

Ontarians need a truly comprehensive ‘made-in-Ontario’ housing plan with real targets, timelines and funding to meet diverse, complex housing needs

Notes for a meeting with Ontario housing minister Rick Bartolucci

March 23, 2011

My name is Michael Shapcott. I am Director, Affordable Housing and Social Innovation at the Wellesley Institute and co-chair of the Housing Network of Ontario. Thank you for the opportunity to make these observations. The Wellesley Institute is a research and policy institute dedicated to advancing population health. We know from our own research, and the research of others, that a good home is fundamental to personal health and the health of communities. We also know from our own policy work, and the policy work of others, that there are practical housing solutions that Ontario can take to address deep and persistent housing insecurity across the province. The Housing Network of Ontario was formed in 2008 and includes more than 450 provincial and local organizations in more than 30 communities across the province. Our network includes people with lived experience of poverty, homelessness and precarious housing, along with anti-poverty activists, homelessness and social housing advocates, equity and human rights groups and non-profit organizations.

The Ontario government has taken important steps in affordable housing programs and funding in recent years, including:

- Infrastructure Ontario’s \$500 million affordable housing loan fund in 2008;
- Provincial Policy Statement 2005, which requires municipalities to develop detailed 10-year housing plans;
- \$100 million in social housing repair funding in 2008 to cover a portion of the huge capital reserve deficit in the former Ontario Housing Corporation public housing stock;
- The commitment in Bill 140 to amend the *Planning Act* to ensure that secondary suites are allowed as of right throughout the province;
- The commitment in Bill 140 to scrap the out-dated and harshly punitive *Social Housing Reform Act* with more modern legislation to govern provincial social housing.
- An ongoing commitment to eviction prevention strategies, including the provincial rent bank and energy poverty initiatives.

However, none of these individual initiatives is sufficient to meet the housing needs of Ontarians, and all of them together do not add up to a comprehensive long-term affordable housing plan for the province. Canada Mortgage and Housing Corporation reports that core housing need in Ontario has grown from 408,305 households in 1991 (11.9% of population) to

627,530 households in 2006 (14.5% of population) – that’s a 54% increase in 15 years. Another indicator of the significant housing need is the Ontario Non-Profit Housing Association’s annual survey of waiting lists. In 2010, ONPHA reported that the list stood at a staggering 141,635 households – up 9.6% in just one year. The housing needs of Ontarians are complex and diverse, as noted in ongoing research series such as the *Where’s Home?* reports issued regularly by ONPHA and the Co-operative Housing Federation of Canada.

Highest housing costs: Ontario has the highest housing costs of any province (median household shelter costs of \$10,878, according to Statistics Canada). One in every three Toronto households spends 30% or more of their income on housing – the worst record among metropolitan areas across Canada. High housing costs for low, moderate and middle-income households means less money for other necessities such as food, medicine, energy, childcare, transportation, clothing, education... High housing costs are the single biggest reason why more than one million people were forced to line-up at Toronto’s food banks last year (Source: Daily Bread Food Bank).

Lowest provincial investment: Ontario has the worst record among all the provinces in terms of affordable housing investments. In the fiscal year ending March 31, 2009, Ontario spent \$64 per capita on affordable housing, about half the provincial average of \$115 per person (source: Wellesley Institute calculation based on Statistics Canada Government Revenue and Expenditures database). At the head of the provincial pack are Saskatchewan (\$214 per capita – almost three and one-half times greater than Ontario), Nova Scotia (\$175) and Alberta (\$154). On March 12, 2009, the Alberta government announced a \$3.2 billion, 10-year housing plan. Ontario’s housing plan is not expected until late 2010 or 2011.

Biggest municipal downloading: Ontario, more than any other Canadian province, downloaded the cost of affordable housing to local government. In the most recent fiscal year, the provincial government invested \$829 million in affordable housing – only two-thirds of the \$1.3 billion invested by municipalities (source: Statistics Canada Government Revenue and Expenditures database). Cash-strapped Ontario municipalities have limited revenues sources (mostly property taxes, grants from senior governments and fees), which means that there’s little ability on the part of municipal governments to grow housing investments to meet the growing housing needs across the province.

The Wellesley Institute joined with hundreds of partners in the Housing Network of Ontario in a province-wide initiative to identify local housing needs and local housing solutions, and to set out “five tests” for a comprehensive long-term affordable housing strategy for Ontario. Four of the five tests (bold targets and sustained funding, a solid measuring stick, accountability, make housing truly affordable and accessible) are mostly or completely absent from the housing strategy released by the provincial government in 2010 and in the legislative measures in Bill 140. Based on this assessment, we concluded:

“The Ontario government has put up the scaffolding for a long-term affordable housing strategy, but there’s plenty of unfinished business for Queen’s Park as it seeks to build a truly comprehensive plan to ensure everyone has access to a healthy, affordable home. There are no targets, timelines and no new housing investments.”

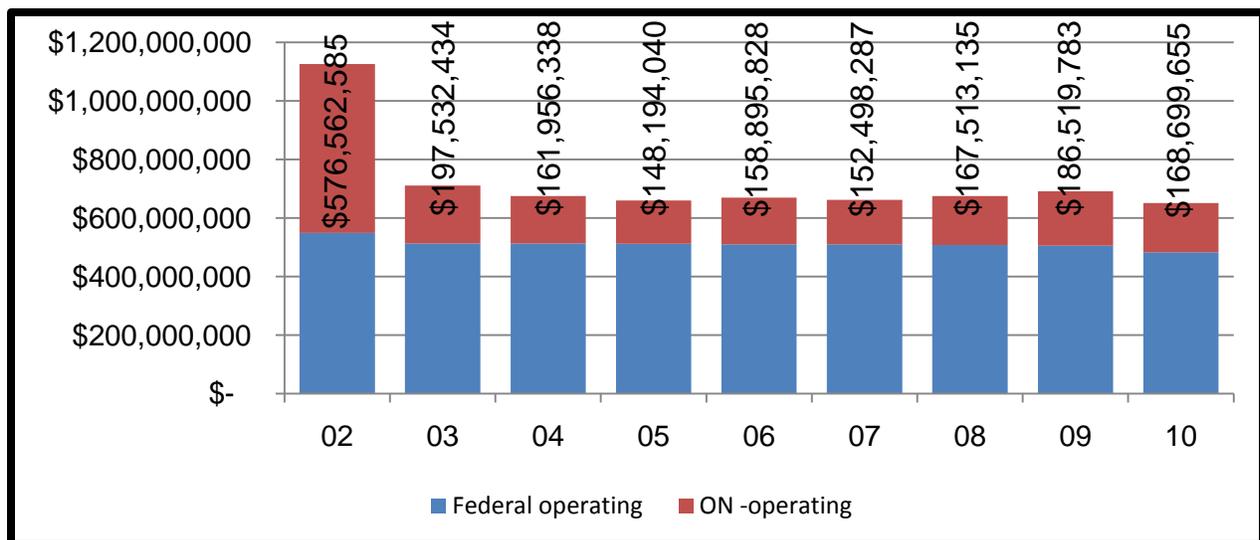
Observation one: Ontario's housing policies over the past two decades have largely been shaped by the federal government.

In 1993, the federal government cancelled funding for new affordable / social housing. In 1995, the Ontario government cancelled new funding. In 1996, the federal government announced plans to transfer administration of most national housing programs to the provinces and territories. In 1998, the Ontario government started to work on its own plan to download housing programs to municipal service managers.

In 2000, the federal government announced a new cost-shared affordable housing program, and Ontario signed on in 2001 (although significant provincial funding under the Affordable Housing Framework Agreement didn't start flowing until after the Ontario government re-signed a bilateral housing agreement with the federal government in 2005). In 2006, the federal government allocated \$1.4 billion in affordable housing funding to the provinces and territories – and approximately two years later, the Ontario government signed on. In the 2009 stimulus budget, the federal government allocated \$2 billion in affordable housing funding – and the Ontario government quickly signed onto this agreement. The federal government has taken the lead, from time to time, in short-term housing initiatives – and the Ontario government has followed – sometimes with a long delay before finally allocating its share.

Shrinking operating funding

The Public Accounts of Ontario – the official record of government spending – records both the operating and capital spending of the provincial government on affordable housing through the Ministry of Municipal Affairs and Housing. The Public Accounts show that, on the operating side, most affordable housing dollars in the provincial accounts come from the federal government (from transferred housing programs), with the unilateral provincial share account for roughly 25 cents of every provincial housing dollar in the most recent fiscal year ending March 31, 2010. Unilateral provincial operating spending of \$169 million in the latest complete fiscal year is down 15% from 2003.



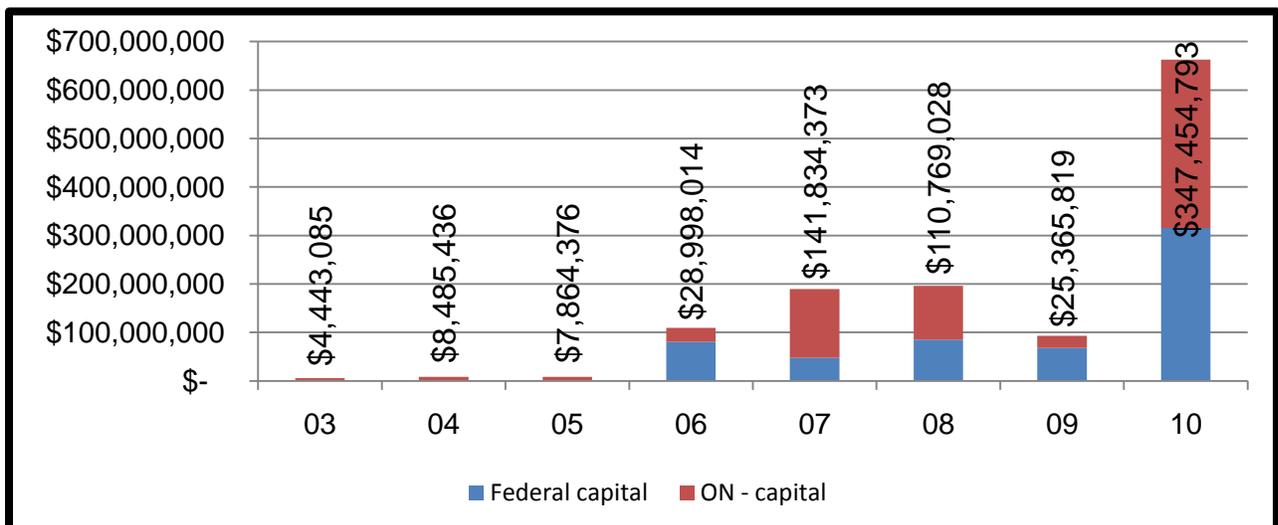
Public Accounts of Ontario, affordable housing operating funding

The federal investment in ongoing operations of affordable housing are being sharply reduced in the coming years – and the gradual reduction is already evident from the Ontario Public Accounts. The pace of federal withdrawal will increase in the coming years, as the Ontario Auditor General noted in his 2009 review of provincial social housing programs. This creates a significant policy and funding challenge to the Ontario government – which has relied on the federal government for 75 cents out of every operating dollar that it spends on affordable housing programs.

The Auditor General also noted in 2009 that operational cuts at the Ontario Ministry of Municipal Affairs and Housing affects the ability of the provincial government to effectively design and implement affordable housing initiatives, and to ensure that there are effective accountability mechanisms in place to monitor and evaluate these programs.

Uncertain capital funding

On the capital side, the Ontario Public Accounts report that affordable housing investments have grown considerably – both with new federal dollars and with provincial dollars (timed, as noted above, following the re-signing of the federal-provincial affordable housing agreement in 2005 and the federal stimulus budget of 2009). However, these dollars will drop off sharply over the next six months as the federal government winds down the housing components of the 2009 stimulus budget. Development of affordable housing requires reliable capital funding with long-term certainty. The federal budget released on March 22, 2011, contains no commitment to renewed federal investment in affordable housing capital financing. With a federal election looming on the horizon, there is ongoing uncertainty at the national level. If Ontario continues to adopt its past practice of waiting for the federal government to take a lead on housing funding, then deciding whether to join in, then the short-term horizon looks bleak.



Public Accounts of Ontario, affordable housing capital investments

Infrastructure Ontario: Promising innovation, but mostly untapped

In its 2008 budget, the Ontario government announced a \$500 million affordable housing loan fund through Infrastructure Ontario. This is perhaps the most promising and innovative housing

finance mechanism at a governmental level anywhere in Canada in the past generation: The government uses its excellent credit rating to borrow money in the private markets at very low rates, then offers low-cost loans to affordable housing providers. But only about one-third of the dollars in the loan fund had been allocated to approved loans in almost three years. The provincial government's role as a financial intermediary can be critical in unlocking the pent-up demand for capital dollars – but the current arrangement does not appear to be delivering good results. The province needs to unlock the potential of Infrastructure Ontario.

Observation two: The province's long-term affordable housing plan lacks the key elements of a real plan: Targets, timelines, funding

The Alberta government, with its 10-year housing and homelessness plans, includes specific targets, timelines and funding to meet the overall goals. The United States' Department of Housing and Urban Development's 10-year plan to end homelessness in that country includes specific targets, timelines and funding. The commonwealth-state affordable housing agreements between the national and state governments in Australia include specific targets, timelines and funding. The Finnish government's strategy to end homelessness in that country includes specific targets, timelines and funding.

Ontario's long-term affordable housing plan sets out a sensible observation: "Safe and affordable housing is fundamental for Ontarians striving to build a strong future for their families and their communities." But it fails to include the practical mechanisms to achieve that vision.

Reasonable 10-year goals: 750,000 new and renovated homes

In the Wellesley Institute's submission to the Ontario housing minister as part of the consultations for a long-term affordable housing plan, we offered an initial calculation of the scale of housing initiatives that are required to meet the housing needs of Ontarians. We noted:

"While more review is needed to set specific targets and timelines, and develop a more realistic cost estimate, the current evidence suggests that a reasonable goal would be 750,000 new and renovated affordable homes over the next ten years. Some key elements of this Vision 2020 plan:

- 250,000 renovated homes;
- 500,000 new affordable homes; including 110,000 from an inclusionary housing policy;
- dedicated portion for urban and rural Aboriginal housing under Aboriginal control;
- specific targets for supportive and alternative housing;
- \$310 million annually for repairs and renovation (provincial share);
- \$1 billion annually for new housing (provincial share);
- federal government to match provincial contributions;
- new credit facility for affordable housing (revolving fund of \$2 billion annually) to allow affordable housing developers to access capital;
- sector support funding of \$40 million annually;
- housing-related services funding for physical and mental health supports;
- pre-development and development assistance revolving fund of \$40 million annually."

“We are not able to provide an exact costing at this time. The government’s plan needs to include a blended investment plan that includes direct grants, access to provincially-backed financial credit, and other innovative financing options.”

The Wellesley Institute is very interested in working with ministry officials to develop a robust set of indicators of need, and to frame pragmatic, effective and affordable policy options.

In these challenging fiscal times, the prospect of raising substantial revenues is daunting. However, we want to offer two concluding observations:

- first, the *cost of “doing nothing” is exacting a terrible toll*. Precarious housing and homelessness is costly to individual health and to the health of communities and is also providing a drag on the economic and draining government resources. It is not just social policy groups, but also business organizations (most recently, the Canadian Chamber of Commerce) that are calling for government leadership.
- second, the value of housing investments is measured not just in better health for individuals, stronger communities and reduce government costs in health care utilization and related areas. The federal government, in their most recent report to Canadians on their stimulus spending, calculate that the economic multiplier for housing investments is as high as 1.5 – which means *every government dollar invested in housing leverages one dollar and fifty cents in jobs and other economic activity*.

Michael Shapcott
Director, Affordable Housing and Social Innovation

The Wellesley Institute
45 Charles Street East, Suite 101, Toronto, Ontario, Canada, M4Y 1S2
T – 416-972-1010, x231 // F – 416-921-7228
michael@wellesleyinstitute // www.wellesleyinstitute.com