

Housing in Ontario: A Primer for AMO Members

January 2017

Overview

Affordable housing contributes to the economic and social well-being of Ontario's communities and the Province as a whole. Ontario is the only province where social housing is a municipal responsibility. In other provinces, housing programs are fully funded and delivered by the provincial or territorial government with federal funding contributions.

While specific housing challenges vary across the province, providing sufficient affordable housing is becoming increasingly challenging for municipal governments, as social housing demand rises to record levels, housing stock ages and maintenance costs increase. The demand for social housing is exacerbated by the decline of affordable rental and ownership housing options provided through the housing market.

Municipal Legislative Requirements

- *Housing Services Act, 2011*: requires municipal service managers to develop ten-year housing and homelessness plans, and specifies service level standards including the number of subsidised units to be provided and eligibility for Rent Geared to Income (RGI) assistance.
- *Housing Policy Statement*: provides context and direction to service managers to support the development of housing and homelessness plans.

Some municipal housing programs are part of provincial and federal housing funding programs, meaning they are implemented by municipal governments with funding from other orders of government, and some are municipally-initiated and funded as a supplement. These initiatives include property tax concessions, reduced fees and charges for affordable housing, rent supplements, and direct funding (or land) to assist in social housing development, as well as incentives to the private sector for affordable housing development.¹ Municipal service managers must also manage waiting lists for social housing, which are currently at a record level, and as of 2016 are required to conduct homelessness enumeration in order to measure progress over time and better inform policy and programs.

Housing Facts

- In Ontario, municipalities contribute more than \$1.2 billion to social housing every year, which is more than federal and provincial housing funding combined (AMO Housing Backgrounder, 2012).
- More than 171,000 households are on wait-lists for affordable housing (ONPHA, 2016 Waiting Lists Survey Report).
- Of the 270,000 social housing units in Ontario, most are between 18 and 50 years old, with a capital reserve shortfalls amounting to an estimated \$1.5 billion (Housing Services Corporation, Social and Affordable Housing Primer, 2014).

Housing Definitions

Social vs. Affordable Housing: Social housing is subsidized by government or non-profit organizations, and requires ongoing municipal capital and operating subsidies to achieve affordability.

The Canada Mortgage and Housing Corporation (CMHC) defines housing as affordable if it costs less than 30 percent of total before-tax household income. If a household pays more than this amount on housing of median cost of the local area, and the housing does not meet standards of adequacy (not requiring major repairs), suitability (appropriate for the size and make-up of the household) or affordability, the household is considered to be in "core housing need".¹ Affordable housing is often jointly funded by all three orders of government with upfront capital and land contributions, as well municipal incentives such as development charge exemptions or deferrals, waiving fees.

Housing Continuum: the full range of housing options individuals may need over a lifetime, including temporary emergency shelters, transition housing, supportive housing, subsidized housing, market rental housing or market homeownership.

¹ Ontario Non-Profit Housing Association, "Funding sources for affordable housing development".

Municipal Advocacy in Housing

As housing programs and funding have changed over the past years, municipal governments have advocated for:

- *Funding*: long-term, predictable and sustainable funding programs; provincial and federal funding for operating costs, capital repairs, specific-interest housing, the Housing First approach, and increasing affordable rental housing.
- *Revenue tools*: the federal government should provide tax measures to stimulate purpose built affordable rental housing by the private sector; make available surplus crown land at no cost; enhance home ownership programs; and support the establishment of the Canada Housing Finance Authority.
- *Other tools*: municipal governments asked for the authority to choose to implement inclusionary zoning, which would require developers to include affordable units in new developments. This authority was approved in the passing of the *Promoting Affordable Housing Act, 2016*.
- *Program approach*: flexibility for municipal governments to manage housing programs locally; integration of housing programs with other services, including child care, transportation, employment, health and social assistance; increased coordination among stakeholders and all levels of government; consultation and partnership with municipal governments for policy and funding design.
- *Special interest groups*: specific attention to the needs of northern and rural communities, the needs of seniors, Indigenous people and vulnerable populations (i.e. domestic abuse survivors).
- *Expiring federal operating agreements*: By 2033, all federal funding commitments and agreements will have expired for both capital and operating funding. Research has demonstrated that after the Operating Agreement subsidy ended, 40 percent of the housing units covered under agreements would be non-viable, while 80 percent of units covered under agreements would face the risk of not being able to operate under their current structure.² At the very least, the federal government should commit to maintaining the existing levels of investment in housing.

Current Provincial Housing Programs

The Province provides funding through a number of programs managed by the Ministry of Housing and guided by the *Housing Services Act*, the Housing Policy Statement, and the Long-Term Affordable Housing Strategy (LTAHS).

- *Investment in Affordable Housing program (IAH)*: a 50-50 cost sharing program between the provincial and federal governments for the creation and repair of affordable housing, including rental housing, home ownership, renovation, and operating costs for rental supplement and housing allowance programs. This program was established in 2011 and has been extended from 2014 to 2020. The federal and provincial governments each pay

Housing Definitions (cont.)

Supportive Housing: subsidized housing as well as individualized, flexible support services for people with high needs related to physical or mental health, developmental disabilities or substance use.

Rent-geared-to-income (RGI): The cost of rent is set at 30 percent of an individual's income. Individuals that apply for government subsidized social housing apply for RGI housing.

Housing First: a recovery-oriented approach to ending homelessness that centers on quickly moving people experiencing homelessness into independent and permanent housing and then providing additional supports and services as needed.

Service Managers: Agencies or departments of municipal governments which deliver and administer housing programs. Service managers are also responsible for administering other social service programs such as Ontario Works and childcare.¹ There are two organizational forms of service managers:

- Consolidated Municipal Service Managers (CMSMs): may include regional governments, counties and separated cities
- District Social Services Administration Boards (DSSABs): boards established in each of the 10 districts in Northern Ontario

Housing Providers: a wide variety of owners of housing including private sector landlords, non-profit corporations, and non-profit cooperatives which provide housing.

Capital Repairs: Repairs that go beyond normal maintenance, including structural repairs and improvements to the building envelope and grounds. Capital repairs are designed to extend the life of the building, increase its energy and water efficiency, and address any health and safety concerns resulting from the age of the building.

² Steve Pomeroy, *Expiring Federal Housing Operating Agreements: Impacts and Implications for Providers and Service Managers*, ONPHA Workshop, 2011.

\$80 million per year for the five-year period to a total of \$800 million. IAH includes \$44.1 million for off-reserve Aboriginal housing. The Province works with Ontario Aboriginal Housing Services (OAHS) and the Miziwe Biik Development Corporation (MBDC) to deliver the programs.

- *Community Homelessness Prevention Initiative (CHPI)*: previously comprised of separate homelessness and housing programs, administrated by two provincial ministries, it was consolidated in 2013. CHPI is a more flexible program to address local priorities and better meet the needs of individuals and families who are homeless or at risk of becoming homeless in their local communities. It includes emergency shelters, rental allowance, street and housing outreach, and homelessness prevention, including the Rent Bank, and the Emergency Energy Fund. For 2016-17, Ontario is investing \$293.7 million in funding for the CHPI, and expected to increase by \$30 million over the next two years.
- *Strong Communities Rent Supplement Program (SCRSP)*: provides funding for regular rent supplement units, as well as supportive housing units. It includes subsidies to non-profit housing providers, private landlords, co-operative housing providers, and directly to households through rent-gear-to-income. Municipal governments are responsible for tenant selection, administration, collaboration with landlords to determine levels of market rents, seeking new landlords and partner organizations. This program has provincial funding committed until 2023.
- *Infrastructure Ontario Affordable Housing Loan Program (IO)*: offers low-interest loans to housing providers.
- *Promoting Affordable Housing Act*: passed in 2016, providing additional flexibility to social housing administrators, allowing municipal governments to introduce inclusionary zoning initiatives, removing the ability to implement development charges on secondary suites, and requiring all municipal governments to enforce residential property standards.
- *Renewed Long-Term Affordable Housing Strategy*: Invests a total of \$178 million over three years to provide housing subsidies and benefits to additional households including a portable housing benefit pilot for survivors of domestic violence, funding for supportive housing, and increased funding for CHPI.

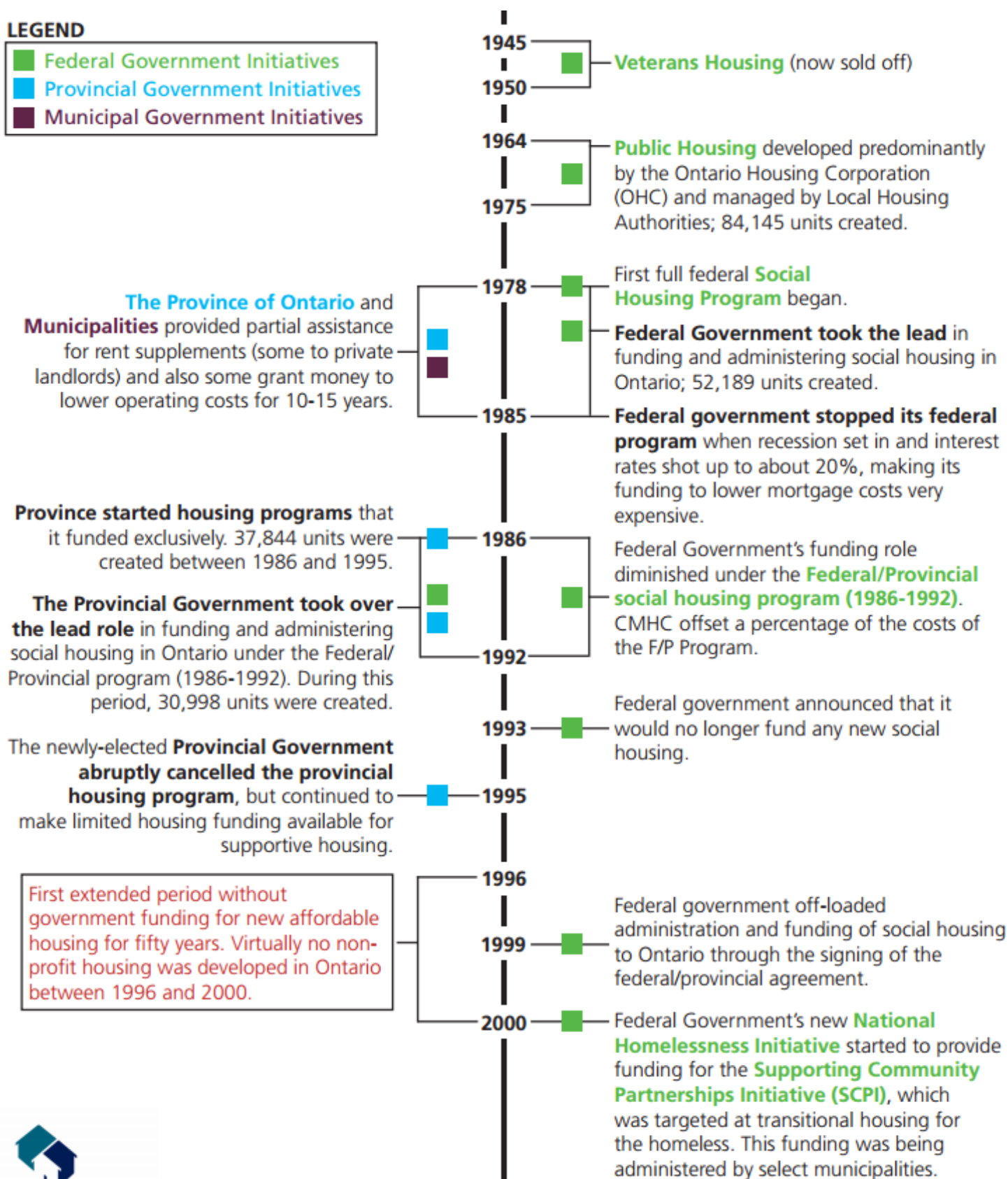
Current Federal Housing Programs

- *Social Housing Agreement*: provides funding for operating costs and mortgage payments on social housing in Ontario's municipalities. This funding will end in 2032.
- *Investment in Affordable Housing*: The federal government has committed to an investment of \$1.9 billion nationally through the IAH over 8 years. Provinces and territories are cost-matching the federal investment.
- *The National Homelessness Partnering Strategy*: The Homelessness Partnering Strategy (HPS) is a community-based program aimed at preventing and reducing homelessness by providing direct support and funding to communities across Canada. Thirteen Ontario communities are supported through HPS. The Government of Canada's Economic Action Plan 2013 announced nearly \$600 million over five years (2014-2019) starting in April 2014 to renew and refocus the HPS using a Housing First approach. The HPS supports 61 designated communities and some small, rural, northern and Aboriginal communities across Canada to develop local solutions to homelessness.
- *National Housing Strategy*: In 2016, the federal government launched a consultation to develop a national housing strategy. AMO has participated in this consultation by advocating for a commitment to dedicated, permanent, predictable, and sustainable funding for affordable housing; institute flexible, outcomes-based program approaches to funding affording housing and homelessness prevention; contributions to facilitate options along the continuum of housing in Canada's communities; a commitment to help end chronic homelessness; specific housing and homelessness prevention initiatives for Indigenous Peoples, in consultation with Indigenous Peoples; and a commitment to promote and support environmental sustainability of new and existing housing stock.

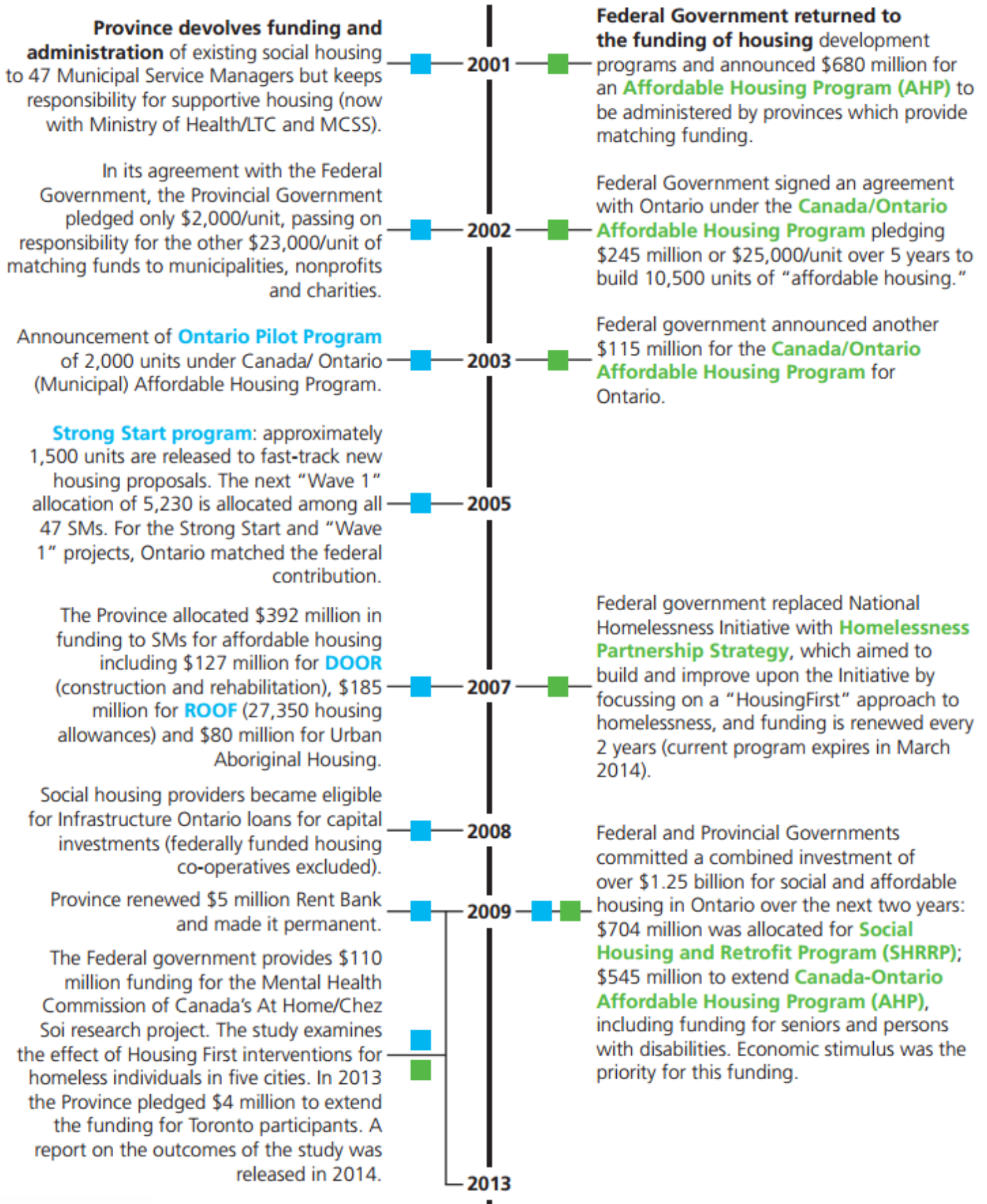
Timeline of Social Housing in Ontario (prepared by ONPHA)

LEGEND

- Federal Government Initiatives
- Provincial Government Initiatives
- Municipal Government Initiatives



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The Province's **Long Term Affordable Housing Strategy** confirmed the devolution of social housing to municipalities, and required community-based local planning of housing and homelessness services including social housing in Ontario.

The *Housing Services Act, 2011* sets basic Provincial policy directions while giving service managers greater flexibility and control in the planning and delivery of housing and homelessness services including social housing administration.

Province consolidates funding for five homelessness-related programs into the **Community Homelessness Prevention Initiative (CHPI)**, administered by MMAH. CHPI provides Service Managers with flexible funding that they can direct towards emergency shelter solutions, housing with supports, homelessness prevention, or other service and supports depending on greatest need.

As part of Ontario's Poverty Reduction Strategy 2014-2019, the Province allocates \$16 million to create 1,000 new supportive housing spaces. The Province also announces a funding enhancement of \$42 million for the CHPI for 2014-2015.

Promoting Affordable Housing Act is passed, providing additional flexibility to social housing administrators, allowing municipal inclusionary zoning initiatives, removing the ability to implement development charges on secondary suites, and requiring all municipal governments to enforce residential property standards.

Green Investment Fund launched, including \$10 million for a social housing electricity efficiency program and \$82 million for a social housing retrofit program.

Phase Two of the Province's 10-year Mental Health and Addictions Strategy provides \$16 million over three years, commencing in 2014-15, to create 1,000 new housing spaces for people with mental health or addictions issues, including \$4 million for 248 supportive housing units in 2016-17.

Long-Term Affordable Housing Strategy Update: invested a total of \$178 million over three years to provide housing subsidies and benefits to additional households including a portable housing benefit pilot for survivors of domestic violence, funding for supportive housing, and increased funding for CHPI.

2010

2011

2012

2014

2015

2016

Investment in Affordable Housing (IAH) for Ontario: Federal and Provincial Governments will provide \$480.6 million over 4 years for affordable housing creation and repair, rent supplements and housing allowances. Social housing market rent units eligible for rent supplements/housing allowances. All social housing ineligible for repair dollars.

The Federal & Provincial governments commit \$801 million to extend funding for the Investment in Affordable Housing (IAH) Program for five years. Eligible programs include affordable homeownership, renovation, rent supplements and housing allowances, and the creation of affordable rental housing. Social housing units are ineligible for repair dollars. The extension ends on March 31, 2020.

National Housing Strategy consultation is initiated.

Investment in Affordable Housing Initiative: doubled to \$504.4 million over two years.

Affordable housing for seniors: increased to \$200.7 over two years.

Affordable Rental Housing Innovation Fund: \$208.3 million over five years to support the construction of affordable rental housing.