

# Submission to the Province of Ontario:

## Long Term Affordable Housing Strategy Update

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## Executive Summary

The planned 2015/16 update of the Long Term Affordable Housing Strategy (LTAHS) is an opportunity to build on the principles LTAHS established in 2010. Housing is significant in the social determinants of health, and one of the main elements in healthy and inclusive communities.

The four themes of the provincial consultation document provide a good basis for Ontario priorities for the next few years. Within these themes, the issues and priorities include the following:

### **Income Support Programs for People with Long-Term Disabilities in Ontario**

Affordability is a concern for many Ontario residents, but low-income renters face the greatest problems. Ongoing growth occurs across the income spectrum, and Ontario adds 60,000 to 80,000 low-income renters per decade. Ontario must sustain the social housing system which provides affordable rents for about one-third of low-income renters, and it must continue to fund new affordable housing. The alternative is an acceleration of today's trends, where the low-income segment of growth is met in older rental neighbourhoods, associated with declining housing quality and concentrations of poverty.

### **A Fair System of Housing Assistance**

Rent is a non-negotiable expense, and for people with low incomes, paying market rents often means sacrificing on other basic necessities including food. Rental assistance is a way to reduce the negative impact of this on people and on communities. Ontario needs a comprehensive system of rental assistance, integrated with other income security as part of the social safety net. It needs to transform the system of rent-g geared-to-income (RGI) assistance, to make it equitable among renters in need, and among taxpayers.

### **Co-ordinated, Accessible Support Services**

Stable housing is a necessary foundation basis for health. For people who have disabilities or chronic conditions, such as mental health issues, housing with supports is the way to ensure this. Ontario needs to build on existing programs and initiatives and develop a comprehensive policy framework for housing with supports. This must achieve better coordination and more effective resource allocation, as well as system expansion. It must provide diverse options for stable housing, and flexible support services.

### **A System Based on Evidence and Best Practices**

Evidence-based policy must go beyond key indicators, to include research on the issues facing Ontario. This requires augmenting the capacity in that regard, and also addressing GTA-wide issues. Ontario can start on this path by developing an evidence base for the updated LTAHS, and by reporting out in a regular way on housing program activity at the provincial and municipal levels.

### **Recommendations**

**Recommendation 1:** The LTAHS Update should articulate in specific ways the role of publicly funded social and affordable housing in the broader housing system, and the responsibility of the provincial

government to sustain this system.

Recommendation 2: The Ministry of Municipal Affairs and Housing, within 5 years, should develop a policy and implementation strategy to ensure that social housing stock and its affordable rents are sustained, as it transitions to a low-debt, lower-federal-subsidy system over the next decade and beyond.

Recommendation 3: The LTAHS Update should set a target for new affordable rental production, with associated provincial funding, based on needs rather than on the level of federal funding.

Recommendation 4: Ontario should pass legislation empowering municipalities to implement inclusionary housing policies, such that a percentage of affordable units is required to be conveyed or otherwise provided as a condition of planning and development approvals.

Recommendation 5: The Ontario government, within 5 years, should develop a policy framework and implementation strategy for rental assistance to low-income private-rental households, addressing the depth of affordability problems and numbers in need.

Recommendation 6: The Ontario government, within 5 years, should develop a policy framework and implementation strategy to integrate rent-geared-to-income (RGI) assistance with other provincially funded income transfer benefits, in an equitable and comprehensive way.

Recommendation 7: The Ontario government, within 2 years, should adopt a policy framework and implementation strategy for housing-with-supports, including the following elements:

- a) Serving dual goals of stable, affordable housing and flexible, appropriate supports;
- b) Including various housing supply options, suited to diverse local conditions and client needs;
- c) Having coordinated access and assessment;
- d) Incorporating a clear spectrum of low, medium and high supports;
- e) Being coordinated and funded at the provincial level, with suitable local roles in delivery;
- f) Involving annual additions of housing units and support services, at a level reflecting existing needs and ongoing population growth.

Recommendation 8: The Ministry of Municipal Affairs and Housing should develop a program of research on affordable housing issues, trends and policy options, to be undertaken in partnership with research institutions, to support evidence-based policy-making in affordable housing.

Recommendation 9: The Ministry of Municipal Affairs and Housing should carry out regular research and monitoring of housing market trends and affordable housing needs for the Greater Toronto Area as a whole.

Recommendation 10: The Ministry of Municipal Affairs and Housing should develop an evidence base for the LTAHS update, including housing market trends, program trends and issues, and affordable housing needs, and make it public as a foundation for the LTAHS update and related policy directions.

Recommendation 11: The Ministry of Municipal Affairs and Housing should report out annually on key program data, including numbers of households and housing units, selected client profile data, spending, year-to-year changes, and implementation of priorities, for all provincial and municipal affordable housing programs.

# 1. Introduction

## Ontario Policy Context

Five years after the Ontario government adopted a Long Term Affordable Housing Strategy (LTAHS), it is preparing an updated version to set directions for the next several years. This document puts forward the key priorities that which the Wellesley Institute believes should inform the Ontario government's framework and actions in affordable housing.

Ontario's updated Poverty Reduction Strategy<sup>1</sup> is the broad policy context for updating LTAHS. The government has identified housing and homelessness as one of four main thrusts in Poverty Reduction. That Strategy stresses the importance of stable, affordable housing in meeting the needs of homeless people with mental health issues or addictions. It embraces "housing first" approaches to homelessness. It affirms the role of new affordable housing, rental assistance, and home repairs or adaptations, through the Investment in Affordable Housing program. The government has appointed an Expert Advisory Panel on Homelessness, to offer practical advice on measuring homelessness.<sup>2</sup>

Ontario's Mental Health and Addictions Strategy has acknowledged housing as one of the main elements in healthy and inclusive communities, which will foster better mental health.<sup>3</sup> The Strategy recognizes the importance of ensuring there are housing options for people in shelters and hospitals. The government has appointed a Mental Health and Addictions Leadership Advisory Council, and the Council's main focuses include supportive housing.<sup>4</sup>

## Themes and Timeframe for the Long Term Affordable Housing Strategy

This submission focuses on a few strategic issues. There is no lack of bold and detailed ideas about what is needed in Canadian and Ontario housing policy and programs.<sup>5</sup> This document is organized under the four, well-chosen themes in the provincial consultation: a fair system of housing assistance, a sustainable supply of affordable housing, co-ordinated accessible support services, and a system based on evidence and best practices. We put forward a few main concerns and suggestions under each theme.

Ontario's Long Term Affordable Housing Strategy should look beyond the tight fiscal circumstances of the next 2 or 3 years. It needs to be a basis for action in the next year or two, but it also needs to grapple with system-wide challenges that cannot be fixed in a short period but call for longer-term planning. We believe that the strategy should address the issues facing Ontario over the next ten years, but set priorities and actions for the next five years. There should again be a review at year five, as Ontario is now doing.

While many Ontario residents are concerned about the cost of housing, the focus of the Poverty Reduction

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1 Government of Ontario, *Realizing our Potential: Ontario's Poverty Reduction Strategy 2014-2019*, pp. 32-37.

2 Ontario, News Release (January 26, 2015), "Ontario Appoints Panel to Look at Ending Long-term Homelessness" Province Taking Steps to address Homelessness" <http://news.ontario.ca/mah/en/2015/01/ontario-appoints-panel-to-look-at-ending-long-term-homelessness.html>; Ministry of Health and Long Term Care (2014), *Backgrounder: Mental Health and Addictions Leadership Advisory Council* <http://news.ontario.ca/mohlhc/en/2014/11/mental-health-and-addictions-leadership-advisory-council.html>

3 Government of Ontario, *Open Minds, Healthy Minds: Ontario's Comprehensive Mental Health and Addictions Strategy*, p. 7.

4 Ministry of Health and Long Term Care (2014), *Backgrounder: Mental Health and Addictions Leadership Advisory Council* <http://news.ontario.ca/mohlhc/en/2014/11/mental-health-and-addictions-leadership-advisory-council.html>

5 For example, Ontario Non-Profit Housing Association (2014), *Big Problems Need Bold Solutions: An Ambitious Model for Solving Ontario's Most Pressing Housing Needs*; Wellesley Institute (2010), *Precarious Housing in Canada*.

Strategy and LTAHS is lower-income households. People in poverty have the greatest affordability problems, and their housing options in the market present the largest issues – poor quality, insufficient supply, limited choice, and poor neighbourhood conditions. This document is mostly about “the twenty percent” of households who have the lowest incomes and the greatest housing problems.

## Housing and the Social Determinants of Health

The Wellesley Institute is a Toronto-based non-profit, non-partisan research and policy institute. We focus on research, policy proposals and community mobilization. Our mandate is to advance population health and reduce health inequities by driving change on the social determinants of health through evidence-based policy. The issues we raise in this document are relevant across Ontario.

Housing-related factors are large social determinants of health.<sup>6</sup> Housing conditions have big direct and indirect impacts on physical and mental health. These have large impacts on public costs for health care.

The best predictor of overall health is socioeconomic status,<sup>7</sup> and this effect operates partly through housing. People with less money or job security tend to have lower-quality housing, or live in lower income neighbourhoods which can further contribute to poor health. When housing costs the household budget, this means fewer resources for things that promote good health, from food to recreation. It means less money for medications and dental care – which in this country are mostly paid privately or by private insurance, which low-wage workers often lack.<sup>8</sup> Food bank users are overwhelmingly very low income people paying high shares of income on rent,<sup>9</sup> which squeezes the budget and forces less spending on food. Housing-related issues such as worries about rent or eviction, or family conflicts made worse by crowding, can have large impacts on stress.<sup>10</sup>

The physical quality of the dwelling directly affects physical health in terms of respiratory health, risk of injury from falls, burns, or other accidents, and exposure to toxins. Good quality housing has better heat and ventilation, less mould, and fewer allergens such as cockroach droppings. Adequate housing means fewer infections arising from crowding.<sup>11</sup>

Housing can have its largest impacts on health among people who are disadvantaged: sick, elderly, or unemployed, and therefore spending more time at home. Being homeless is bad for health in an extreme

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6 For overviews, see: Brent Moloughney (2004), *Housing and Population Health. The state of current research knowledge* (Ottawa: Canadian Population Health Initiative, Canadian Institute for Health Information, and Canada Mortgage and Housing Corporation); Aziza Mahamoud, Brenda Roche, Bob Gardner, and Michael Shapcott (2012), *Housing and Health: Examining the Links* (Toronto: Wellesley Institute); James R. Dunn (2000), “Housing and Health Inequalities: Review and Prospects for Research” *Housing Studies* 15 (3): 341-366; Michael Buzzelli (2009), *Is it Possible to Measure the Value of Social Housing?* (Toronto and Ottawa: Social Housing Services Corporation and Canadian Policy Research Networks); Juha Mikkonen and Dennis Raphael (2010), *Social Determinants of Health: The Canadian Facts* (Toronto: York University School of Health Policy and Management); Jeffrey Lubell, Rosalyn Crain, and Rebecca Cohen (2007), *Framing the Issues—the Positive Impacts of Affordable Housing on Health* (Washington DC: Center for Housing Policy); Jeffrey Lubell and Maya Brennen (2007), *Annotated Bibliography: The Impacts of Affordable Housing on Health* (Washington DC: Center for Housing Policy).

7 Dunn, 2000; Mikkonen and Raphael, 2010.

8 Steve Barnes, Vanessa Abban, and Alexandra Weiss (2010), *Low Wages, No Benefits: Expanding Access To Health Benefits For Low Income Ontarians* (Wellesley Institute).

9 See Ontario Association of Food Banks (2014), *Hunger Report 2014*.

10 See references in Lubell et al. (2007).

11 Ibid.

way, and getting stable housing has big benefits in physical health and mental health.<sup>12</sup> Social housing is an important site for delivering health-related services to population groups with higher needs, such as frail seniors or people with various disabilities.<sup>13</sup> Housing also has disproportionate effects on children's health, as they are still developing physically and psychologically.<sup>14</sup>

Neighbourhood conditions, which are intimately tied to housing choices and constraints, have significant effects on stress and personal safety.<sup>15</sup> Moving into social housing is associated with lower rent, less crowding, less stress, and (in Canada) generally similar neighbourhood conditions as low-income renters would have otherwise.<sup>16</sup> At a broader scale, housing production and prices of housing shape the spatial structure of urban communities; this in turn affects automobile use, greenhouse gas emissions, and how much walking people do in daily life – all with substantial impacts on health.<sup>17</sup>

## 2. A Sustainable Supply of Affordable Housing

The two largest priorities for Ontario in affordable housing must be to sustain existing social housing, and to keep adding affordable rental housing. Let us briefly review why affordable housing supply is important, the threats to that system, and the alternative of housing low-income renters in the market.

Social housing plays an important role in the housing system. Ontario has about 200,000 tenant households receiving rent-g geared-to-income (RGI) assistance;<sup>18</sup> this equates to about one-third of the 560,000 low-income renters – those in the lowest quintile (one-fifth) of the income spectrum.<sup>19</sup> If all these RGI tenants were instead in the rental market, low-income tenants would comprise just over 40 percent of market renters. On top of that is growth: Ontario grows by about 600,000 households per decade, spread

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- 12 Stephen W. Hwang (2004), "Homelessness and Health" Chapter 10 in J. David Hulchanski and Michael Shapcott (eds.), *Finding Room: Policy Options for a Canadian Rental Housing Strategy* (Toronto: Centre for Urban and Community Studies, CUCS Press); Tania Kyle and James R. Dunn. 2008. "Effects of Housing Circumstances on Health, Quality of Life and Healthcare Use for People with Severe Mental Illness: A Review" *Health and Social Care in the Community* 16 (1): 1-15. Kyle and Dunn, 2008); Sam Tsemberis and Ronda Eisenberg (2000), "Pathways to Housing: Supported Housing for Street-Dwelling Homeless Individuals with Psychiatric Disabilities" *Psychiatric Services* 51 (4): 487-493; Laural Raine and Tricia Marcellin (2008), *What Housing First Means for People: Results of Streets to Homes 2007 Post-Occupancy Research* (Toronto: Shelter, Support and Housing Administration Division, City of Toronto).
- 13 Jones, Allison (2007), *The Role of Supportive Housing for Low-Income Seniors in Ontario* (Ottawa and Toronto: Canadian Policy Research Networks Inc. and Social Housing Services Corporation); Jon Pynoos et al. (2005), *Journal of Housing for the Elderly* 18 (3&4), Special Issue on Linking Housing and Services for Older Adults; Leff, Stephen, et al. (2009), "Does One Size Fit All? What We Can and Can't Learn From a Meta-analysis of Housing Models for Persons with Mental Illness" *Psychiatric Services* 60 (4): 473-482; Luc Thériault, Christian Jetté, Réjean Mathieu and Yves Vaillancourt (2001), *Social Housing with Community Support: A Study of the FOHM Experience* (Ottawa: Caledon Institute of Social Policy).
- 14 Catherine Bridge, Paul Flatau, Stephen Whelan, Gavin Wood, and Judy Yates (2003), *Housing Assistance and Non-Shelter Outcomes* (Australian Housing and Urban Research Institute); Edward Scanlon and Kevin Devine (2001), "Residential Mobility and Youth Well-Being: Research, Policy, and Practice Issues" *Journal of Sociology and Social Welfare* 28 (1): 119-138 Scanlon & Devine, 2001; Joseph Harkness and Sandra J. Newman (2005), "Housing Affordability and Children's Well-Being: Evidence from the National Survey of America's Families" *Housing Policy Debate* 16 (2): 223-255.
- 15 See Dolores Acevedo-Garcia, Theresa Osypuk, Rebecca Werbel, Ellen Meara, David Cutler, and Lisa Berkman, (2004), "Does Housing Mobility Improve Health?" *Housing Policy Debate* 15 (1): 49-98.
- 16 Peter Phibbs and Peter Young (2005), *Housing Assistance and Non-shelter Outcomes* (Sydney: Australian Housing and Urban Research Institute); SHS Inc. (2009), *Overview of the Current State of Knowledge on Societal Outcomes of Housing* (Ottawa: Canada Mortgage and Housing Corporation); Margaret Condon, Nick Istvanffy, Robyn Newton and Bev Pitman (2010), *Affordable Housing for Families: Assessing the Outcomes* (Ottawa: Canada Mortgage and Housing Corporation); Lynda G. Gagné and Ana Ferrer (2006), "Housing, Neighbourhoods and Development Outcomes of Children in Canada" *Canadian Public Policy / Analyse de Politiques* 32 (3): 275-300.
- 17 Lubell et al. (2007); Bridge et al. (2003).
- 18 Ontario Non-Profit Housing Association, *Where's Home? 2013* (Toronto: ONPHA). The 200,000 includes 185,000 RGI in the devolved system, according to MMAH presentations, plus RGI in dedicated supportive, plus the minority of 'federal' co-op RGI units which are not funded and counted in the devolved system.
- 19 The 560,000 is calculated from Statistics Canada, NHS microdata file. The 200,000 is from ONPHA, *Where's Home? 2013*. Other sources indicate that over 90 percent of RGI tenants are in the first quintile.  $200,000/560,000 = 36\%$ ; 90% of this is 32%: one-third in round terms.

across the income spectrum. This includes an added 60,000 to 80,000 increase each decade who are low income renters.<sup>20</sup> If we project forward two decades with almost no added RGI, the result is much the same: low-income renters will compose about 40 percent of the rental sector.

A rental market dominated by low-income demand, or with large ongoing increases in it, responds to that demand in ways that have negative impacts on people and on neighbourhoods. These dynamics are well documented in urban theory and in the experience of cities around the world.<sup>21</sup> Adding more people with low incomes into a rental market means more households who will sacrifice housing and neighbourhood quality to get lower rents. They choose low-end options because they cannot afford better, and because they cannot compete with middle-class tenants in better rental buildings and neighbourhoods, or they get screened out there on income or other grounds. More people double up, or rent just a room. The rising demand in this “segment” of the market induces more landlords to let quality decline: this becomes a more effective way to maintain profitability in a context of low tenant purchasing power. Lower-status neighbourhoods experience declining housing quality, as people with few options crowd into them while middle-income renters move out to ownership or rented condos elsewhere. This is the post-1990s “slow burn” happening in Ontario’s rental housing sector.

Meanwhile, in urban growth zones, the housing is priced only for middle and upper incomes. There are very few rental units to house the young people growing up there or the low-wage people working there. Such housing imbalances, neighbourhood decline, and long commutes to work are most pronounced in the Greater Toronto Area, which accounts for half of Ontario’s growth.

These challenges require supply-side policy responses: programs that foster production of affordable housing. Housing benefit programs – assistance paid directly to households – are a very important policy tool (see below). But they do not give low-income households many options outside down-market neighbourhoods, or reinvest in those neighbourhoods. They do not create rental housing in outer suburban growth zones and small communities across Ontario – areas that comprise about one-third of Ontario by population.

**Recommendation 1: The LTAHS Update should articulate in specific ways the role of publicly funded social and affordable housing in the broader housing system, and the responsibility of the provincial government to sustain this system.**

Ontario’s social housing faces dramatic challenges to its viability over the coming decade, and a historic opportunity. The challenge arises as federal subsidies step down, year by year, under the “Social Housing Agreement” signed by the federal government and Ontario in 1999, reflecting the nationwide subsidy phase-out. The coming decade is a period of sharp accelerating decline in subsidy. The opportunity arises as the 35- to 60-year mortgages and debentures that covered the construction costs of this housing now

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20 Precise increments of first-quintile renters have varied from one census period to another. Since 2001, low-income (first-quintile) renters have stabilized at 12 to 13 percent of total households in Ontario. 12 percent of 600,000 decennial Ontario household growth is 72,000 added low-income (first-quintile) renters.

21 See William Grigsby, Morton Baratz, and Duncan MacLennan (1983), *The Dynamics of Neighbourhood Change and Decline* (Department of City and Regional Planning, University of Pennsylvania, research report no. 4); Jerome Rothenberg, George C. Galster, Richard V. Butler and John R. Pitkin (1991), *The Maze of Urban Housing Markets: Theory, Evidence, and Policy* (University of Chicago Press). For a review of the relevance to Canada today, see Greg Suttor (2015), *Rental Housing Dynamics and Lower-Income Neighbourhoods in Canada* (University of Toronto, Cities Centre / Neighbourhood Change Research Partnership, Research Paper 235)



get paid off. This issue is well researched at the federal and Ontario levels.<sup>22</sup>

Although mortgage maturity and loss of federal subsidy are directly linked, it is not a wash financially. Providers with a healthy mix of market-rent and rent-g geared-to-income (RGI) tenants and with housing in good condition will be viable debt-free operations. But some of them may choose to exit the system, renting to whoever they choose at whatever rents they wish. Other projects, mostly those with a high percentage of RGI or in poor condition, will require ongoing subsidy if they are to continue providing low rents to low-income people. The publicly-owned half of Ontario's social housing is disproportionately in this at-risk, high-RGI category; so is most urban Aboriginal housing; and so is most supportive housing.

Around the world in affluent nations, social housing operates mostly as a low-mortgage-debt system, breaking even below market, with a separate but co-ordinated rent subsidy system. This is one of the long-run aims of building social housing. It is entirely parallel to the long-run benefit of homeownership: year by year your monthly costs fall to a level well below market prices.<sup>23</sup> Our public-sector providers with a lot of older, low-debt housing already break even about \$200 to \$350 below market rents.<sup>24</sup> Low-debt operation means lower cost to subsidize people in social housing than in the rental market. It also opens the option of leveraging the asset: using cashflow to take on new debt to pay for repairs or redevelopment.

Ontario needs a provincial strategy for the historic transition to a low-debt, lower-subsidy social housing system. Ontario has acknowledged the expiry of agreements issue, and called for renewed federal subsidy. The latter is much needed, but the primary responsibility rests with the Government of Ontario. The Ontario strategy on this matter must go beyond statements of principles and intent, to include a fiscal/financial plan; regulatory framework; structures for collaboration with municipalities, local housing corporations, and housing sector organizations; and guidelines and incentives for housing providers.

**Recommendation 2: The Ministry of Municipal Affairs and Housing, within 5 years, should develop a policy and implementation strategy to ensure that social housing stock and its affordable rents are sustained, as it transitions to a low-debt, lower-federal-subsidy system over the next decade and beyond.**

Over the past dozen years, Ontario has added just under 17,000 new affordable housing units<sup>25</sup> through the federal-provincial Investment in Affordable Housing (IAH) program, plus a few others.<sup>26</sup> It has averaged

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22 Steve Pomeroy (2015), *Built to Last: Strengthening the Foundations of Housing in Canada* (Federation of Canadian Municipalities); Canadian Housing and Renewal Association (2014), *Housing For All: Sustaining and Renewing Social Housing for Low-Income Households*; Connelly Consulting Services (2006), *Was Chicken Little Right? Case Studies on the Impact of Operating Agreement Expiry in Ontario*: Housing Services Corporation, resources at [http://share.hscorp.ca/?page\\_id=3416&catid=56](http://share.hscorp.ca/?page_id=3416&catid=56).

23 For discussion of the systemic significance of low-debt social housing in the UK, French and international context, see: Peter Balchin and Maureen Rhoden (2002), *Housing Policy: An Introduction* (London and New York: Routledge); Jean-Claude Driant, and Mingye Li (2012), "The Ongoing Transformation of Social Housing Finance in France: Towards a Self-financing System?" *International Journal of Housing Policy* 12 (1): 91-103; Jim Kemeny (1995), *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective* (London: Routledge). For net revenue to the UK central government from social housing (net of housing benefit flows), see also Steve Wilcox and John Perry, UK Housing Review 2014 at <http://www.ukhousingreview.org.uk>, Table 61, "UK local authority housing revenue accounts".

24 For example, Toronto Community housing had total 2014 budgeted operating expenses of \$583.8 million for 58,326 units: average \$799/unit/month, compared to average private-sector apartment rent \$1,158 (difference \$359); Ottawa Community housing had total 2014 budgeted operating expenses of \$146.7 million for 14,829 units: average \$824/unit/month, compared to average private-sector apartment rent \$1,021 (difference \$197). Net of debt service, the difference from average market rent was \$537 for TCHC and \$373 for OCH. (computed from 2014 Operating budgets, TCHC and OCH, and CMHC Rental Market Survey).

25 The Ministry of Municipal Affairs and Housing website (<http://www.mah.gov.on.ca/Page10663.aspx#>) cites 16,722 to September 2014, but this excludes a few units funded through federal homelessness funds, or unilaterally by municipalities before 2003.

26 This brief refers simply to IAH, for simplicity. In 2002-2011 this was known federally as the Affordable Housing Initiative (AHI), and in Ontario as the Community Rental Housing Program (2002-2003) and the Canada-Ontario Affordable Housing Program (AHP, 2004-2011); associated programs included the new affordable rental component of the 2009-2011 federal-provincial stimulus, and the component of the 2007 federal housing trust fund that Ontario used for new affordable rental.

about 1,400 annually over the period; this will likely be a bit lower over the next four years.<sup>27</sup> This provincial government has avidly matched federal IAH funding; municipalities<sup>28</sup> have added to that; and community-based groups, municipalities, and some private firms have used these resources to build affordable housing. This effort is laudable and important.

But Ontario's approach to IAH leaves most new low-income renters to find their way in the rental market. IAH units equate to about 1 in 5 of the low-income renters added each year as part of Ontario's ongoing growth – and not all have low rents. Unlike the other four large provinces, Ontario has let the level of federal funding determine its scale of activity in new affordable housing. In consequence, Ontario's affordable rental production in recent years is well below half of the per-capita levels in Quebec or BC and one-eighth of Alberta levels.<sup>29</sup> Unlike BC or Quebec, Ontario has not enabled inclusionary development policies which help stretch these funding resources to achieve more units and to integrate affordable rental with other housing.

Ontario in recent years is increasingly “North American normal” in affordable housing. Most low-income needs are met in the low end of the rental market. The “legacy” social housing system from mid-twentieth century is stigmatized, underfunded, and under threat. The small additions of new affordable housing meet a small share of ongoing growth in the lower-income part of the spectrum. Reliance on down-market rental to meet low-income closely is intimately linked to rising concentrations of racialized poverty. Our chances of ending homelessness are small if most of Ontario's added low-income renters live precariously in the low-end rental market.

The 2010 LTHAS and the related legislative amendments and Provincial Housing Policy Statement affirmed various provincial “interests” in the housing and homelessness system.<sup>30</sup> Their framework for local housing and homelessness strategies required that municipalities articulate the roles of the private sector and social housing providers in affordable housing, and how local policy would support this. The LTHAS update is an opportunity to extend this in a fuller way at the provincial scale. The LTHAS update should articulate a vision for the role of social and affordable housing in the broader housing system, and affirm the province as the level of government having primary responsibility for sustaining this system.

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27 The expectation is based on the IAH average of \$134 million annually over fiscal 2014/15 through 2019/20, and the capital vs. housing allowance shares of IAH for the larger service managers. Ontario has not yet released roll-up data of the municipal allocation plans in this regard.

28 Including DSSABs.

29 Ontario AHI/IAH production of 14,449 to August 2012 (MMAH data in ONPHA, *Where's Home?* 2013) equates to 10.8 units/100,000 population annually for the 11 years 2002-2012; production of 16,722 to September 2014 (see above) equates to 10.6 units/100,000 population for the 13 years 2002-2014. Average annual 2002-2011 new affordable rental production in Alberta, Quebec and BC averaged respectively 2,800, 1,800 and 1,100 units, equating to 85, 23, and 28 units per 100,000 population respectively. Population denominators as of 2006. (Annual reports for BC Housing at <http://www.bchousing.org/aboutus/Reports/AR> ; Alberta Municipal Affairs at [http://www.municipalaffairs.gov.ab.ca/business\\_plans\\_annual\\_reports](http://www.municipalaffairs.gov.ab.ca/business_plans_annual_reports) ; Société d'habitation du Québec at [http://www.habitation.gouv.qc.ca/documents\\_et\\_references/publications/archives/rapports\\_annuels.html](http://www.habitation.gouv.qc.ca/documents_et_references/publications/archives/rapports_annuels.html)).

30 Ontario (2011), *Ontario Housing Policy Statement* (Ontario Gazette vol. 144-34)

**Recommendation 3: The LTAHS Update should set a target for new affordable rental production, with associated provincial funding, based on needs rather than on the level of federal funding.**

**Recommendation 4: Ontario should pass legislation empowering municipalities to implement inclusionary housing policies, such that a percentage of affordable units is required to be conveyed or otherwise provided as a condition of planning and development approvals.**

### 3. A Fair System of Housing Assistance

Housing assistance is important for social equity. It has large spillover benefits that matter to all of us, affluent or poor. It should be an integral part of the social safety net. That safety net frays if it fails to adapt to trends: rising population, wider income disparities, disparities in large urban areas, and greater disadvantage facing many new immigrants and racialized communities.

Our society has wide income inequalities: typical incomes in of the top 20 percent of Ontario households are about nine times the level of the bottom 20 percent.<sup>31</sup> Housing costs consume a far larger share of income for low-income households than for wealthier ones. For example, a typical Ontario household with \$80,000 to \$100,000 income has \$1,143 average monthly housing costs, which is 15 percent of gross income and leaves \$6,400 monthly for other needs. By contrast a typical household with \$10,000 to \$30,000 income has \$744 average monthly housing costs, which is 45 percent of gross income and leaves \$900 monthly for other needs.<sup>32</sup> Housing costs can go “only so low” because on the supply side, it takes several hundred dollars a month to operate a rental unit, and on the demand side there is usually a middle-income renter willing to pay prevailing market rents.

Because rent cannot be negotiated, people with low income sacrifice in other areas of life: they use a food bank if they must, whittle down the clothing budget, forgo entertainment and travel, and ration things for the children. People crowd into small apartments; they rent just a room; they “choose” a lower-quality neighbourhood because the rents are cheaper there. The rising food bank use in Ontario today, and the deepening concentrations of poverty, are the fallout of a widening gap between low-end incomes and market rent levels,<sup>33</sup> and the rising numbers in need.

Housing assistance is intended to alleviate these pressures and their social fallout.

Ontario’s system of housing assistance is not equitable or sustainable in its current form: it needs reform. At the time the Long Term Affordable Housing Strategy was developed in 2009-2010, ideas were bubbling on this. A high-profile coalition had proposed a “housing benefit” for working poor Ontario residents and those on social assistance.<sup>34</sup> LTAHS in 2010 expressed interest in this idea, and in integration of RGI

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31 First decile income of \$18,000 is median i.e. “typical” of the first quintile; ninth decile income of \$170,000 is median i.e. “typical” of the top quintile (calculated from 2011 NHS microdata).

32 Calculated from Statistics Canada, NHS cat . 99-014-X2011031. “Typical” income is deemed to be \$20,000 for the combined \$10–\$20,000 and \$20–\$30,000 brackets, and \$90,000 for the \$80–\$100,000 bracket; housing costs cited are 2010/2011 averages for Ontario households (includes owners, market renters, and subsidized renters).

33 See ONPHA (2013), *Where’s Home 2013*.

34 Daily Bread Food Bank et al (2008), *A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy*.

with tax-based benefits; so did the Social Assistance Review in 2012.<sup>35</sup> Since then, things have seemingly gone quiet.

There are several problems with the existing RGI system. It is inequitable: “the limited number of available subsidies means that not all people in need receive assistance, and people in similar situations may receive different levels of support.”<sup>36</sup> RGI provides deep subsidies – worth about \$500–\$600 per household monthly – to some 200,000 households out of almost half a million low-income renters, and does nothing for the others. Seniors and the working poor who do not receive RGI support get no housing assistance. People receiving social assistance (Ontario Works or the Ontario Disability Support Program) have a notional housing component within their benefit, but this is far lower than market rents, unrelated to RGI, and has no relationship to their actual rents in most cases.<sup>37</sup>

RGI is also inequitable between communities and population groups. In larger or faster-growing urban areas – Greater Toronto, Ottawa, Waterloo Region – the wider gap between low-end incomes and market rents creates more severe affordability problems; growth means that over time, a larger percentage of people in low-wage jobs or on small pensions do not receive RGI. The current RGI system disadvantages new immigrants and racialized communities who are disproportionately in low-wage jobs<sup>38</sup> and in larger or growing urban centres. RGI helps an enormous share of today’s low-income senior renters, but that will be less and less true tomorrow. RGI is paid primarily from the property tax base, an entirely inequitable revenue source for an ‘in kind’ income transfer. Larger or older urban municipalities<sup>39</sup> pay a very disproportionate share of social housing subsidies.

Because RGI is not integrated with other benefits, it is difficult to ensure that the combined claw-back of various benefits as income rises (marginal effective tax rate) does not create a disincentive to work.<sup>40</sup>

RGI is a very rationed system: for example, only about 1 in 20 of those on the City of Toronto waiting list are housed in a year.<sup>41</sup> Targeted provincial and municipal priorities increasingly give priority to abused women, homeless people, people with disabilities, and others in urgent need. But the seniors, families with children, or low-wage workers, who comprise the majority of low-income people but don’t fit particular high-need categories, have small chance of getting RGI. As RGI becomes irrelevant to most low-income housing needs, this will tend to undermine public support.

The modest scale of the RGI system compared to need, and the special priorities in RGI access, are leading to social housing being seen as a targeted social service – not as part of the social safety net. In the LTAHS consultation document, housing assistance is tied together with eviction prevention and housing homeless people. But in countries with advanced social safety nets these are different types of programs.

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35 Commission for the Review of Social Assistance in Ontario (2012) *Brighter Prospects: Transforming Social Assistance in Ontario*. Final report (Queen’s printer for Ontario).

36 LTAHS consultation guide, p. 10.

37 Exception: For the minority of social assistance recipients who have RGI rents, the housing component of their OW or ODSP benefit is set by a formula relating to their rent.

38 Sheila Block (2013) *Who Is Working For Minimum Wage In Ontario?* (Wellesley Institute).

39 See Ontario Municipal Information Returns at <http://csconramp.mah.gov.on.ca/fir/Welcome.htm>, lines for ‘Public housing’, ‘Non-Profit / Cooperative Housing’ and ‘Rent Supplement Programs’ on a per capita basis.

40 See for example, John Stapleton and Stephanie Procyk (2011), *What Stops Us from Working?* (The Dream Team, Centre for Addiction and Mental Health, and Houselink Community Homes),

41 3,118 applicants were housed from the Housing Connections waiting list during 2014, i.e. 4% of an active waiting list of 77,109 at year-end 2013, 78,276 at year-end 2014. More typical ‘housed’ numbers were 3,700 to 3,900 annually (2010-2013), i.e. 5% of the 2014 list. See Housing Connections, *Annual Statistical Report* (2013 and 2014).

RGI or most housing allowances are about upstream social equity, about wide-eligibility programs that should be part of the social safety to ensure favourable access to the social determinants of health. Low-income housing needs are inherent in the unequal labour market and housing market – not just a matter of personal disability or rocky personal crises. Eviction prevention, housing stability programs, counselling, and housing homeless people are downstream prevention and rescue programs for people on the edge personally and financially, or pushed to the social margins.

For the past decade, the Ontario government and municipalities have initiated a series of small housing benefit programs.<sup>42</sup> These have provided ‘shallower’ assistance than RGI, typically \$200 or \$300 monthly per household. There are lessons here, in flexible delivery models, in spreading scarce dollars around, in integration with homelessness prevention or with the tax system, and in other ways. But it is not known what these programs add up to overall, or what lessons we can draw for future policy. And these are tiny programs overall, serving at any time less than 1 in 10 Ontario low-income market renters.

Most affluent nations 30 to 40 years ago embraced a mix of modest rental supply programs and large rental assistance programs. In Canada and Ontario at that time it became a debate: supply programs versus housing allowances. Supply programs won – until suddenly two decades ago we were left with neither. Then for the past decade Ontario has had incremental expansion of each of these through AHI/IAH, with more emphasis on supply programs – but no strategic framework.

International best practice is a housing allowance system with universal or at least wide eligibility, subject to income ceilings. This exists in most affluent countries of the world, including “close relatives” such as Britain, France, and Australia.<sup>43</sup> BC, Saskatchewan and Manitoba have all made strategic policy choices over the past decade to expand housing allowances.<sup>44</sup>

Ontario must tackle the difficult strategic question of how to shift from an inequitable and inadequate RGI rent subsidy system, to one that is equitable: equitable between tenants in social housing and tenants in the market; equitable between different population groups; and equitable between different local communities. There is risk in opening up the RGI system: to cost-cutting, and to voices who think housing subsidy is a disincentive to work. The LTAHS timeframe extends beyond the constrained fiscal resources of the next couple of years. Within about 5 years, Ontario should enter a transition from today’s RGI system to a fair and comprehensive housing assistance system; and from our devolved municipally-funded system to one that is integrated into provincial income security programs and tax benefits. Fundamental RGI reform should be tackled within the time frame of the new Long Term Affordable Housing Strategy, as

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42 As well as a variety of IAH housing allowances and rent supplement since 2012, varying by municipality, these programs included the AHI Housing Allowance Rent Supplement (HARS) program, the Rental Options for Ontario Families ((ROOF) initiative of 2007-2012; and the Short Term Rent Support Program (STRSP) of 2008-2010; and the Toronto Housing Allowance Pilot.

43 See Peter Kemp, ed. (2007) *Housing Allowances in Comparative Perspective* (Bristol: Policy Press).

44 See Meryl Finkel, Carissa Climaco, Jill Khadduri, and Marion Steele (2006), *Housing Allowance Options for Canada* (Ottawa: Canada Mortgage and Housing Corporation), p. 22-26; BC Housing, annual reports (see link above); Saskatchewan Rental Housing Supplement at <https://www.saskatchewan.ca/live/personal-and-family-support/financial-assistance/rental-support-for-families-and-people-with-disabilities> and [http://www.qp.gov.sk.ca/Publications\\_Centre/SocialServices/Saskatchewan-Assistance-Rates.pdf](http://www.qp.gov.sk.ca/Publications_Centre/SocialServices/Saskatchewan-Assistance-Rates.pdf)

an element of LTAHS.

**Recommendation 5: The Ontario government, within 5 years, should develop a policy framework and implementation strategy for rental assistance to low-income private-rental households, addressing the depth of affordability problems and numbers in need.**

**Recommendation 6: The Ontario government, within 5 years, should develop a policy framework and implementation strategy to integrate rent-geared-to-income (RGI) assistance with other provincially funded income transfer benefits, in an equitable and comprehensive way.**

## 4. Co-ordinated, Accessible Support Services

A range of supports are needed to help people and their families keep stable housing and stable lives. Stable housing is essential for well-being and recovery; it helps people integrate into the community; and it can greatly reduce the use of health care services.<sup>45</sup>

A variety of housing support approaches have been proved effective with different initiatives proving useful for a variety of people with a variety of physical health psychological health needs.

Here we will focus on housing supports for people with mental health and addictions problems. This group offers an illustrative “case study” which will help to shine a light on the main issues we think are important for the LTAHS.

People with mental health issues and/or addictions are a focus of Wellesley Institute work at present, and this section addresses their housing and support needs. We believe much of this also applies to people with other disabilities, life transitions, or chronic conditions.<sup>46</sup> Lack of appropriate housing increases the risk of mental health problems as well as decreasing the chance of recovery. Supporting people in their own housing can decrease the number of people who lose their housing, may decrease the number of people who need more substantial housing supports or supportive housing and can increase the number of people moving towards recovery. In some of the dedicated psychiatric hospitals in Ontario up to 20 percent of patients are not getting treatment, they are waiting for housing. The chronic homeless are disproportionately made up of people with mental health and addictions problems. Despite this there is a wealth of evidence based models of housing supports and supportive housing that has deployed across Ontario.

Ontario has a distinctive system of supportive social housing that took us beyond earlier custodial and institutional models; it includes about 3,000 units targeted to mental health and addictions.<sup>47</sup> Ontario has added to the system over the past 15 years through various smaller initiatives; the 1,000 units of rent

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45 See John Trainor, Peggy Taillon, Nalini Pandalangat, et al. (2012), *Turning the Key: Assessing Housing and Related Supports for Persons Living with Mental Health Problems and Illness* (Mental Health Commission of Canada, Centre for Addiction and Mental Health, and Canadian Council for Social Development); Bonnie Kirsh, Rebecca Gewurtz, Ruth Bakewell, Brenda Singer, Mohamed Badsha, and Nicole Giles, (2009) *Critical Characteristics of Supported Housing: Findings from the Literature, Residents and Service Providers* (Wellesley Institute); Cameron Parsell, Ornella Moutou, Eduardo Lucio and Sharon Parkinson (2015), *Supportive Housing to Address Homelessness* (Brisbane: Australian Housing and Urban Research Institute).

46 The LTAHS consultation document mentions frail elderly, people who are homeless, survivors of domestic violence, acquired brain injuries, developmental disabilities, and others.

47 Provincial data at devolution/transfer showed 7,267 MOHLTC supportive housing units; 5,600 today are considered to be mental health and addictions. See also *Turning the Key* for information on Ontario relative to other provinces.

supplement with supports under the Mental Health and Addictions Strategy is the most recent. The At Home / Chez Soi initiative has shown the benefits of “housing first” for homeless people with mental illness or addictions.<sup>48</sup> The Ministry of Health and Long Term Care and the Ministry of Municipal Affairs and Housing are working on options for policy change. In this context, this submission suggests some principles and general approaches rather than detailed proposals.

Policies and programs for housing-with-supports must be based on an understanding of population needs. It requires diverse support program models for different needs, and diverse housing options.

Housing-related supports span a wide spectrum. At the low-intensity end are “housing stability” services similar to those that other low-income people sometimes need – such as help in getting affordable housing, and help if problems arise with the landlord. Depending on individual needs, a person may need more active supports – typically the help of a qualified worker from a support agency. Their role often includes checking in with clients to ensure rent is paid, conflicts are dealt with, skills are recovered or developed (e.g. shopping, cleaning, cooking), problems are not compounded by isolation, and specialized supports are there if a crisis happens. More intensive support may be offered by Intensive Case Management (ICM) or Assertive Community Treatment (ACT) teams of staff with diverse specialized skills who visit clients at home. The next level of support is offered by housing that is offered with support included. These may be partial day support or, for the highest needs people, 24 hour support.

People’s support needs may change over time and this is a challenge for offering the right support. Delivering the supports that people need may be through a worker serving clients in dispersed housing, on-site or clustered supports, or mobile teams. Approaches in smaller communities with fewer providers will differ from those in larger communities.<sup>49</sup>

Housing with supports is also about housing options – the focus of LTAHS. People with serious mental health issues and/or addictions live in varied settings; some live with family or own a home, some rent but have low incomes. They face many barriers: only low-end options are affordable; these are often in areas with social challenges; quality is often poor; and most landlords prefer people with jobs, stable tenancy histories, good credit, and no disability. The minority of people with serious mental illness work full time.

Most people with serious mental health issues and/or addictions live in the rental market – and there we need more than one approach. “Scattered” rent subsidies are a great tool: they can be deployed quickly and simply, integrate people into communities, and are cheap in the short run. But they have limitations: many landlords are not interested; support staff must go to dispersed locations; there is little low-cost rental outside lower-income areas. Other ways to work with landlords include “headleases,”<sup>50</sup> other access/intake arrangements, and pairing of repair loans and standards enforcement. Given the diversity of needs and landlords, and programs must be flexible to respond to local housing conditions, trends, and property-specific opportunities.

Social and supportive housing expands people’s options beyond the low-end rental market. Higher priority for people with mental health and addictions in access to “regular” social housing is one option,

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48 Paula Goering et al., (2014), *National Final Report: Cross-Site At Home/Chez Soi Project*. (Mental Health Commission of Canada)

49 See discussions and analyses of housing-and-support models in Trainor et al (2012); Goering et al. (2014) Johnson Consulting (2013) *Addiction Supportive Housing Implementation Review: Evolving Practices – Interim Report* (Addictions Ontario and Federation of Community Mental Health and Addiction Programs); Butterill et al.; Waagemakers Schiff (2014), and other sources.

50 Headlease refers to legal arrangements where a rental property owner leases a set of units to a supportive housing agency, who then selects the residents and handles their tenancies.

but this must be approached with care. Social housing already houses many people who need support services and don't receive any: meeting their needs first and ensuring they do not graduate to needing higher levels of support may be a higher priority. It would be prudent to avoid approaches that reinforce the social and management challenges in social housing and push undue responsibilities to the local level.

Existing “dedicated” supportive housing is an important part of the diverse options and an effective way of providing clustered supports.<sup>51</sup> Once mortgages are paid off within the coming decade, it will often be cheaper to provide rent supplement in social and supportive housing than in the rental market.

Providing housing with supports in a way that is geared to individual support needs, is cost-effective, meshes with the realities of the housing system, and responds to change and growth, will require several things at a system level. Let us consider a few of these.

We need a coordinated system of access and assessing a client's needs, so that they can be matched with suitable supports, and so that supports are allocated where they are most needed and will make the most difference.

We need more clarity on what low, medium and high support mean, and we need more understanding of the advantages and disadvantages of different program models.

We need to find a way to balance housing principles with health care imperatives.<sup>52</sup> The housing principle is that stable, affordable housing is essential for recovery and health – not just a site to deliver services. But individual support needs fluctuate or change over time, and unmet needs are great. So the health system logic is “flow”: once a person is stable they should move onward from supportive housing to something else, freeing up dollars to serve others. But there are few low-rent market options to move to in Ontario today. We must strive to balance combine the health system imperative that support dollars be well targeted and used efficiently, and the housing principle of affordable housing and stable tenancies.

We need a more coordinated supportive housing system. At present, it straddles several program-and-funding silos including numerous ministries such as the Ministry of Health and Long Term Care, but devolved, municipally funded social housing is estimated to house at least as many people with similar needs as those in the provincial ‘supportive housing’ system. Some housing supports are paid for by funds Ontario flows to municipalities via the Community Homelessness Prevention Initiative CHPI, or related municipal and federal homelessness dollars. Supportive housing has been a significant share of new projects under the Investment in Affordable Housing (IAH) program. A more coordinated system will enable resources to be allocated more equitably and more effectively.

We need to keep adding supportive housing. This is essential in a province that grows by about 15 percent each decade; it is essential to meet the backlog of needs; and it is essential in the one-third of Ontario (by population) which has very little rental stock. While current provincial options are very constrained by the short-term fiscal situation, a supportive housing strategy needs to look beyond that, across the next 5 to 10 years. Meeting Ontario's needs in housing-with-supports will require more than achieving efficiencies

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51 On the 1980s housing first for homeless people, see: Single Displaced Persons Project (1983), *The Case for Long-term, Supportive Housing* (Toronto, mimeo); Fagan, Cary (1993), *The Fred Victor Mission Story: From Charity to Social Justice* (Winfield BC: Wood Lake Books); Alan Etherington & Associates (1987), *Evaluation of 90 Shuter Street, Toronto: Final Report* (Ottawa: Canada Mortgage and Housing Corporation); Nick Falvo (2009), *Homelessness, Program Responses, and an Assessment of Toronto's Streets to Homes Program* (Canadian Policy Research Networks and Housing Services Corporation), pp. 15-16; Jeannette Waegemakers Schiff (2014), *Comparison of Four Housing First Programs* (Ottawa: Service Canada).

52 See Ontario Non-Profit Housing Association (2013), *LHINs and the Housing System* (Toronto: ONPHA).



and reallocating within existing funding levels.

We need to retain both provincial and local roles. Delivery can be done effectively at the local/regional level, by LHINs and service manager municipalities. But it is essential to retain housing expertise and delivery capacity at the provincial level, with its far wider powers and resources. Supportive housing must stay well integrated with health policy and with provincial affordable housing policy. All Ontario residents should pay for housing-with-supports, not just taxpayers in older municipalities with more rental housing and low-income residents. Social equity and ensuring favourable social determinants of health are fundamentally matters of federal and provincial policy, not local policy.

To move in these directions, Ontario needs a policy framework for supportive housing. By this, we mean a plan with clear mid-level objectives, associated resources, a framework of roles and relations among key players, and a 3- to 5-year implementation framework. The principles and ideas here should inform joint work by the Ministry of Health and Long Term Care and the Ministry of Municipal Affairs and Housing (MMAH). An effective plan will require their collaboration with other ministries, the supportive housing sector, community mental health sector, and service manager municipalities.

**Recommendation 7: The Ontario government, within 2 years, should adopt a policy framework and implementation strategy for housing-with-supports, including the following elements:**

- a) **Serving dual goals of stable, affordable housing and flexible, appropriate supports;**
- b) **Including various housing supply options, suited to diverse local conditions and client needs;**
- c) **Having coordinated access and assessment;**
- d) **Incorporating a clear spectrum of low, medium and high supports;**
- e) **Being coordinated and funded at the provincial level, with suitable local roles in delivery;**
- f) **Involving annual additions of housing units and support services, at a level reflecting existing needs and ongoing population growth.**

## **5. A System Based on Evidence and Best Practices**

The Ontario government has stated its commitment to evidence-based policy. The LTAHS consultation document acknowledges existing weaknesses in this, and speaks of a need for “up-to-date research, collecting our own data, setting targets for performance, and evaluating progress...”

We should be clear-eyed about some limitations in this. Housing in Ontario is mostly a market system – managed by public policy in regard to property tenure and land use approvals, but not in regard to affordability. The policy part involves “legacy” programs with fixed physical housing stock and legal agreements and obligations: there is no blank slate. Policy in affordable housing mostly involves small interventions at the edge of the market, and tinkering with legacy systems. “Outcomes” in affordable

housing are far less a function of public policy than they are in health care or education or transportation.

Good policy must be based on a dialogue between values, goals and fact. Evidence is very important but we should avoid setting a high evidentiary hurdle before taking steps to improve conditions of life for disadvantaged people. We should consistently sponsor research to learn from program practice. We should root our policy in an understanding of Ontario social conditions and housing market conditions, which are different from the USA.

Selected key indicators are very useful, as suggested in the LTAHS consultation document. They are a way to hold our feet to the fire and see whether we are doing what we said we would. They draw media and policy-maker attention to things like affordable housing that are not mainstream priorities. But indicators are not a substitute for analysis. If we want to understand how housing affordability trends relate to housing market conditions or demographic factors, for example, an indicator will not show us this. Even the best-chosen official indicators will not address all issues, and may lag behind new issues.

Ontario should undertake and commission more policy-relevant housing research. For example, there is a large, classic body of research on pros and cons of supply programs versus rental assistance, but no analysis linking that to Ontario conditions today.<sup>53</sup> Although we know about the scale of need from standard sources,<sup>54</sup> there is no analysis of what this implies for Ontario's priorities. We know little about how Ontario's housing system is adapting to ongoing increases in low-income renters; what rental affordability would look like with housing subsidies netted out; or how low-income housing choices have adapted to the tightening rental market of the past few years. Good policy-making also requires research that governments don't have to "own" – that they are not on the hook to act upon amid competing priorities. In Canada's closest "peer" nations, much housing-related research is carried out by arms-length quasi-government agencies, academic institutes, and foundations.<sup>55</sup> This need is greater today, as Canada Mortgage and Housing apparently pulls back on its housing-relevant social research, and as Ontario's Housing Services Corporation (HSC) pulls back from the vital role it has played in research on the future of social housing including finance, expiry of funding, and repairs.

**Recommendation 8: The Ministry of Municipal Affairs and Housing should develop a program of research on affordable housing issues, trends and policy options, to be undertaken in partnership with research institutions, to support evidence-based policy-making in affordable housing.**

Evidence-based policy on affordable housing is needed for the Greater Toronto Area. The GTA is the dominant reality in the Ontario housing system, comprising almost half of its households and half its growth. Yet there is very little research on it other than from the viewpoint of house prices and real estate development.<sup>56</sup> We do not know what needs are being met or not by the diverse priorities of the five 'service manager' slices. We do not know the implications of adding 30,000 to 40,000 low-income renter

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53 See for example, Bruce Katz et al. (2003) *Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice* (Washington DC: Brookings Institution and The Urban Institute).

54 CMHC, Housing in Canada Online at [http://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/stda\\_050.cfm](http://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/stda_050.cfm).

55 See Australian Housing and Urban Research Institute (AHURI) at <http://www.ahuri.edu.au>; Joseph Rowntree Foundation at <http://www.jrf.org.uk>; Brookings Institution at <http://www.brookings.edu>; Furman Center for Real Estate and Urban Policy (New York) at <http://furmancenter.org/research/area/affordable-housing>.

56 See Duncan MacLennan et al. (2008), *Housing for the Toronto Economy* (University of Toronto, Cities Centre, Research Paper 21).

households per decade,<sup>57</sup> in terms of spatial polarization, concentrations of poverty, housing quality, long commutes, or food bank use. Ontario must take the lead on evidence-based housing policy for the GTA as a whole, just as it has done in growth management and rapid transit planning.

**Recommendation 9: The Ministry of Municipal Affairs and Housing should carry out regular research and monitoring of housing market trends and affordable housing needs for the Greater Toronto Area as a whole.**

One good place to start with evidence-based policy would be to compile an ‘evidence base’ for the updated Long Term Affordable Housing Strategy. In the provincial framework and requirements for municipal ten-year housing and homelessness plans, a needs assessment was required. The LTAHS consultation document indicates some issues of concern to the Ontario government. The Strategy itself should include a clear statement of issues, an evidence-based analysis of them, and policy directions on that basis. For example, what is the scale and nature of affordable housing needs? How are market trends affecting these? What are the risks and opportunities in expiry of social housing agreements and funding, the principles for housing-with-supports, the pros and cons of new supply and rental assistance?

**Recommendation 10: The Ministry of Municipal Affairs and Housing should develop an evidence base for the LTAHS update, including housing market trends, program trends and issues, and affordable housing needs, and make it public as a foundation for the LTAHS update and related policy directions.**

Another good place to start would be with reporting-out on basics – the throughput and output of housing programs that BC or Quebec or Alberta routinely document in annual reports.<sup>58</sup> Evidence-based policy requires that we know how many Ontario households of what type are assisted across Ontario in RGI; how many new units are built each year; and how many households receive housing allowances this year as compared to last year. It requires that we know how much is spent on each main housing program, what year-by-year incremental activity – or losses as agreements expire – adds up to over time. It requires analysing what the variegated, devolved municipal IAH activities add up to across Ontario.

**Recommendation 11: The Ministry of Municipal Affairs and Housing should report out annually on key program data, including numbers of households and housing units, selected client profile data, spending, year-to-year changes, and implementation of**

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57 Actual decennial growth in first-quintile renters in the Toronto was 25,000 in 1991-2011, i.e. rising 50,000 over two decades from 188,000 to 238,000 (calculated from census/NHS microdata). However, this includes the anomalous 1996-2001 period which saw net losses as low-income household formation ratcheted down in the wake of major 1990s changes in the labour market and social benefits. Low-income renters were a stable 12 percent of Toronto CMA households in 2006 and 2011 (223,000 of 1,801,000 in 2006; 238,000 of 1,990,000 in 2011). A 12 percent share of ongoing 300,000 decennial growth is 36,000. The latter is virtually the same as the average of 1991-96, 2001-06, and 2006-11. Long-run averages in 1971-1996 were higher, at 15 percent of growth, reflecting more favourable labour market and housing market conditions and less incremental seniors low-income ownership than is expected in the mid-term future.

58 See links above for BC Housing and SHQ annual reports. See also comments in: Auditor General of Ontario (2009), *2009 Annual Report*, section 3.12

**priorities, for all provincial and municipal affordable housing programs.**

In sum, there is wide scope to move toward more evidence-based affordable housing policy in Ontario, beyond the matter of indicators and performance measures.

## 6. Conclusions

Ontario's 2010 Long Term Affordable Housing Strategy was an important step forward. It articulated a provincial interest in affordable housing, and led to some helpful reforms to the running of social housing. It gave rise to planning by municipalities in their capacity as service managers for affordable housing and homelessness.

The revised Long Term Affordable Housing Strategy to be adopted in 2015/16 is an opportunity to take this further. The four themes of the consultation document are well-chosen and provide a good basis for Ontario to set its broad priorities for the next decade.

The broad affordable housing priorities for the next five years include the following. Most of these require the development of specific strategies – strategies that set specific objectives, identify the required resources, and set out implementation steps and frameworks. These key priorities should include:

- Sustaining the existing social housing sector, in the face of the risks and opportunities presented by the expiry of agreements and existing federal funding, which will accelerate dramatically within the timeframe of the updated LTAHS. Ontario should acknowledge the related funding and regulatory issues as matters that are primarily a provincial responsibility. Ontario should develop and adopt an implementation strategy to address this.
- Continuing to fund new affordable housing, and augmenting this as fiscal conditions permit. The alternative is an Ontario where the low-income segment of ongoing growth is met by housing quality decline and increasing concentrations of poverty in down-market neighbourhoods, especially in Greater Toronto.
- Undertaking, within the next five years, the policy work to inform decisions that will transform the inequitable and unsustainable system of rent-geared-to-income (RGI) assistance into one that is equitable, adequate, integrated with other social benefits, and not paid for from property taxes.
- Developing a strategy for supportive housing. This must reform the fragmentation of program responsibilities, and provide the basis for more effective allocation of resources. Supportive housing must involve diverse housing options, and flexible support services. The strategy must provide for system expansion. It must strive to balance the health system imperative of flexibility and the principle that stable housing is a basis for personal well-being, health, and recovery.
- Augmenting the capacity in Ontario for policy-relevant research. Evidence-based policy must go beyond key indicators, to include research that informs our understanding of the issues facing us and the policy options. The province must take the lead on the evidence base to address affordable housing issues across the GTA, which comprises almost half of Ontario. Ontario can start on its evidence-based policy agenda by developing an evidence base for the updated LTAHS, and by reporting out in a normal way on housing program activity.