amount from the federal government that started out at about \$58 million going to zero.

MS. WHALEN: It doesn't actually show that. It shows April 2010, it was \$56 million. It goes up to \$63.8 million in 2011, and down to \$58 million in 2012, so for the three years shown it hasn't gone down, down, down.

MR. HUDSON: Right, but between now and 2034, it's going to zero. The social housing agreement requires that at the end of 2034, that account be zero or it's returned to the federal government, so it will be . . .

MS. WHALEN: So how are we using it? Are we using it for the annual operations again?

MR. HUDSON: Yes, the use of that fund is restricted by the social housing agreement and there is an annual compliance audit. The funds can only be taken out in accordance with the agreement. It has to be losses generated on designated households where the income of the tenant is within the federal prescribed . . .

MS. WHALEN: Surely it's also allowed to be used to build new housing or to enhance housing or to improve housing.

MR. HUDSON: No it's targeted to very specific projects.

MS. WHALEN: So it's only a subsidy - are you saying it's only a subsidy to the housing?

MR. HUDSON: Yes.

MS. WHALEN: Nothing else?

MR. HUDSON: No.

MS. WHALEN: And nowhere in the Housing Development Corporation rules would I see anything else allowed under that?

MR. HUDSON: Not for the CMHC monies under the social housing agreement which is the money that is in the DFC.

MS. WHALEN: I think that's really rather surprising, do they not have then any restriction against the government holding the money? For some reason it's raised, it's gathered up over the years to the point of being almost being \$60 million - would they not be angry that it has not been used towards that goal, even of the subsidy?

MR. HUDSON: If you look within the notes of the financial statements you'll see that the agreement is so prescriptive that even there is interest charged on that fund so that the federal government party agreement is that there is interest charged on the fund held as part of the agreement.

MS. WHALEN: Can I ask you how this money happened to accumulate to that level - this has happened over many years - to \$60 million? We have huge waiting lists for people to get into apartments and into subsidized housing, just places where they can afford it - and I'm not talking about housing developments that are just for subsidies, I'm talking about Clayton Park West where we have apartments in all of the other apartments. We have units that are throughout the community that are subsidized, so why are we not using this to do more of that and get people into these apartments rather than sitting on \$60 million - how did this happen?

MR. HUDSON: Certainly that is the basis for the Housing Strategy and you've heard about creating projects that are sustainable into the future - the sustainability of a 25-year project is the large question because you've got a housing portfolio built on a 75 per cent federal contribution on the loss that is . . .

MS. WHALEN: Could you say that again, you have a housing portfolio built . . .

MR. HUDSON: It's built primary by CMHC based on a 75 per cent contribution against a loss by CMHC. That is going away, so for the province to create a housing program going into the future that recognizes it has to be financially sustainable, such as the projects you heard about in Sackville - that's the change in direction you see in the Housing Strategy.

MS. WHALEN: Again, I've got this list, this schedule to the social housing agreement showing how much you're getting every single year and it's about \$50 million a year, it does go down over time, but we're at \$50 million this year. Is this money you're going to put into social housing now or is it money that you're just - I mean what are you

doing with this money? We're sitting on \$60 million that hasn't been spent even though you're only using it for subsidies - I'm really not clear, I think we're in the weeds again.

MR. HUDSON: Last year you saw the fund drawn down by over \$6 million, you will see that kind of drawdown over the next . . .

MS. WHALEN: You'll also be getting \$50 million more too.

MR. HUDSON: Yes, and we're using all of that, plus.

MS. WHALEN: To subsidize people who are currently in their homes?

MR. HUDSON: Yes.

MR. CHAIRMAN: Mr. Wood.

MR. WOOD: In some of my opening comments, what I was talking about is the fact that the federal government is not renewing over the long run the social housing agreement - by 2034 it goes to zero. We are losing roughly on average about \$2 million a year. The bulk of the money in that social housing agreement goes to pay the operating cost of public housing. What we are talking about is actually trying to create a more diversified portfolio that over time will allow us to not only maintain that existing stock but also to be able to refurbish it, to be able to create new stock and to actually create a more diverse portfolio.

It is really, if you think about it, we have been given in part from the federal government through CMHC a significant number of assets that over the course of almost a 30-year process they will agree to reduce the amount of money that is there, and in order for us to be able to sustain that moving out into the future, because I'm talking 20 years on a fixed asset is not a lot of time . . .

MS. WHALEN: By 2034, yes.

MR. WOOD: But we need to be in a place where we can, in fact, actually create the kind of portfolio that's going to allow us to move forward.

MS. WHALEN: Okay, Mr. Wood, I guess just for the record, because we're not going to have much time to do more than put it on the record, I'll just ask a few questions. What is the current deferred federal contribution? How much of a social housing transfer did Nova Scotia get from 2009 to 2012? Have you got an idea the last three years? I've got it at \$210 million, would that be about right?

MR. HUDSON: It's \$53 million or \$54 million a year in the current context, yes.

MS. WHALEN: So from 2009 to 2012 it would be about \$200 million.

MR. HUDSON: A little bit more than that.

MS. WHALEN: And would it be possible for the committee to get a breakdown of how those monies were used? I mean we know we have \$50 million, \$60 million in the deferred but I'd like to see a breakdown. If it's all gone for subsidies, I think the public needs to know that because I think, even among members, there is a thought that if we are getting a big social housing transfer, it's going to something more concrete, something that has long-term benefits and so on.

This is just trading water. If we pump all that money in to just sustaining the rents and the maintenance of what we've got now, and you said it doesn't even include any major improvements to the building so we know we have some atrocious social housing buildings, some of them really need work and so on.

I would like a breakdown, and I think that could be provided, just to take the \$200 million that was received and show us where it went, what it was used for, if you could, that would be great. I'd like that. How much of those transfer monies were deferred from those four years? Have they been recently deferred or have we been carrying that \$60 million, roughly, for a long time on the balance sheet of the housing corp?

MR. HUDSON: Yes, it has been there for the last couple of years, and as I said, it's drawn down last year, likely drawn down again. We have a table that we can show you today for the last two years but we have the same table. That has to be filed with the federal government every year. It breaks down in minute detail where the money went.

MS. WHALEN: I'd love it if you'd provide that to us. I have one final question and that is that beyond the social housing transfer, which is federal money, what additional funds are made available to housing? Is there another pot of money?

MR. HUDSON: Beyond the social housing agreement monies there is the RRAP money that you heard about - RRAP and affordable housing. There is the economic stimulus. More importantly, that quite often gets missed, is over \$50 million in rent, so the tenants are carrying a big load here that we sometimes forget as we talk about the federal monies.

MS. WHALEN: They carry 40 per cent of the cost of the housing.

MR. HUDSON: And municipalities are paying in excess of \$7 million a year because every one of these projects that has been developed over time included the municipality as a partner, both . . .

MS. WHALEN: It goes fast.

MR. CHAIRMAN: Ms. Whalen's time has expired. Mr. MacMaster, you have 14 minutes.

MR. ALLAN MACMASTER: Thank you, Mr. Chairman. My first question, I know there was a program that offered \$25,000 for every second unit constructed, provided the landlord kept the rent below a certain affordable threshold. Does that program still exist? Also, was there something wrong with that? Was that program not working because now it seems the department is moving in another direction?

MR. TROKE: Yes, the program made capital contributions for the development of new rentals and you are right, it was up to a maximum of 50 per cent of a development, so sometimes it would be a much smaller proportion, depending on what the need and demand was within a given community.

Earlier, we talked a little bit about five-year renewal programs with the federal government, and this is one of those cost-shared programs within that envelope. The program has been successful and we would anticipate, although we don't have the details of the five-year renewal, we anticipate that it would be part of that package as it has been. The things that we are talking about in strategy are incremental over and above that program.

That program has been able to develop somewhere between 1,500 and 1,700 affordable rentals in the last decade and we would anticipate that it would continue to be offered. It might, in fact, be something that the Housing Strategy could build upon, particularly when you're talking about non-profits looking to develop rental housing. Sometimes that could be the kick-start that perhaps a mortgage or something could work in tandem with.

MR. MACMASTER: One of the last times the department appeared before the committee here, I recall hearing that there was an ample supply of affordable housing. Now I know we do hear that that's not the case and that's actually why I asked the question. What I had heard back at the time was that there is ample supply of affordable housing and there is flexibility to be able to add new affordable housing as it's needed. What has happened since then?

MR. TROKE: I think the last time we were here we had a conversation around how communities could add capacity, if I recall correctly. The program we spoke of a moment ago was one of those programs as well as some smaller programs, things like the Residential Rehabilitation Assistance Program to fix up existing housing. Some of the challenges that happened or do happen, when you talk about affordable stock, is in the area, if you have a landlord who has units, they need to be fixed up, and how they would do that is by fixing it up and then passing on the cost of that to the tenants.

There was a conversation we had around two separate programs: one to create, one to fix up. Those are there and they are available for any landlord or any development or any non-profit. Each community would bring forward different challenges, each development would bring forward different challenges. I think what we are talking about is continuing to

build on that, those are still part of the work, but we're talking about incrementally adding on top of that some new pieces.

Ultimately, this is all going to be driven by what communities are looking for. Some communities have really big challenges around seniors housing, others have challenges around younger individuals or even single individuals. All of those programs can work together to create more affordable stock and the intent is to make sure we have the conversations with those who are looking to do so.

MR. MACMASTER: I guess it concerns me that this is a major initiative in response to a program that has been successful and has appeared to have worked. I guess my question would be, is this something that has been driven from the department or from the government or from the community?

MR. TROKE: When you are talking about the strategy itself, it has really been driven largely out of the public consultation. What we have heard from folks - we went out with four broad themes and received not just confirmation of those themes but every one of the discussions was followed by, and here are other things we are thinking about. The strategy was shaped by that consultation, shaped by what we see is happening, not just across Canada but around the world, and how folks are trying to diversify what they have as public housing and social housing stock, but also how to add within communities based upon the needs of those communities.

Some communities are growing, some are shrinking. Each one of them has different demands and different challenges. It's also important to remember that it's not just about also building new, it's about repurposing, refurbishing. There are opportunities in communities where population shrinking doesn't mean you necessarily need to build a brand-new building if you can repurpose a school or a commercial space to do the things they need.

MR. MACMASTER: There's a common, and I would say it's a misconception, that it is cheaper to own than it is to rent. Would the department table information, say, in three communities - we could choose Halifax and perhaps a couple of other communities around the province - where the department can show that it's actually cheaper to own than to rent? I know a lot of people think it's cheaper to own a home but once they buy one they say I didn't realize I had to pay property tax. I have unforeseen maintenance costs. I'm paying interest on a mortgage that sometimes they forget about because interest rates are cheap right now and because it's included in the monthly mortgage payment. I know it was mentioned in this program that it is supposed to be targeted towards new grads as one segment of the population. I think about new grads, I often think they need to be more mobile than most people because they're gaining experience, moving from job to job.

I also think in certain areas of the province, here on the peninsula, no question, there's a growth in the value of real estate but in some areas of the province there's actually a negative rate of growth in real estate. These are things that the public consultation

probably - people might not have that kind of sophistication to understand all those things. They might have the sense that it's cheaper to own. Does the department have any fear that they'd be encouraging people to walk down a road that may actually not be more affordable for them?

MR. WOOD: The first thing is, not all communities are alike. You do have to think about each community. There is underneath this notion of the cost to own versus rent, you also have to add into the equation the capacity to create equity and in many instances that's not the short-run question. It is out over 20, 30, 40 years, as you move towards retirement, have you, in fact, actually created equity? So paying down your mortgage, having the opportunity for market increases, but merely the fact of even if there was no market increase, rather than just paying straight rent you are actually making an investment in your own home for yourself and you're creating that sense of equity.

Then this notion of mobility actually kind of gets right to the very heart of some of the programs. We actually hope that recent graduates actually stay in the province. That's actually part of the intent - can we actually start to create programs where people can get opportunities here in Nova Scotia that they may not be able to get elsewhere? While they may, in fact, have a higher salary somewhere else, but if you can look at the kinds of salaries, the cost of home ownership, the kinds of things that we can perhaps provide as incentives, can we actually have more Nova Scotians stay?

MR. MACMASTER: I can appreciate that and the intent of it. I do know that in a thriving economy, sometimes people have to be mobile to take advantage of opportunities too. I sort of asked before, would you be willing to table some information in three communities? I don't want to make too much work for you, but I'd just like to see the basis for the case for this.

My next question is, in the United States we saw a housing bubble and a crash and a stock market crash and, it's funny, when I'm hearing this program I'm thinking this sounds exactly like what just happened there. Are we going to be giving out "ninja" loans - no income or no job or asset - people who are in that kind of financial situation? Is that what's going to happen here or can you give us some assurance that that's not going to happen?

MR. WOOD: These kinds of programs do exist in other parts of Canada - that is probably the first thing that I would tell you - and the banking rules of Canada actually are a lot more stringent. So the intent is not to put people out in a place where they are stretching themselves beyond their means. It's why core housing need - one of the affordability components of core housing need is people paying more than 30 per cent of their income towards housing. It's actually geared to that very notion of you don't want people to overextend themselves to the place that they can no longer afford either to maintain it or the other costs that they incur.

MR. MACMASTER: So what will the terms be - will people be getting a no-interest loan plus a grant?

MR. WOOD: That's all the things that we need to be working out over the course of the next number of months. What we committed to in the strategy was that we were going to table this notion of home ownership and equity programs within the strategy, and over the course of the next six months, the strategy commits that we will roll out the first program.

MR. MACMASTER: I can appreciate your comment earlier about trying to encourage people to build equity because a lot of people, their cash flow comes in, they spend it, and some could be put into a home. But I guess it would concern me if we're using government money to subsidize somebody to own a home because, to me, there's no real benefit to society there. It doesn't seem like something that would make sense to me.

MR. WOOD: Within that subsidy, what is important to realize is that if we give a loan, we are actually expecting a repayment. There is a cost of borrowing to us that we must recoup, so it's not about creating a full subsidy, if you will. It's really saying - particularly for those people - and if you think about this, there are whole strata of working people who, their income really does match what their monthly expenses are, at the end of the day, once you've paid for your rent and you've paid for all the other expenses, there are no savings to get you started.

The tragedy of that for me is that the rental rate they pay is frequently very close to what the mortgage could be, so while they are constantly putting money out in rent they're not getting any equity and it's that notion that we're trying to say - and it's not for everyone, but for those people who want to start down the path - you're going to need to put money aside or portions that we can help with in a rent-to-own kind of model, or lease-to-own, you need to be showing due diligence that you are creating savings and that over, say, a two-year period, perhaps, you've demonstrated that desire and your capacity to be paying at that rate, well then perhaps we come along with a second mortgage, with a mortgage with matching funding to enable . . .

MR. MACMASTER: I hate to interrupt you, but we're almost running out of time. I take your point, but I guess I worry it can be a trap because they're also going to have the cost of property taxes and maintenance costs. For many people in the United States it was a trap because it does affect their cash flow; while they might be building equity, if they have less cash flow, they might be more subject to going into bankruptcy and spoiling their credit rating.

MR. WOOD: One of the things that we will be doing within this approach is making people actually on the front end take a home ownership course, which really allows them to fully understand the life decision that they are making here.

MR. MACMASTER: I think I just have a few seconds left. Are you worried about deflating the pricing of housing for current homeowners? This would be people who are maybe living on modest incomes because if we're adding more housing stock, unless the demand is there, our population growth is flat, are you worried about deflating, much like what happened in the . . .

MR. CHAIRMAN: Order, please. Unfortunately, Mr. MacMaster's time has expired. Mr. Ramey.

MR. GARY RAMEY: Mr. Chairman, I just have actually one question and then I'm going to turn it over to my colleague, the member for Halifax Chebucto. I'm going to be calling on your memory bank, Mr. Wood, because I want to go back to something you talked about in your opening remarks. You talked about the changing nature of the family unit.

I can't remember specifically what year you cited as a year when we were having sort of a more traditional family and then where we are now, and it was around 60 per cent, or something, difference. Can you just repeat that for me, please?

MR. WOOD: Sure. If you use Statistics Canada and go back to 1996, only 27 per cent of households were either single individuals or single parents. If you flash forward to 2010, that number changed to 64 per cent.

MR. RAMEY: That's one thing I wanted to know and the other one was the number of people who are becoming seniors every month; how many did you say, roughly?

MR. WOOD: This is a rough approximation, but it works out to around about 1,000 seniors every month, about 1,000 people turn 65.

MR. RAMEY: That becomes the focus of my question, that's what I thought you said, and I just wanted to make sure that was indeed the case. You cited Statistics Canada as the repository of this information on the statistics that you just quoted.

MR. WOOD: Yes, census data.

MR. RAMEY: So we obviously knew about this for some time because we have these statistics available to us. I guess what I'm trying to figure out, have you found any evidence - I realize many of us have only been here since 2009, but have you seen any evidence that there was any attempt in the past to take that information, which is the crux of this whole thing, and do anything with it like is being done now, which is to try to develop a plan that matches housing to these folks? Was this ever done before? If it wasn't, I guess you can't speculate on why it wasn't, but I guess that's my question because that's the crux of it.

MR. WOOD: My history only goes back two years here, so I don't necessarily have that knowledge. What I can say is there have been two major sorts of influxes over the course of the last 20 years. The first was the social housing agreement in 1997 and the second was the economic stimulus a couple of years ago. Those were the real, two kinds of principal injections of funding.

MR. RAMEY: So this is the first major attempt to balance all of this that has taken place in some time?

MR. HUDSON: What you have to appreciate is that prior to 1997, the housing programming in Nova Scotia was really created by CMHC. It was a federal program. In 1997, with the social housing agreement, basically it was devolved to the province. And really it has been since then until now that we've been managing the agreement but really haven't. Other than things like these injections, like economic stimulus, we really haven't put together what will be the next phase of housing in Nova Scotia given this very large reduction, the reduction of federal funding, and the change in the mix in terms of how we are going to cope with the financial sustainability question. So you've got a large stock of housing built in the 1960s and 1970s, and while it's maintained, there comes a point of what do you do with the fixed asset facing this large financial reduction income. So yes, this strategy is the first since 1997's social housing agreement.

MR. RAMEY: And this initiative has been put in place to deal with what you've just described. Correct?

MR. HUDSON: Right. And the demographics and the housing needs are dramatically different today than even in 1997.

MR. RAMEY: Correct, as cited by Mr. Wood. Okay, thank you very much. I'll turn it over, with the chairman's permission, to my colleague.

MR. CHAIRMAN: Mr. Epstein.

MR. HOWARD EPSTEIN: Thank you very much. Just a few points, really, although we certainly touched on the most interesting one just a moment ago with that context of history. Could I start, though, by just asking for some clarification of terms that were used? I think, deputy, when you spoke first, you mentioned market housing and then you mentioned social housing, and you mentioned affordable housing. But I don't think these terms were absolutely clarified. Can you just help us understand how you're using these terms?

MR. WOOD: Perhaps I'll start, and then I'll ask George or Dan to comment if they wish. Social housing, I'm really talking about public housing. That's really at the core . . .

MR. EPSTEIN: The essence being that it's owned by the province or some other level of government. Is that the . . .

MR. WOOD: That's right. And now it is owned by the province. When I think about affordable housing, I'm thinking about both in the rental market, this notion of actually creating a greater stratification of rent geared to income that is available. And when I think about market, I am thinking about what people can actually get in the private sector, whether that's ownership or rental.

MR. EPSTEIN: So market housing could be described as affordable, if people can actually afford it?

MR. WOOD: Entirely.

MR. EPSTEIN: And the same idea for social housing is that not only should it be affordable, but there's a kind of formula - as you say, rent geared to income - that really comes into play.

MR. WOOD: That's right. There are communities in Nova Scotia, and people have housing that, in fact, they're only paying 20 to 30 per cent of their income towards, and it's in the private sector, it's affordable. You know, when you think about core housing need, there is a mix of things that goes into that basket to create core housing need, the largest chunk of that, of course, and the one that people - in fact, if you end up in core housing need, most likely the main reason is this notion of affordability, that you're spending more than 30 per cent of your income towards your housing.

MR. EPSTEIN: Okay. In your introductory remarks, when you were describing the context in which the new entity of Housing Nova Scotia was going to be created, you talked about how in some communities you might not have housing in the right place, or it might not be the right type or it might not be affordable, and you raised these points because you were talking about the possibility of selling off some of the holdings of the province.

What this leads me to ask is the extent to which the department feels it has a good grasp of exactly those points by community; that is, whether the right type of housing is available. So if you looked at Yarmouth, Bridgewater, or Truro, is the department in a position to say, thinking about any of those communities, we can tell you that the need looking forward is for this number of units of this type - do you actually have enough data broken down by individual communities that way to allow you to do that kind of planning?

MR. WOOD: Yes, we have some of that information but I think at a fundamental level, as I was saying earlier, we do want to be moving to a more robust sense of portfolio management where we understand the nature of the stock, what the needs are and, as circumstances arise, do you understand what you want to do with that particular housing at that moment. So if you have built new housing in a community, that somebody who is in existing social housing, it might be more suitable for them, do you move them in there and then you're now having a new asset that you can think about what you want to do? If somebody moves out you're holding a larger home and that's not where the core housing

need is, it's for more smaller units, do we know that and are we at that moment, before just passively turning around and re-renting it, making a conscious choice to say no I'm going to take that large home and I'm going to turn it into a triplex and I understand the cost and I understand the benefit of doing that?

MR. EPSTEIN: I don't think I have any problem with the idea of more active management and including the possibility of selling off assets or converting them in some way if that's what makes sense - it seems to me that that's a sensible approach. I was just concerned that, of course, this implies a detail knowledge of community by community of what the existing and projected needs are.

MR. WOOD: It's two things - it's that, plus at a fundamental level we don't want to be going into communities and start saying that we're going to be selling people's homes. People who live in public housing, that is their home, many of them have lived there for many, many years and we're not going to be walking in and saying I'm sorry you must leave because we want to sell it. That's a really important piece and that's why the trajectory of this, when I said earlier 20 years is not a long time, these are fixed assets - you have opportunities at moments in time that you can do something and at that moment of a decision point, do you arrive there with the right information to make the right decision about what the next step on that specific asset is?

MR. EPSTEIN: As part of this approach, can you tell us what the current state of play is with respect to land banking?

MR. TROKE: Many of the pieces of property that the province has access to, we, actually, over the last number of years, have been exploring what are the options. We've had lots of conversations, particularly with the municipality. What our process would be here, as part of any consultation we would be doing publicly within communities, is finding out can that assist with some of the efforts that are going forward.

When it comes to land banking there is not an extensive amount of land banking but what is interesting is that there are lots of pieces of property that are developable and they could be utilized, but in some cases what's happening, and our mindset has always been from a perspective of that's going to be developed for social or public housing, when you start expanding the realm of things that you are looking at many of those other properties that either the province has, whether it's something in a parking lot or a large tract of land, it opens up many more possibilities, and it will be what the community is looking to develop is where we would look at how can that play a role in that.

MR. EPSTEIN: My recollection is that at one point the province had accumulated a lot of land, but subsequently it was developed - can you say approximately what the assets are that are essentially raw land that the province or the Housing Development Corporation now owns?

MR. TROKE: I actually have to defer that question to George to know the value of the raw land.

MR. CHAIRMAN: Mr. Hudson.

MR. HUDSON: In 2012, just a little bit over \$2.6 million, at cost.

MR. EPSTEIN: You're saying \$2.6 million worth of land?

MR. HUDSON: Yes, at cost.

MR. EPSTEIN: So it's actually not a huge amount. Okay. Is it my understanding that although land banking may form a part of the ongoing strategy, it sounds like it's going to take a secondary role as it goes forward - is that the plan?

MR. WOOD: The simple answer is yes; we want to be less passive in our role so if you hold assets, understand the reason why you're holding the asset and what you want to do. I think the \$2.6 million is contextual, too, on an asset base of about \$660-odd million so it is a relatively small component.

MR. EPSTEIN: Okay, no more questions, thank you very much.

MR. CHAIRMAN: Thank you very much. That concludes our questioning for today. Mr. Wood, if you'd like to make some very brief wrap-up comments.

MR. WOOD: I guess for our department and for us, this is really the start point of rethinking some of the notions around our housing portfolio. We will continue to have many of the programs that are currently in existence. It's not about removing all of those; it's saying can we rethink some of our approaches? We said one of our largest sources of funding is going away. We have a 20-year runway to rethink it and I think it's very much beholden on us, you know, as government and as a province that we, in fact, actually are thinking about that long-term sustainability and starting now on a path around changing our trajectory.

We have been at a very principled level, recognizing that what we need to do can only be done with people: people who live in a community, developers and builders, and non-profit organizations. We don't know where all of the opportunities are and, quite frankly, we'll never have all of the capacity to be able to realize all of those opportunities. But we do have some capacity to use some of the levers that we have to, in fact, actually effect good social policy, good fiscal policy. It's that that we are looking to try to move forward.

There is lots of work to do. We have talked about the need, the pressing demand around seniors' housing, and we have talked about community living and the needs for people with disabilities. We have talked about the need for . . .

MR. CHAIRMAN: I'm afraid I'm going to have to cut you off at that point because we have some other committee business we have to attend to today.

I'd like to thank you very much for coming today, it was very informative. There was a request by Ms. Whalen for some information - some was supplied and I understand there's some more to come - and also by Mr. MacMaster, and the clerk will write you with the details on that.

Again, thank you very much for coming, it was very informative and I don't envy you your job in trying to resolve this very complex problem in the province. Thank you again.

We have just a couple of things - the subcommittee met and agreed to some additions to our agenda. I would like to get approval of that, if that's possible. Does everybody agree with that?

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: The subcommittee also talked about suspending our meetings for the summer after June 12th. Is that acceptable with everyone?

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Also, the subcommittee discussed the meetings - agreed that the meetings in the Fall be at the call of the Chair, with the understanding it would be the upcoming chapters contained within the Auditor General's Report for May 2013, the chapters we haven't finished initially start.

If there's no other business, a motion to adjourn is in order.

MR. WHYNOTT: So moved.

MR. CHAIRMAN: Thank you very much, Mr. Whynott.

We stand adjourned.

[The committee adjourned at 10:59 a.m.]