

**Report to
Rapport au:**

**Community and Protective Services Committee
Comité des services communautaires et de protection
18 June 2015 / 18 juin 2015**

**and Council
et au Conseil
24 June 2015 / 24 juin 2015**

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**Submitted by
Soumis par:
Susan Jones, Acting Deputy City Manager / Directrice municipale adjointe par
intérim**

**Contact Person
Personne ressource:
Aaron Burry, General Manager, Directeur général, Community and Social
Services / Services sociaux et communautaires
613-580-2424 ext.23666, Aaron.Burry@Ottawa.ca**

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE **File Number:** ACS NUMBER

SUBJECT: SUBMISSION ON THE REVIEW OF ONTARIO'S LONG-TERM
AFFORDABLE HOUSING STRATEGY

OBJET: COMMENTAIRES SUR L'EXAMEN DE LA STRATÉGIE À LONG TERME
DE LOGEMENT ABORDABLE DE L'ONTARIO

REPORT RECOMMENDATIONS

That the Community and Protective Services recommend that Council:

Submit the recommendations contained in this report to the Ministry of Municipal Affairs and Housing as the City of Ottawa's submission for the mid-point review of Ontario's Long-Term Affordable Housing Strategy.

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande que le Conseil :

Soumettre les recommandations énoncées dans ce rapport au ministère des Affaires municipales et du Logement dans le cadre des commentaires de la Ville sur l'examen des résultats à mi-chemin de la Stratégie ontarienne à long terme de logement abordable.

EXECUTIVE SUMMARY

Assumptions and analysis

In 2010, Ontario's Ministry of Municipal Affairs and Housing (MMAH) released its first Long-Term Affordable Housing Strategy (LTAHS). This 10-year commitment led to the implementation of progressive legislative and policy changes to improve the Province's housing system. Key outcomes included the replacement of the *Social Housing Reform Act, 2000* with the *Housing Services Act, 2011*, the requirement to develop local 10-year housing and homelessness plans and the consolidation of several provincial homelessness funding streams into one known as the Community Homelessness Prevention Initiative (CHPI). However, the Strategy did result in cuts and caps to certain provincial funding envelopes.

Last April, MMAH announced the launch of public consultations to support a mid-point review of the LTAHS, which would outline the progress made to date and update the Strategy by identifying future goals and areas for additional work with partners. Individuals, organizations, networks and municipal governments are encouraged to submit their views on the renewal of the LTAHS by July 3rd, 2015.

The key recommendations in this report are high level and not exhaustive as they are intended to complement other submissions made by individuals, networks and organizations locally and across the province. These recommendations are aligned with the objectives of the City's 10-year Housing and Homelessness Plan and are also based on the four key themes described in the [Province's consultation guide for the LTAHS](#) and as identified below.

- 1) A sustainable supply of affordable housing
- 2) A fair system of housing assistance
- 3) Co-ordinated, accessible support services

4) A system based on evidence and best practices

Addressing jurisdictional issues related to Aboriginal people, addictions and mental health, the violence against women sector and developmental services are key to improving the responsiveness of our housing system across the province. The report also recommends the completion of a review of our data collection and reporting mechanisms in an effort to improve our ability to collect and share information, identify best practices and inform policy decisions.

The City recognizes the funding commitments and policy changes recently made by the provincial and federal governments. However, adequate and sustained funding from those levels of government is required to put core investments on solid ground, protect our social housing programs from the planned expiry of social housing agreements and to ensure a viable stock of social and affordable rental housing for our residents. Should key changes to the LTAHS not materialize as a result of this review process, the level of service in Ottawa may not be sustainable, which in turn, may compromise our abilities to meet the objectives of our 10 Year Plan.

Financial implications

There are no financial implications associated with this report.

Public consultation/Input

Staff consulted with the Housing System Working Group's (HSWG) Advocacy sub-committee on the recommended approach to submit the wide range of views of our community partners. The HSWG provides guidance to the implementation of the City's 10-year Housing and Homelessness Plan. The membership consists of representatives from social, co-operative and supportive housing providers, support services, emergency shelters, health services, funders as well as private landlords. The group agreed that individual organizations, network and governing bodies should submit their own views to garner greater support.

BACKGROUND

As part of a comprehensive approach to addressing housing and homelessness in Ontario, the Ministry of Municipal Affairs and Housing (MMAH) released its first Long-Term Affordable Housing Strategy (LTAHS) in 2010. This commitment over a 10 year period laid the foundation for progressive legislative and policy changes to make services more responsive to local needs. Central to the Strategy was the replacement of the *Social Housing Reform Act, 2000* with the *Housing Services Act, 2011*, the

requirement to develop local 10 year housing and homelessness plans and the consolidation of several provincial homelessness funding streams into one known as the Community Homelessness Prevention Initiative (CPHI). However, the Strategy did result in cuts and caps to certain provincial funding envelopes.

Last April, MMAH announced the launch of public consultations to support a mid-point review of the LTAHS, which would outline the progress made to date and update the Strategy by identifying future goals and areas for additional work with partners. Individuals, organizations, networks and municipal governments are encouraged to submit their views on the renewal of the LTAHS by July 3rd, 2015. In its announcement, the Province referenced the Ontario Poverty Reduction Strategy, outlining its goal to end homelessness “by making investments in homelessness prevention, expanding access to supportive housing and investing in more affordable housing”.

With the Province’s stated commitment to poverty reduction and ending chronic homelessness, we now have a unique opportunity to modernize our housing system that will address the growing sentiment that more progressive changes are required to meet the needs of many of our residents who so desperately need a place to call home. The content of this report is aligned with the Province’s [Consultation Discussion Guide on the LTAHS](#), which focuses on four key themes:

- 1) A sustainable supply of affordable housing
- 2) A fair system of housing assistance
- 3) Co-ordinated, accessible support services
- 4) A system based on evidence and best practices

The key recommendations in this report are high level and are not exhaustive as they are intended to complement other submissions made by individuals, networks and organizations locally and across the province.

DISCUSSION

The housing system in Canada and in communities across Ontario, including Ottawa, is at a pivotal point in that the status quo is not an option. The current system does not have the capacity to meet the demand for affordable rental housing. As the existing private rental housing stock ages and new builds are generally geared to condominium owners, more people are struggling to find safe, affordable and suitable housing in communities of their choosing from which to build their lives. In Ottawa, 40% of

households rent but purpose built rental housing has only accounted for 7% of the new construction in the past 15 years.

With the widening gap between the rich and the poor, more people are struggling to find affordable housing and our subsidized housing programs cannot keep pace. The existing stock is also at risk, since funding for capital repairs has been inadequate for many years. Capital reserves are being depleted and operating costs are rising during which time provincial funding is cut and/or capped and the current federal funding of \$32M for Ottawa is diminishing and will be completely eliminated by 2029 as operating agreements expire. Now more than ever, a long-term national plan is needed for housing that eliminates chronic homelessness, increases predictability by putting core investments on solid ground, protects social housing from the planned expiry of social housing agreements and ensures the viability of our social and affordable rental housing stock.

As we reflect on the achievements of the first five years of the LTAHS, additional opportunities can be explored to make our system more operationally efficient, financially sustainable and more responsive to our local needs.

The following provides key recommendations for consideration based on the Province's four key themes.

Theme: 1 A Sustainable Supply of Affordable Housing

Unlike other provinces, responsibility for housing in Ontario was transferred to municipal governments in 2001 and came with an inadequate level of funding for maintenance and repairs. Current industry standards recommend that between 1- 2% of the asset value should be allocated to maintaining the infrastructure. In Ottawa, with an aging stock valued at \$3 billion, it is estimated that at approximately \$50M per year should be invested in the capital repair needs of social housing as opposed to the current \$19M. Similar to other types of publicly-funded infrastructure such as roads and bridges, it is imperative that the housing system be kept in a good state of repair to remain viable.

A current analysis of the capital repair needs for all social housing projected over a 30 year period confirms that unless the shortfall in capital is met, the social housing infrastructure will experience significant deterioration. Housing providers and the City continue to implement various approaches to leverage the existing assets to obtain capital for repair such as mortgage refinancing, property tax exemptions as appropriate, improved purchasing procedures and energy conservation measures.

The demand for affordable, accessible and appropriate housing in communities across the country, including Ottawa, continues to exceed the supply. For households on low and fixed incomes, including people who earn low wages, home ownership is not an option and the cost of renting in the private housing market is not affordable. In an effort to increase housing stability for households on low income, targeted programs have been developed to subsidize the cost of renting in the private market. Housing subsidies, such as rent supplements and housing allowances, have demonstrated much success in addressing housing affordability issues for households on low income. Increased and sustained funding from the federal government is needed to support communities in their efforts to increase housing stability and end homelessness. A broader role of leading and participating in policies and strategies related to affordable housing at a national level is also critical.

In an effort to stimulate growth in the private rental housing market, the City offers incentives, such as reduced multi-residential tax rate and an exemption or deferred payment of development charges. However, income and sales taxes on the construction of new rental housing continues to deter the development of new affordable rental housing.

Since 1972, the federal Income Tax Act has undergone a number of revisions that have had progressively detrimental effects on rental investors. The introduction of the Goods and Service Tax (GST), now the Harmonized Sales Tax (HST) and the way it is applied to rental housing has increased the cost of constructing rental units. Private sector builders are not eligible for the same level of rebates as the Non-Profit Sector when building affordable housing.

Both the federal and provincial governments must make a long term commitment to creating housing that is affordable. This commitment should endorse a comprehensive plan that embraces both the public and private sectors.

RECOMMENDATIONS:

- Consider and support regulatory changes (provincial and federal) that would allow more flexibility for housing providers to leverage their assets to support capital repairs in existing social housing;
- Advocate to the federal government to maintain or increase the current level of federal funding to social housing;
- Contribute sustainable funds to ensure the existing social housing stock is adequately maintained;

- Engage the private sector to create rental housing that meets the needs of moderate income residents by providing incentives for the private sector (i.e. tax exemptions);
- Provide increased and sustainable funding to create rental housing that meets the requirements of residents on low income; and
- Provide sustained long-term funding for rent supplements and housing allowances that are portable throughout the private market.

Theme 2: A Fair System of Housing Assistance

Municipal Service Managers¹ (MSMs) are required to maintain a service level standard for Rent-Geared-to-income (RGI) housing, which includes rent supplements. However, other forms of housing benefits, such as housing allowances that are now being used effectively across the province to house households on low income, are not counted toward that target. Recognizing all types of housing subsidies toward the set target, while providing greater flexibility for municipalities on determining the types of subsidies needed, is well-aligned with the policy changes made during the first phase of the Long-Term Affordable Housing Strategy.

The funding formula that MSMs must adhere to for RGI is set out in legislation under the *Housing Services Act, 2011*. For households in receipt of Ontario Disability Support Program (ODSP) or Ontario Works (OW) rent scales must be used to calculate the rent subsidy. The rent scale is much lower than the OW shelter allowance or the ODSP shelter allowance, resulting in a much higher subsidy paid by cities. This highlights the need to harmonize these benefits and programs. For other households not in receipt of OW or ODSP, the amount a household pays in rent is based on paying 30% of their gross income toward the full market rent with the Service Manager paying the difference. The 30% income formula needs to be reviewed with the objective of exploring other types of formulas and considering other approaches, which would have the same outcome of housing stability and would assist more households.

The rise of energy costs across the province is causing a significant financial pressure for the City and for households on low income. The RGI utility scales, which are intended to assist households with energy costs, have not been updated in over 15 years since the download of social housing and in no way reflect current costs. Rising utility costs have a disproportionate effect on households on low income, where families and individuals have to choose between heating their homes, buying groceries or

¹ Municipal Service Managers (MSMs) are responsible for delivering and administering social and affordable housing and in many cases also deliver homelessness initiatives. MSMs are also responsible for administering social service programs (e.g. Ontario Works, Child Care).

paying the rent. Research shows that energy poverty is the second most frequent reason for economic evictions in Ontario.

The HSA requires applicants for RGI housing to apply through a centralized wait list. In Ottawa, the Social Housing Registry manages the CWL on behalf of the City. As required by the HSA, the province has determined that victims of abuse should be afforded a priority (SPP) to be housed in RGI housing ahead of all others. The high percentage of SPP households placed has resulted in a very high concentration in certain social housing communities. Recognizing the importance of providing immediate assistance to victims of abuse, a different, better and more effective approach should be considered by the Province to provide a safe environment that leads to improved outcomes.

RECOMMENDATIONS:

- Include all forms of housing subsidy toward service level standards;
- Review RGI programs to simplify administration and revamp the formulas;
- Revise utility scales to reflect current energy costs and monitor the effectiveness of new programs households on low income that will be implemented by the Ontario Energy Board; and
- Consider alternative ways of assisting and providing funding assistance to victims of abuse under the SPP, such as housing allowances for scattered private market housing including supports as needed as part of the provincially-funded responsibility.

Theme 3: Co-ordinated, Accessible Support Services

Coordinating the access to the full spectrum of support services is integral to a responsive and person-centered system. The City recognizes the importance of each level of government and their respective ministries providing the right level of resources to care for the individuals for whom they are responsible, including Aboriginal people living off-reserve. It is equally important that the full spectrum of needs with specialized services for people living with addictions and/or mental health issues, women and children fleeing abuse and people living with cognitive and physical disabilities be met.

Both the provincial and federal governments have a jurisdictional responsibility to meet the housing needs of Aboriginal people living on and off-reserve communities. Aboriginal service providers in Ottawa face tremendous challenges in that most of the available resources and funding structures depend on “on-reserve” criteria that

disadvantage urban organizations. Consequently, when Aboriginal people leave their community on reserves, they leave many rights and benefits behind.

Over the past 50 years, Ontario's developmental services system has evolved immensely, in part due to the transfer of funding from government-run services and institutions to community groups and increasingly to individuals and families. While the Province is to be recognized for its recent efforts to improve the coordination and delivery of services, the provision of adequate housing and support needs of people with cognitive and physical disabilities represents an urgent need in our community. A disturbing trend has emerged in that increasingly, emergency shelter providers are serving more people with acquired brain injuries, developmental disabilities and autism-spectrum disorders. The shelter providers are not adequately funded or equipped to respond to the specialized care needs of this population, nor do they represent an appropriate living environment.

Through the operation of two shelters totalling 264 beds and the management of off-site operations at the YMCA/YWCA and in motels, the City responds to the needs of families and provides overflow capacity for the provincially-funded Violence Against Women (VAW) shelter services. Last year, 22% of families and individuals in our shelters that were fleeing abuse, were overflow from provincially-funded VAW shelters, representing a conservatively estimated cost of \$1.6 million or one third of the entire budget for family shelters. These shelters have also been consistently operating at full capacity and in overflow situation since 2007. Inadequate provincial funding for VAW represents a significant financial burden for Ottawa and other municipalities, which compromises our abilities to meet the long-term goals of our 10 Year Plan.

The issues of homelessness and precarious housing are linked to the failure of society to ensure that adequate systems, funding and supports are in place so that everyone has access to housing, especially in a crisis situation. It encompasses a wide range of complex health and social issues and circumstances such as severe addictions and mental health, women and individuals fleeing abuse and people living with developmental disabilities, to name a few. The presumption that the housing and homelessness sector can meet all those support needs is not realistic. As such, greater cross-ministerial cooperation is required to address jurisdictional issues by breaking down silos, reducing duplication, streamlining processes and making efficient use of current resources to improve services for the people we serve. From an economic perspective, supportive housing is a lot less costly than our emergency and institutional responses that are often used to address the gap in the availability of housing and support services.

RECOMMENDATIONS:

- Engage the federal government to provide adequate and sustained funding as well as greater collaboration with municipalities and community partners to identify and implement actions and strategies to better meet the housing needs of Aboriginal people;
- Engage with the provincial Network of Service Managers to address the funding shortfall for the VAW sector; and
- Facilitate cross-ministerial cooperation to address jurisdictional issues and remedy the related cost burden to municipalities.

Theme 4: A System Based on Evidence and Best Practices

Building and disseminating knowledge that drives policy change and informs funding decisions is a key component of a responsive system. The current review of the LTAHS provides an opportunity to remedy the fragmented data collection and reporting systems to focus on outcome measurement by streamlining the tools and processes used by all municipalities. Such outcome would serve the Province and local communities well as we work together on creating better understanding and in turn, improving our housing system for today and tomorrow.

A key consideration for the revamping of the provincial reporting system for housing and homelessness is the engagement of the federal government in developing common data collection and reporting tools for their respective funding. This innovative approach would provide simplified processes for all parties involved and it would enrich the quality of information disseminated at the national, provincial and local levels.

RECOMMENDATIONS:

- Review all reporting requirements for social and affordable housing and develop a new, streamlined process that aligns with municipal, provincial and federal requirements and supports evidence-based decision-making;
- Engage the federal government to develop a common set of performance and outcome measures as well as standardized reporting tools for both the provincial and federal homelessness funding; and
- Develop an annual provincial report on homelessness to enhance information sharing, identify trends and inform policy decisions.

Conclusion

This consultation process provides an opportunity for all stakeholders to reflect on past achievements, take stock of the present, and explore different and innovative strategies to create a future where policies, funding and programs meet the housing needs of communities across the province. The City's recommendations on the future direction of the LTAHS reflect the key issues faced by our community as we endeavour to meet the housing and support needs of our residents. As we move forward with the implementation of our 10 Year Plan, staff will continue to work collaboratively with other levels of government, between government ministries, the community, including residents and the private sector to build thriving communities for generations to come.

RURAL IMPLICATIONS

The recommendations contained in this report apply to all areas of the city.

CONSULTATION

The Province's consultation process encourages all individuals, organizations, networks and municipalities to submit their views on the review of the LTAHS. Staff consulted with the Housing System Working Group's (HSWG) Advocacy sub-committee on the best approach to submit the wide range of views of our community partners. The HSWG provides guidance to the implementation of the City's 10-year Housing and Homelessness Plan. The membership consists of representatives from social, co-operative and supportive housing providers, support services, emergency shelters, health services, funders as well as private landlords.

The group agreed that members of the HSWG and their respective networks should be provided with the information on the Province's consultation process and encouraged to submit their own views. Staff has followed through on this recommendation.

ADVISORY COMMITTEE(S) COMMENTS

No consultation was required for this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in the report.

RISK MANAGEMENT IMPLICATIONS

The Province's commitment to the renewal of the Long-Term Affordable Housing Strategy provides some optimism that more progressive and policy changes as well as additional funding will create a more responsive housing system for generations to

come. However, it is dependent on this process including key stakeholders at the table and should these changes not materialize, the level of service may not be sustainable, which in turn, may compromise our abilities to meet the objectives of our 10 Year Plan.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications.

FINANCIAL IMPLICATIONS

There are no additional financial implications associated with the report recommendation.

ACCESSIBILITY IMPACTS

The recommendations in this report advance the objectives of the *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) by increasing the availability of, and access to, accessible housing.

ENVIRONMENTAL IMPLICATIONS

The recommendations in this report contain actions that specifically relate to the use of green sustainable building and repair solutions to improve energy efficiency, and in turn, reduce the overall negative impact on the environment.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

The recommendations contained in this report are well-aligned with the Term of Council Strategic Priorities (2011-2014) and support the Strategic Priority of Healthy and Caring Communities, specifically the strategic objective: Improve social and affordable housing (HC3). In addition, the priorities and related actions contained in the Plan support a number of additional Strategic Priorities including:

- ◆ Environmental Stewardship
- ◆ Service Excellence
- ◆ Governance, Planning & Decision-Making
- ◆ Financial Responsibility

SUPPORTING DOCUMENTATION

Not applicable.

DISPOSITION

The City's Housing Services of the Community and Social Services Department acts as Municipal Service Manager for housing and homelessness programs and services.

Upon Council approval of this report, the Administrator, Housing Services will submit the recommendations contained in this report to the Ministry of Municipal Affairs and Housing for their consideration as part of their review of the Province's Long-Term Affordable Housing Strategy.