

## For the health of us all, Ontario needs to reverse its ongoing cuts to housing investments

Submission to Ontario Standing Committee on Finance and Economic Affairs  
Hearings on Bill 55 – Strong Action for Ontario Act (Budget Measures) 2012

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Submitted by:

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Thank you for the opportunity to make this submission. The Wellesley Institute is an independent research and policy institute that engages in research, policy and community mobilization to advance population health.

Our submission today focuses on eroding provincial affordable housing investments, and the inequitable impact of this policy decision on the housing and health of low, moderate and middle-income Ontarians. We also want to add our support to critical revenue measures necessary to ensure a healthy and fair provincial budget, including the decision to freeze further reductions in taxes on profitable corporations and a return to a more equitable and fair tax rate for the highest income residents of Ontario.

### Our recommendations:

1. The Ontario government should reverse the long-term erosion of affordable housing investments by committing to maintain housing funding at the 2010 level and gradually increasing funding over time to meet the housing needs of all of Ontario.
2. The Ontario government should restore two critically important programs for people who rely on Ontario Works and the Ontario Disability Support Program, the Community Start-up and Maintenance Benefit and the Home Repairs Benefit:
  - The ***Community Start-up and Maintenance Benefit*** is important because it is targeted to assist people on social assistance, who are among the most vulnerable in Ontario. It provides people with the direct assistance they need to retain their housing and prevent homelessness. It can help them pay their rent or utility arrears, or help them move to safer or more secure housing. It is a mandatory benefit - people that are denied are able to appeal the decision. This oversight

ensures a measure of fairness for Ontarians with low-income and protects them from arbitrary decisions.

- The ***Home Repairs Benefit*** helps people on assistance pay for things like emergency plumbing repairs, patching a leaky roof, or repairing damage from fire or floods. This cut will disproportionately affect people on ODSP, as well as people in rural, northern and First Nation communities.
3. To ensure adequate revenues to fund critical housing and related initiatives, we support the plan to stop further reductions to the tax rate for profitable corporations, and we also support measures to increase fairness by restoring more equitable tax levels for the highest-income earners in the province.

### **Ontario affordable housing investments have been cut sharply**

Provincial operating investments in affordable housing – which help to maintain affordability and other important measures in the province’s existing non-profit and co-op housing stock – were sharply cut in 2001 when the Ontario government downloaded the costs of social housing to municipalities, and operating investments have continued to erode since then. Provincial capital investments in affordable housing – which help to fund much-needed new homes – grew substantially in 2009 as Ontario matched new federal housing stimulus funding. But those capital investments were cut sharply in 2011, as the federal government announced what it called the “scheduled termination” of several significant national programs.

### **Affordable housing cuts have a harsh and inequitable impact on Ontarians**

All the indicators point to deep and persistent housing insecurity and homelessness across Ontario, which is affecting the life and health of millions of Ontarians:

- ***Ongoing crisis in private rental housing:*** Most low, moderate and middle-income households try to find a home in the private rental housing market. Rental vacancy rates throughout Ontario are critically low – well below the minimum 3% that some experts believe is necessary for a healthy rental market. See Exhibit #3 below for more information on rental vacancy rates across Ontario. In addition, rents have been rising in most parts of the province in the past decade – faster than the rate of inflation and outpacing the stagnant incomes of renter households. Ontario renter households have actually experienced a decrease in household income from 1990 to 2009, according to Canada Mortgage and Housing Corporation, even though average rents over that time rose by 36%.
- ***Growing core housing need:*** Canada Mortgage and Housing Corporation reports that 627,530 households were in “core housing need” in 2006 (the latest year for which accurate numbers are available). This is the national agency’s definition of the most precariously housed Ontarians, and adds up to 17% of all households in the province. Based on historical trends, and factoring in the impact of the 2008 recession and the ongoing economic shocks, that number has almost certainly climbed to at least two-thirds of a million households trapped in the worst housing conditions.

- ***Widespread affordability crisis:*** The high cost of housing is the single biggest expense for most low, moderate and middle-income Ontarians. High housing costs crowd out other necessary spending – like food, medicine, transportation, childcare and clothing. Statistics Canada estimates that 1.3 million Ontario households – almost one-in-every three households – pay 30% or more of their income on housing, which is the generally accepted definition of unaffordable housing. The biggest burden of unaffordability falls on the poorest Ontarians living in rental housing. As noted in Exhibit #4 below, more than 44% of Ontario renter households are in unaffordable homes, while almost 21% of owner households are in unaffordable homes. In recent years, the high cost of energy has been driving up housing costs for both owners and renters.
- ***Endless affordable housing wait lists:*** Municipalities across the province report that affordable housing wait lists are stretching out for years. The 2011 wait list survey from the Ontario Non-Profit Housing Association estimates a total of 152,077 households are on the ‘active’ wait lists across the province<sup>1</sup>. The combined wait lists in the City of Toronto have set a new record every month since the fall of 2008<sup>2</sup>.
- ***Housing insecurity has a powerful impact on health:*** The Street Health report of 2007<sup>3</sup>, funded by the Wellesley Institute, set out the evidence for the devastating burden of poor health and premature mortality experienced by people who are homeless. For instance, people who are homeless are 20 times more likely to have epilepsy, five times more likely to have heart disease, four times more likely to have cancer, and twice as likely to have diabetes. The Reach3<sup>4</sup> survey of the health status of homeless and poorly-housed Canadians found similarly high health risks for those living in substandard and unaffordable housing. Reach3 reported that for every homeless person, there are 23 others who are living with housing vulnerability. That research pointed to 146,075 Ontario households and the heavy burden of poor health and early death. The Wellesley Institute has surveyed national and international research on the links between housing and health<sup>5</sup>, and regularly publishes updated evidence on our website. As many as two-thirds of Ontario households are well-housed in healthy and affordable homes, but the health and well-being of the millions of Ontarians who are precariously housed is increasingly threatened by their insecure housing status.
- ***Many households living in substandard housing:*** There are no reliable figures on the total number of Ontario households living in substandard housing that is a hazard to their health. Toronto Community Housing Corporation estimates that its capital repair shortfall is \$750 million, and the total for all social housing in the province (much of which was downloaded by the Ontario government to municipalities without adequate capital reserves) is likely more than \$2 billion. The Ontario government in 2008 and the federal government in 2009 offered short-term funding for the repair and upgrade of both social and private housing, but the amount on offer was far short of the provincial need.

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<sup>1</sup> Available at [http://www.onpha.on.ca/AM/Template.cfm?Section=Waiting\\_Lists\\_2011](http://www.onpha.on.ca/AM/Template.cfm?Section=Waiting_Lists_2011)

<sup>2</sup> Available at <http://www.housingconnections.ca/information/Reports.asp>

<sup>3</sup> Available at <http://www.wellesleyinstitute.com/publication/the-street-health-report/>

<sup>4</sup> Available at <http://www.stmichaelshospital.com/crich/housing-vulnerability-and-health.php>

<sup>5</sup> Available at <http://www.wellesleyinstitute.com/publication/housing-and-health-exploring-the-links/>

## The fiscal landscape of housing in Ontario

Ontario housing investments are closely tied to national housing programs, which are being progressively dismantled:

- ***Erosion of housing operating dollars:*** Affordable housing investments have been eroding in Ontario, as noted in Exhibit #5 below. Provincial operating investments by 2011 were less than half the amount spent in 2000 before the Ontario government cut funding and downloaded the cost of social housing to municipalities. The Ontario government has continued to make annual cuts to operating investments over much of the past decade. The operating dollars pay for operating subsidies for existing affordable housing. The erosion in provincial investments mean that municipal, non-profit and co-op housing providers face ever tightening financial restraints even as the need for affordable homes grows across the province.
- ***Cuts to funding for new homes:*** Provincial capital investments were sharply increased in Ontario in 2005 and again in 2009 as the provincial government matched new, short-term federal housing investments, as noted in Exhibit #6 below. However, Ontario sharply cut capital investments last year as the federal government announced its “scheduled termination” of housing investments, and more provincial cuts will follow as the federal government continues its long-term plan to reduce national housing investments to zero. Capital investments help pay for funding of new homes, and repairs to existing housing.
- ***Ontario housing investments are dictated by federal policies and programs:*** The bulk of affordable housing investments in Ontario are actually federal housing dollars that are cycled through the province to pay for particular programs, or passed down to municipalities, as noted in Exhibits #7 and #8. When the federal government launches a short-term housing initiative, as it has done in 2006 or again in 2009, the Ontario government receives the funding and, in some cases, adds matching provincial dollars. But the policy decisions are being made by the national government, when the housing needs are diverse and often unique to communities throughout Ontario. Federal policy priorities and funding decisions are dictating Ontario’s housing agenda. And, as the federal government continues to terminate its housing programs, Ontario will suffer even more. The Ontario government’s long-term affordable housing strategy of 2010 set out a partial vision for the future, but included no new funding, no tools, no targets or timelines. Instead, the Ontario housing policy statement issued in conjunction with the province’s housing plan puts all the onus on municipalities to come up with comprehensive housing and homelessness plans by 2014, without offering adequate tools or resources. A first step towards creating a robust, made-in-Ontario housing plan is to take up Recommendation 19-14 from page 443 of the 2012 Commission on Ontario’s Public Services (the ‘Drummond Commission’), which recommended:  
“Ontario should negotiate with the federal government to commit to a housing framework for Canada that includes adequate, stable, long-term federal funding and encourages its housing partners and stakeholders, including municipal governments, to work with the federal government to secure this commitment.”

- Ontario’s affordable housing crisis has taken years to build up, and will require multi-year investments and programs to reverse:*** Ever since the Ontario government announced in 1995 that it was “getting out of the housing business” and made a series of across-the-board cuts to housing investments and programs, the steady and relentless erosion of provincial housing activities has had a powerful cumulative impact. For instance, we estimate that if the Ontario government had maintained its pre-1995 affordable housing programs at the same level as they were prior to June of 1995, there would be as many as 200,000 additional affordable and healthy homes across the province. There would likely still be a need for a limited number of homeless shelters, but the overall number of people experiencing homelessness, and the affordable housing wait lists, would be dramatically lower than they are today..
- Ontario needs to better manage and target its housing investments:*** The Ontario Auditor-General noted in his 2009 review<sup>6</sup> of provincial social housing investments that the provincial government is not only not able to account for hundreds of millions in federal housing dollars directed to the province, but also that the province’s existing housing programs – including new affordable housing and housing allowance programs – are badly designed and don’t meet the needs of the poorest Ontarians. In other words, those who most need targeted housing support are being left behind by provincial programs. The provincial government can work with the right mix of stakeholders, including low-income households, affordable housing providers, housing sector organizations, and others to ensure that funding is managed and targeted more effectively. The Auditor-General also notes the danger to the province over the next two decades as the federal government remains committed to an accelerating cut to its affordable housing obligations in Ontario, as per Exhibit #9 below.
- Adequate repair funding for affordable housing:*** The provincial government previously allocated \$200 million for social housing repairs and upgrades, and has passed through federal housing repair funding. It also established an innovative affordable housing loan fund that offers relatively inexpensive funding to housing providers for repairs and upgrades. But these initiatives fall far short of the repair needs in the province’s social housing sector, let alone the broader repair and upgrade needs in the private rental sector. The Drummond Commission recognized that the deteriorating quality of affordable housing is part of a broader concern about declining municipal infrastructure. At pages 443 and following in its final report, the Commission urged the provincial government and municipalities to develop a long-term plan to address aging and deteriorating infrastructure, including housing. As the Commission noted:

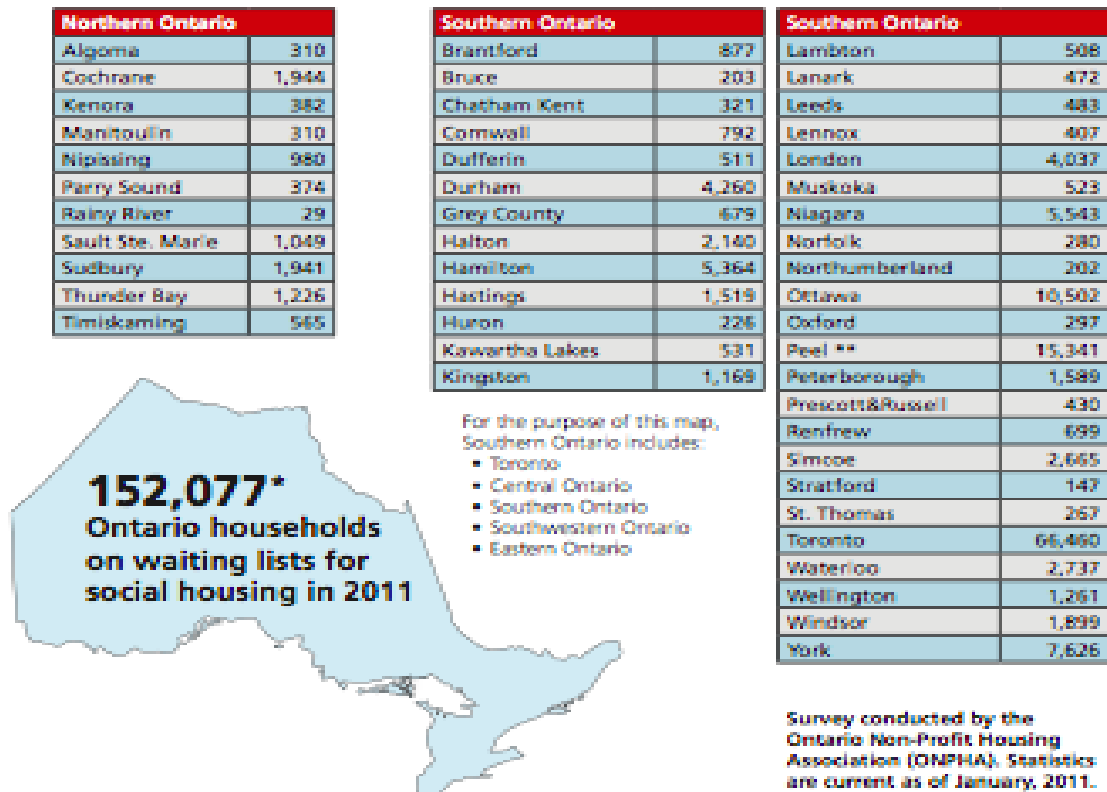
“Municipalities are responsible for maintaining their infrastructure — a responsibility clearly defined through policies that govern municipalities. The province also has an ongoing obligation to help ensure the safety and sustainability of municipal infrastructure.”

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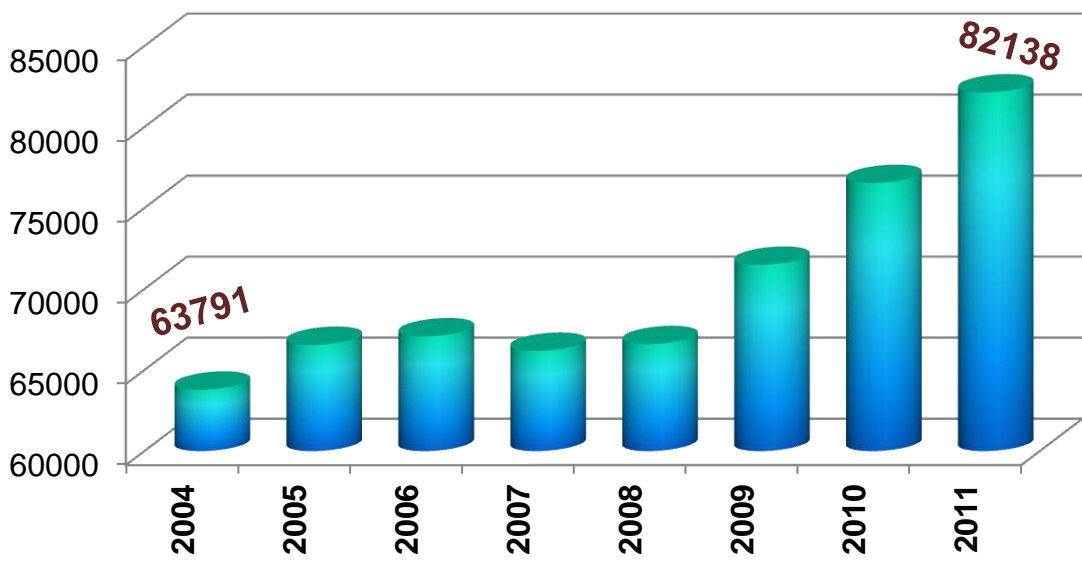
<sup>6</sup> Available at [http://www.auditor.on.ca/en/reports\\_en/en09/312en09.pdf](http://www.auditor.on.ca/en/reports_en/en09/312en09.pdf)

Appendix – additional resources

**Exhibit #1: Toronto affordable housing wait list from 2004 to 2011**  
Including both 'active' and 'inactive' (Toronto Housing Connections)



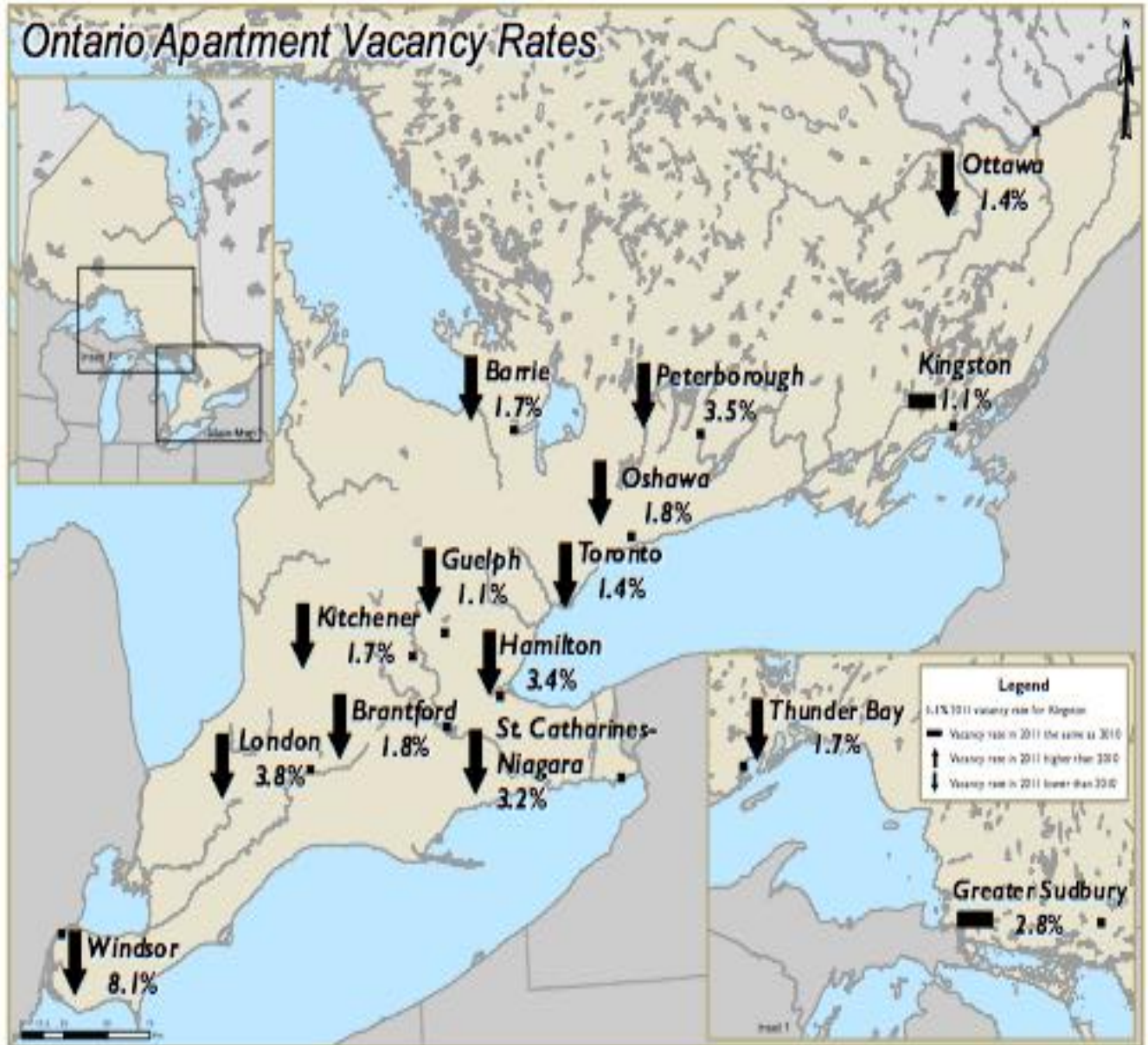
**Exhibit #2: Toronto affordable housing wait list from 2004 to 2011**  
Including both 'active' and 'inactive' (Toronto Housing Connections)





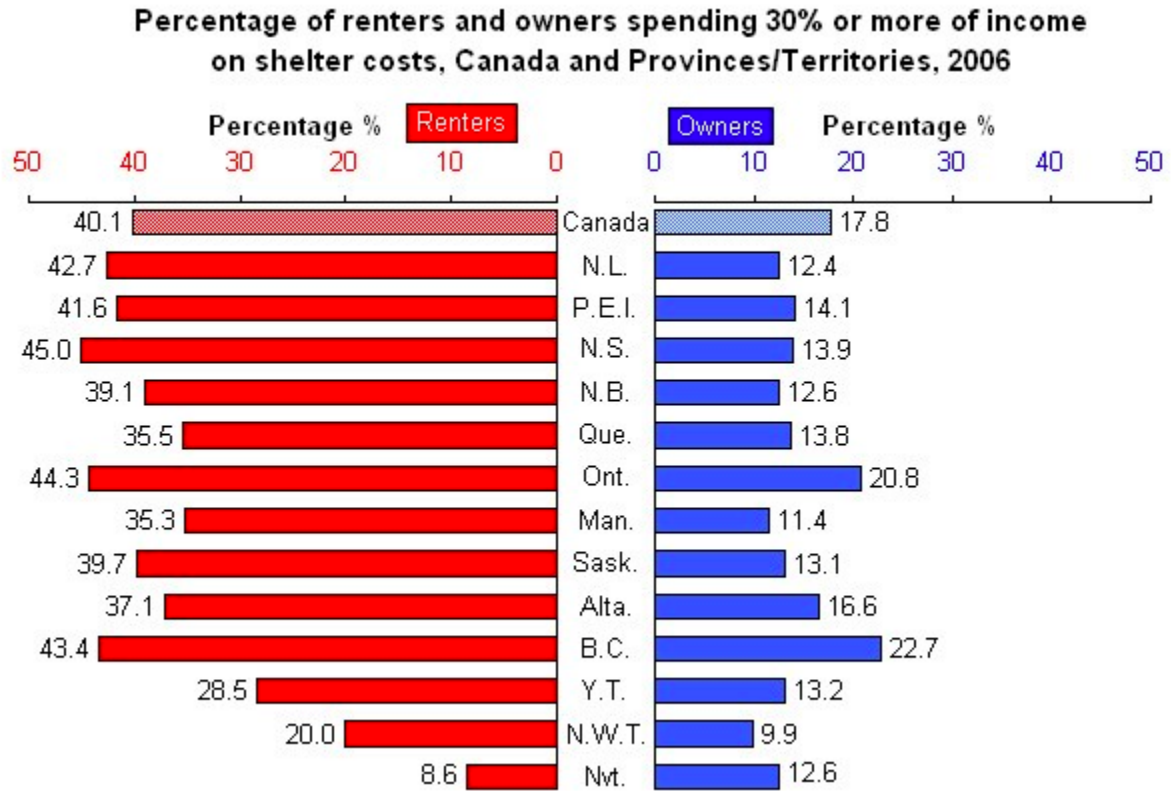
### Exhibit #3: Rental vacancy rates in Ontario's private rental markets

(Source: CMHC 2011)

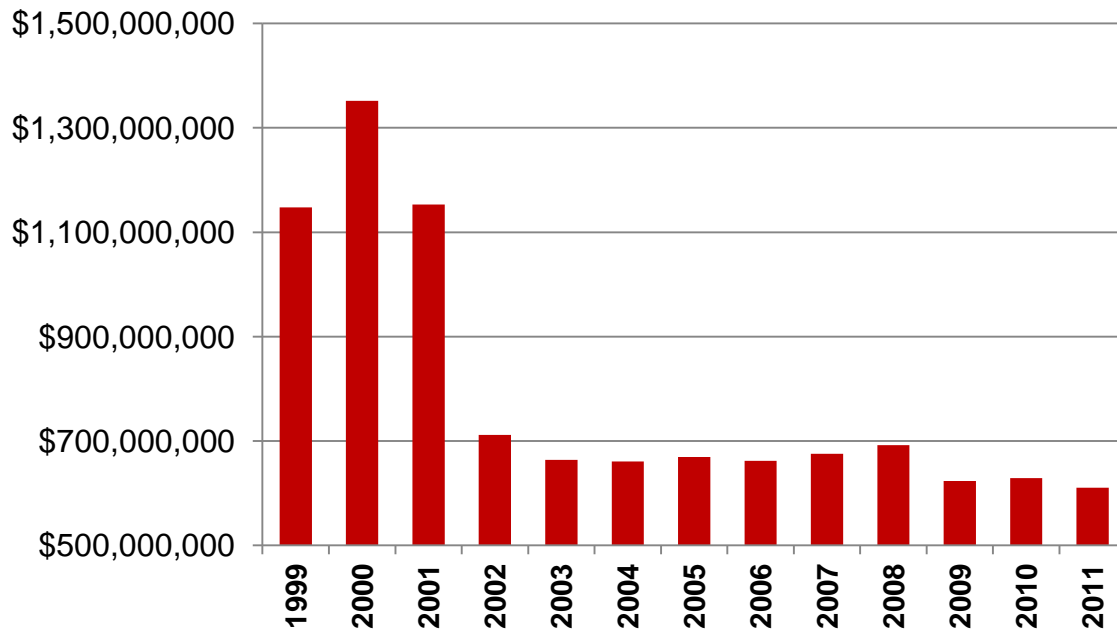


### Exhibit #4: Affordability of private ownership and rental housing

(Source: Statistics Canada, Census of Canada, 2006)

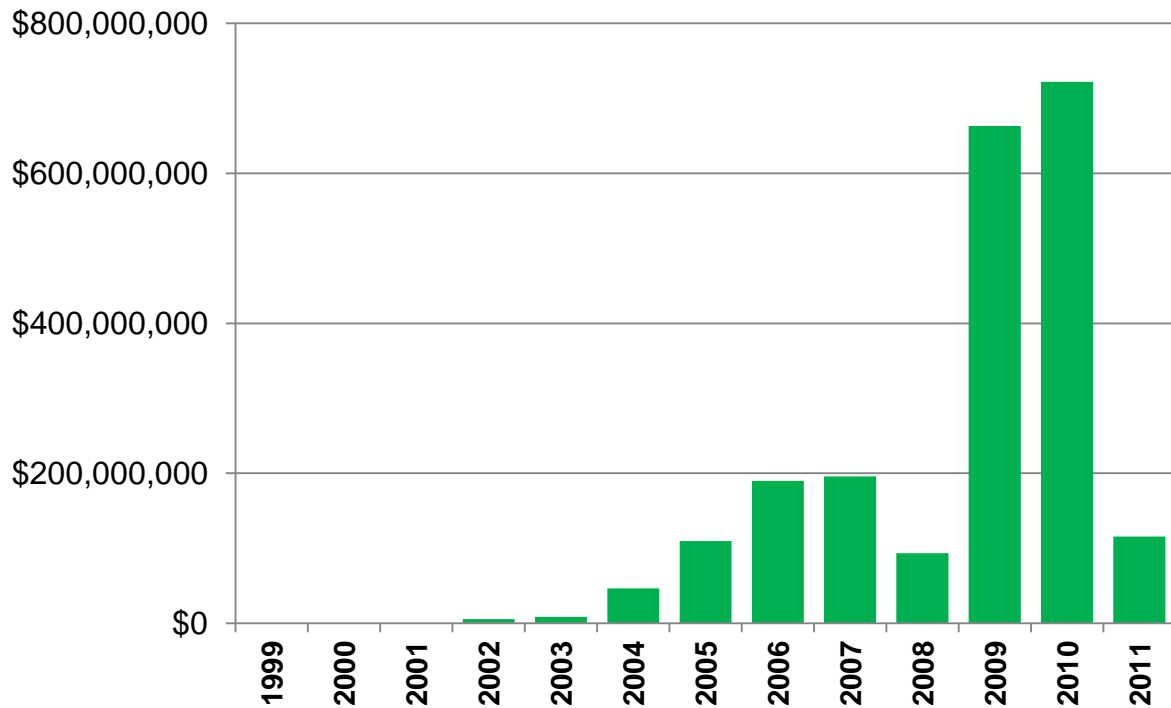


### Exhibit #5: Combined federal and provincial housing operating investments from 1999 to 2011 (Ontario Public Accounts)

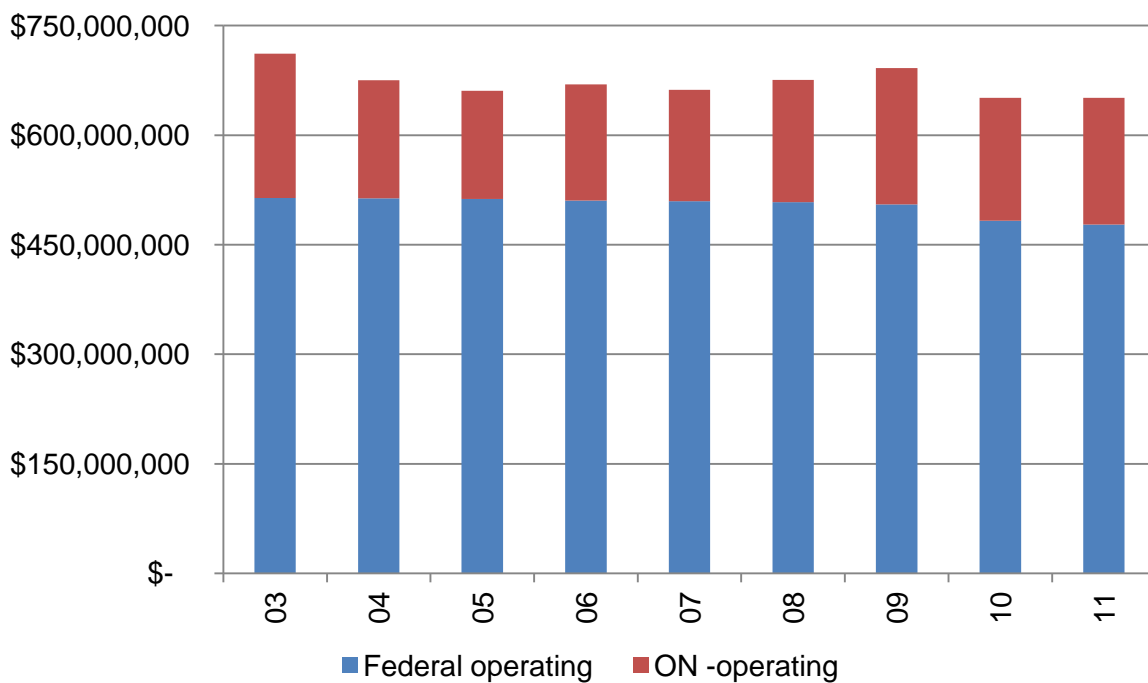




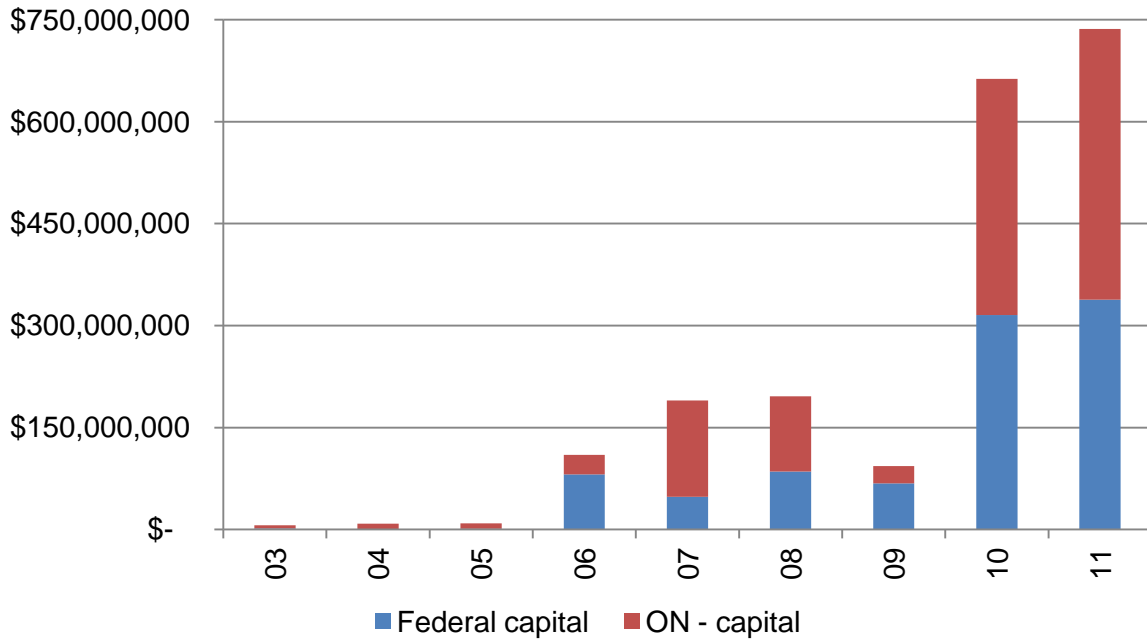
**Exhibit #6: Combined federal and provincial housing capital investments from 1999 to 2011** (Ontario Public Accounts)



**Exhibit #7 Ontario operating housing investments by source from 2003 to 2011** (Ontario Public Accounts)



**Exhibit #8 Provincial capital housing investments by source from 2003 to 2011 (Ontario Public Accounts)**



**Exhibit #9 Shrinking federal housing investments in Ontario to 2034 (Ontario Auditor General, 2009)**

**Figure 2: Expiry of Funding Agreements with Federal Government for Social Housing, 2000/01–2033/34 (Units)**

Source of data: Ministry of Municipal Affairs and Housing

