



## Building Sustainability in the Housing System

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**Submission on the Long-Term Affordable Housing Strategy Renewal:**  
Early Wins for Long Term Gains

*Submitted to:*  
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## Introduction

The renewal of the Long Term Affordable Housing Strategy (LTAHS) and the government's commitment to poverty reduction provides a welcomed opportunity to further modernize Ontario's housing and homelessness prevention system.

In recent years, the government has made important changes to legislative and regulatory frameworks in Ontario that recognize new tools and resources are required for Service Managers to respond to community need and their legal obligations and requirements.

The Housing Services Corporation (HSC) and the Ontario Municipal Social Services Association Service Managers Housing Network (SMHN) are offering a number of considerations we believe can be addressed as part of the scope of LTAHS renewal and are important first steps for Service Managers to address housing need in their communities and build sustainability in the housing system.

The set of priorities for change offered in this paper do not reflect a comprehensive review by Service Managers of the LTHAS; this is the first step of several for providing advice on Ontario's housing renewal strategy. The intent of this report is to emphasize actionable areas that can be facilitated both in the short-term and medium-term towards achieving housing affordability, sustaining important public assets and greater community health and well-being.

We also recognize, that in order to get LTAHS renewal right, it will be critical that Service Managers and the province work as partners to ensure that going forward, policies and programs are mutually supportive and do not prevent local innovation and flexibility to provide both affordable housing and the supports that are often necessary for the people being housed. This document articulates areas for capacity building and collaborative partnership with Service Managers, OMSSA and HSC and Ministry of Municipal Affairs and Housing.

Service Managers are the experts in working in their communities and with their residents. In order to unleash innovation and maximize our resources, we need to be a key driver and partner in any and all changes considered.

## Background

In 2010 the Ministry of Municipal Affairs and Housing (the “Ministry”) released the Long Term Affordable Housing Strategy (LTAHS). The LTAHS laid the foundation for changes to the housing and homelessness prevention system that better enabled Service Managers to plan and deliver locally responsive and appropriate services. Key among these changes were the replacement of the *Social Housing Reform Act, 2000* with the *Housing Services Act, 2011* (HSA), the creation of a consistent framework for local housing and homelessness plans and the consolidation of a number of provincial homelessness funding streams.

The Province is the housing system steward, establishing the legislative framework for land use planning, the rental housing market and most social and affordable housing programs. The Province also has a critical role in housing infrastructure investments and the funding and design of income support, social and health programs that are critical to the well-being of Ontarians and the sustainability of the communities they call home. Service Managers are partners in the funding and delivery of many provincial programs, investing local tax levy dollars and addressing local priorities in alignment with provincial policy objectives.

Service Managers continue to build on the LTAHS foundation. Now that Housing and Homelessness Plans and the Community Homelessness Prevention Initiative (CHPI) are in place, and with several years’ experience working with the HSA, Service Managers are focusing on the long term sustainability of the housing system.

The housing system in Ontario is approaching a turning point. In many communities, the home ownership market is out of reach for low and even moderate income households; the private sector multi-residential stock is aging and new rental supply is generally limited to investor owned condominiums and second suites. As a result, an ever increasing number of Ontarians struggle to find affordable housing that meets their needs. Not surprisingly, the Ontario Non-Profit Housing Association’s annual subsidized housing waiting list report continually shows year over year growth in the number of households waiting to access housing they can afford.

The current housing system does not have the capacity to meet this growing need. New supply programs cannot keep pace and the existing stock is at risk as capital reserves decline and operating agreements expire. Service Managers’ ability to address local housing supply and affordability needs are constrained by fiscal realities and program limitations. Although the housing system needs significant, sustained investment from the provincial and federal governments, even in the current fiscal environment there is much that can be done to strengthen and sustain the system. It is time to explore different solutions.

With the government’s commitment to poverty reduction and the renewal of the LTAHS, we now have an important opportunity to revitalize the housing system to foster an environment that enables Service Managers to find innovative, sustainable solutions to local housing challenges.

The suggestions and key considerations outlined in this document are short term and medium term opportunities to sustain the existing housing supply and address housing affordability needs in Ontario.

## Purpose

This document was prepared to inform the LTAHS renewal by providing the Ministry with a summary of the short and medium term housing system improvement opportunities that Service Managers have collectively identified. These opportunities reflect Service Manager input gathered through a variety of projects, workshops and events held in recent years.

In the fall of 2014, OMSSA and HSC convened a working group comprised of members of the SMHN. The working group was tasked with reviewing existing Service Manager reports, workshop feed-back, etc., to identify “quick wins” and high impact system improvement opportunities. The document was circulated to all members of the SMHN for review and comment prior to submission to the Ministry.

The opportunities were identified within the following parameters:

- focus on changes to the regulatory environment, program rules, procedural enhancements and tools that can be implemented with little to no financial cost;
- provide greater local flexibility to better enable Service Managers to address local housing affordability needs and to support the long term sustainability of the social housing supply;
- support the Provincial poverty reduction strategy; and
- continue to move towards a system based on achievement of outcomes rather than adherence to procedural rules.

As the scope of this document is limited by the focus on “quick wins” and the “little to no financial cost” caveat, it does not encompass the entirety of recommendations that are expected to be provided by OMSSA, HSC and individual Service Managers in future submissions.

This submission is structured around three key themes:

- Sustaining the asset
- Achieving affordability
- Enabling Service Managers to better support residents and make better use of existing resources

Within each theme area, opportunities are organized with “short-term” and “medium term” perspectives. We believe it is possible to implement the short term opportunities during the current mandate of the provincial government. Medium term opportunities will require a longer planning cycle that can begin during this mandate.

## Summary list of opportunities

### Sustaining the Asset:

#### *Short Term Opportunities:*

1. Enable Service Managers to establish local standards to maximize the useful life of housing assets and effective use of capital reserves.
2. Remove public housing program restrictions as debentures mature.
3. Further reduce consent requirements to facilitate portfolio level management of housing assets.
4. Support portfolio management strategies by expanding the HSA s. 167 transfer exemptions.
5. Develop new or enhanced financing products and resources for repair, redevelopment and new construction.

#### *Medium Term Opportunities:*

6. Continue to work with the federal government to develop sustained new supply and capital repair investment strategies.
7. Explore opportunities to facilitate implementation of management and ownership models that enable housing providers to achieve economies of scale.
8. Develop a long-term sustainability strategy for HSA Part VII projects.
9. Consider opportunities to expand the planning tools available to Service Managers to incent and/or require affordable housing development.

### Achieving Affordability:

#### *Short Term Opportunities:*

10. Amend the Residential Tenancies Act, 2006 (RTA) to support housing providers post-operating agreement expiry and new housing programs.
11. Enable Service Managers and housing providers to more effectively use the waiting list and tenant selection systems for a range of rent subsidy programs.
12. Work with the Ministry of Finance to sustain the housing allowance program delivery capacity and related Canada Revenue Agency (CRA) agreements.
13. Work with Canada Revenue Agency (CRA) and the Ministry of Finance to develop a long-term, sustainable Automated Income Verification Program.

14. Broaden the definition of Service Level Standards to include all Service Manager administered rent subsidies.
15. Work with the federal government to develop strategies to preserve the not-for-profit status and Harmonized Sales Tax (HST) “qualifying non-profit” status of providers who continue to subsidize rents after their operating agreements expire.
16. Review the HSA Special Priority requirements and develop alternative strategies to address the housing affordability needs of victims of domestic violence.

#### *Medium Term Opportunities:*

17. Develop a strategy for the expiration of time-limited programs such as Strong Communities Rent Supplement and Investing in Affordable Housing Rent Supplements and Housing Allowances.
18. Renew and fulfill the Provincial commitment to simplify the Rent-Geared-to-Income system.

### **Enabling Service Managers to Better Support Residents and Make Better Use of Existing Resources**

#### *Short Term Opportunities:*

19. Modernize program reporting requirements to better support evidence based policy decisions. Establish a technical working group to develop a data strategy for the sector.
20. Continue to support the development of systems level planning frameworks that allow for coordination and alignment of service and funding across ministries, Local Health Integration Networks (LHIN) and with Service Managers.
21. Amend the HSA and Regulation 387/11 to exclude modified units without dedicated support services from the definition of special needs housing and exempt special needs units from the HSA application, tenant selection and review process requirements.
22. Amend the Ontario Works, Ontario Disability Support Program and child care and early years legislation to enable information sharing and improve client services.
23. Amend the HSA and Regulation 367/11 to ensure that the HSA & regulations are consistent with the DSSAB Act particularly regarding the levy and apportionment formula.

#### *Medium Term Opportunities:*

24. Support waiting list system innovation.
25. Work with MPAC to ensure social housing properties are valued based on actual rents rather than market comparators.

## Sustaining the Asset

The housing sector faces significant challenges as a result of increasing capital needs, limited access to financing, the loss of federal housing program funding and the expiry of operating agreements. There is recognition that the current approaches will not sustain the asset in the long term. As a result, there is the need to re-think how the assets are best managed and how to best facilitate a system that supports local decision making.

### *Short Term Opportunities*

#### **1. Enable Service Managers to establish local standards to maximize the useful life of housing assets and effective use of capital reserves.**

Under the HSA, a Part VII housing provider's responsibility for care and maintenance of their buildings is limited to ensuring that projects are "well managed, maintained in a satisfactory state of repair and fit for occupancy." (*HSA s. 69 (2)*) Service Managers are the funders of last resort for housing providers with depleted reserves. However, Service Managers currently lack clear legislative authority to ensure that housing providers implement property management standards such as preventative maintenance programs and capital repair planning. Housing providers should be required to maximize the useful life of their housing assets and to optimize use of capital repair funds.

The Province can enable this accountability by amending s. 100 of O. Reg 367/11 to permit Service Managers to establish local standards with respect to preventative maintenance programs, asset repair/replacement plans and practices and use of capital reserve funds. The Triggering Events provisions in s. 83 of the HSA should also be amended to include a specific provision for failure to comply with the Service Manager's local standards

S. 90 (5) (c) (i) currently allows for an expedited intervention where there is "significant physical deterioration of the housing project affecting the structural integrity of the housing project." The reference to structural integrity is too narrow to capture the full range of potential high risk building system failures and should be removed.

Where a housing provider has failed to appropriately maintain their project and such failure, in the opinion of the Service Manager, has resulted in an impairment of or may reasonably be expected to impair residents' ability to safely inhabit the building or may impair the projected service life of significant building components, Service Managers should be able to take action on an expedited basis to correct the deficiency and take appropriate action to ensure that the deficiency will not reoccur.

#### **2. Remove public housing program restrictions as debentures mature.**

The HSA requirements for public housing include restrictions on market rent tenancies and property transfers. These restrictions are rooted in the requirements of the Canada-Ontario Social Housing Agreement, 1999 (SHA). Arguably, when the federal funding attached to a public housing project expires, the program obligations should similarly be eliminated. This would support Service Managers and Local Housing Corporations in

promoting healthy, sustainable communities, for example by: implementing mixed income communities, exploring alternative tenant rent subsidy models and establishing portfolio based asset management strategies.

Service Managers recommend the Province establish a simple process to ensure that once a public housing debenture expires, the project is removed from the schedules to the SHA and from O. Reg. 368/11.

### **3. Further reduce consent requirements to facilitate portfolio level management of housing assets.**

Although the HSA substantially reduced requirements for the Minister to consent to Service Managers' program administration decisions, some consent requirements remain. Rather than being required to obtain Ministerial consent for specific circumstances, Service Managers should be accountable to achieve program outcomes, such as maintaining service level standards, ensuring that housing provider's funding adequately reflects local economic drivers and that the needs of tenants/members are addressed in regeneration projects.

All remaining consent requirements should be reviewed and further reduced. At minimum:

- the requirement for the Minister to consent to a benchmark change should be eliminated, particularly where the change increases the subsidy entitlement (*O. Reg. 398/11, s. 6 (4), 7(4), and 13(3)*)
- only Service Manager consent should be required for transfer (sale) of public housing assets or for housing projects where the transferee is a housing provider. (*O. Reg. 367/11, s. 140 & 141*)

The HSA should also be amended to clarify that any legacy consent requirements predating the HSA, (such as mortgage agreement requirements for the Minister to consent to additional encumbrances) are delegated to the Service Manager.

### **4. Support portfolio management strategies by expanding the HSA s. 167 transfer exemptions.**

Small housing providers typically lack the organizational capacity to implement the asset and fiscal strategies required to sustain their housing assets over the long term. Enabling Service Managers and housing providers to amalgamate portfolios will be key to achieving economies of scale. The transfer exemptions in s. 167 of the HSA, including the exemption from land transfer taxes, should be expanded.

Specifically, s. 144 of O. Reg. 367/11 should be amended to include:

1. transfers of housing projects from a Service Manager or Local Housing Corporation to a housing provider;
2. transfers of a housing project from one housing provider to another and;
3. transfers from a housing provider to a Service Manager or Local Housing Corporation.



**5. Develop new or enhanced financing products and resources for repair, redevelopment and new construction.**

The social housing system has achieved significant savings through the Mortgage Backed Security pool and the provincial tranche financing process. However, this system does not permit increases to existing mortgages and any conventional secondary financing secured on title makes a housing provider's first mortgage ineligible for the pool. Currently, a Service Manager who wishes to support additional financing for a housing provider's capital repairs must either waive/defer secondary security or forfeit the benefits of the mortgage pool. The process of obtaining all the approvals required to register deferred secondary security is cumbersome and time consuming.

As an interim measure, where the Service Manager is directly providing secondary financing or is guaranteeing a housing provider loan, an expedited or blanket approval process is needed for CMHC approval to secure the loan agreements on title. Standardized templates recognized by and acceptable to mortgage pool lenders are also needed.

In the medium term, financing vehicles that leverage economies of scale and better align debt obligations with building life cycles (e.g. blend & extend options) are needed to finance major capital projects, redevelopment initiatives and new construction. These include federal and provincial government investments and in-kind supports that share liability amongst orders of government, for example the current CMHC insurance premium waiver that benefits the social mortgage pool.

Specific consideration should also be given to the current Canadian Housing Bank initiative. Service Managers encourage the Province to work in partnership with sector stakeholders (i.e., HSC, BC Housing, CMHC, Housing Partnership Canada) in the investigation of the establishment of a Canadian Housing Bank by supporting the funding of the feasibility study and participating in the review process.

*Medium Term Opportunities*

**6. Continue to work with the federal government to develop sustained new supply and capital repair investment strategies.**

Federal/Provincial programs such as Investing in Affordable Housing (IAH) and the Social Housing Renovation and Retrofit Program (SHRRP) have provided much needed investment in new supply and repair of existing social housing assets. However, the time limited nature of these programs inhibits Service Managers' ability to plan effectively and to make the best possible use of the resources available.

Investment decisions are guided by the need to ensure that funds are allocated and spent within restrictive program time frames. Sustained funding programs would enable Service Managers to take a longer term view, more effectively prioritize and schedule projects and leverage partnerships with housing providers, other funders and community based organizations.

We support the Province's continued efforts to engage the federal government in sustained infrastructure investment programs and the inclusion of housing investment as a priority.

## **7. Explore opportunities to facilitate implementation of management and ownership models that enable housing providers to achieve economies of scale.**

Most housing providers are small organizations without dedicated resources to implement effective fiscal and asset management strategies. Larger housing organizations are able to hire specialized staff with the expertise needed to appropriately manage their real estate portfolios.

In order to ensure that there is sufficient capacity in the sector to manage assets over the long term, it is suggested that the Ministry establish a multi-sector working group to explore the opportunities for housing providers to achieve scale while supporting community level engagement. The working group's mandate should include development of recommendations to facilitate mergers/amalgamation and shared service arrangements for housing providers. As a first step, a technical working group should be established to explore options.

## **8. Develop a long-term sustainability strategy for HSA Part VII projects.**

HSA Part VII projects have some critical commonalities:

- with no initial equity contributions most were significantly over-leveraged from the outset, with mortgage costs amortized over 35 years;
- reserve fund contributions are not adequate to maintain buildings throughout their useful life, and in many cases are inadequate to maintain buildings through to mortgage discharge;
- target plans dedicate a majority of the units to Rent-Geared-to-Income households; and
- the prescribed funding formula prevents innovation and exploration of alternate subsidy models for housing providers and low income households.

With high mortgage costs and low tenant rent revenues, HSA Part VII projects are costly to administer now and will become increasingly so as housing provider reserves are depleted. At present, there is no provincial strategy to address repair funding deficits and there is no clarity as to the viability of the funding formula once the first mortgage is discharged. Asset and fiscal strategy options are constrained by funding formula requirements, limited tenant revenues and the inability to blend and extend within the social housing mortgage pool.

In its current form, the HSA Part VII program will not be sustainable over the long-term. At the same time, there is no end date to Service Managers' obligation to fund this program or to individual housing provider's obligation to deliver the program. There is a critical need for the Province to lead development of a long-term strategy that addresses sustainability of these housing assets and housing affordability for tenants/members.

As a first step, a technical working group should be established to review the implications of first mortgage discharge on the HSA Part VII funding formula.

**9. Consider opportunities to expand the planning tools available to Service Managers to incent and/or require affordable housing development.**

The Planning Act and the Provincial Policy Statement (PPS) guide municipal land use planning, including the provision of affordable housing. However, there continue to be significant issues in provincial policy and legislation that can impede the success of local housing and homelessness plans. Notably, municipalities lack clear authority to enforce affordable housing targets set out in their Official Plans or to establish deeper affordability criteria in line with Service Managers' housing and homelessness plans – leaving them vulnerable to appeals at the Ontario Municipal Board (OMB).

Service Managers want the province to take a stronger leadership role and strengthen provincial policy to support the creation of new affordable ownership and rental housing. Specifically, the Province should consider, among other tools:

- explicit policies and legislation to enable municipalities to require the provision of “inclusionary zoning” for affordable housing
- revisions to the Provincial Policy Statement (PPS) definition of “affordable” housing to address households with severe affordability issues as defined by the Service Manager.

## **Achieving Affordability**

The current social housing system was designed to deliver one type of rent subsidy, Rent-Geared-to-Income (RGI). Prescribed Service Level Standards, housing provider target plans and program rules drive the system to continued investment in conventional RGI rent subsidies.

The RGI program is expensive, complex to administer and difficult for recipients to navigate. Restricting Service Level Standards to conventional RGI is a disincentive for Service Managers to invest in innovative subsidy strategies as they don't “count” towards the Service Level. Building-based rent subsidies restrict housing providers' capacity to generate revenue, leverage their assets, and severely limit an RGI household's ability to relocate to pursue employment and educational opportunities.

The current system cannot address the housing needs of most of the Ontario households waiting for RGI. By way of illustration, in 2013, the Greater Toronto Area members of the Ontario Municipal Benchmarking Initiative (Durham, Halton, Toronto and York) reported serving on average only 6% of the households on their RGI waiting lists.

There is growing consensus that a range of housing affordability strategies are needed. There may be significant advantages to disentangling rent subsidies from existing social housing programs.

In recent years, the Province has implemented a series of time limited benefit programs, beginning with Rental Opportunities for Ontario Families (ROOF), which provided a flat rate monthly benefit of \$100 to eligible households and culminating in the current housing allowance component of the Investing in Affordable Housing program. Although the time limited nature of the programs is a challenge, providing a portable benefit directly to tenants allows them to find market housing appropriate to their needs. Housing allowances typically provide lower subsidies than conventional RGI benefits but are still successful in enabling people to maintain their housing.

The current housing allowance program leverages Ministry of Finance (MOF) income support delivery infrastructure to enable Service Managers to determine locally appropriate program delivery. Flexibility to expand programs of this nature, combined with a further reduction in HSA program requirements, for example, could better enable Service Managers to address their subsidized housing waiting lists. Availability of housing allowances could enable housing providers with expired operating agreements to maintain their financial viability while continuing to house subsidized households.

Enabling a broader range of rent subsidy options and reducing waiting list and program requirements will better position Service Managers to address housing affordability needs in their communities and could contribute to the continued viability of public housing projects and housing providers with former federal operating agreements. We have an opportunity to create a more sustainable system.

### *Short Term Opportunities*

#### **10. Amend the *Residential Tenancies Act, 2006* (RTA) to support housing providers post-operating agreement expiry and new housing programs.**

Section 7 of the RTA and section 6 of O. Reg. 516/06 provide exemptions for social and affordable housing providers to support delivery of rent subsidy programs. Some of these exemptions are broad based in that they apply to all units in the housing project and some apply only to units that are subsidized as a result of public funding. All exemptions apply only while the provider continues to operate under its original social housing program. When the operating agreement expires, the housing provider no longer qualifies for the exemptions, even if they continue to offer rent subsidies. Additionally, the exemptions do not apply to new housing programs without adding these programs to O. Reg. 516/06.

Social and affordable housing exemptions should be reviewed and amended to ensure that they meet the needs of Service Managers and housing providers as programs evolve. Specifically, rent exemptions should broadly capture future initiatives delivered by the Service Manager. Exemptions specific to subsidized units should reflect a range of potential subsidies (not just RGI) and clarify that rent exemptions may apply in relation to changes in income or a termination of the subsidy.

#### **11. Enable Service Managers and housing providers to more effectively use the waiting list and tenant selection systems for a range of rent subsidy programs.**

Currently Service Managers are required to establish and maintain waiting list systems that comply with the HSA. The HSA requirements are tightly framed around eligibility for conventional RGI. Service Managers may also use their waiting list systems for subsidized rents offered in new affordable housing projects. The RGI specific language of the HSA impedes a Service Manager's ability to manage at a system level. For example, offers of subsidized units that aren't HSA RGI technically may not count as a refusal under s. 39 of O Reg. 367/11 and internal transfers within a housing provider portfolio with buildings under multiple programs are constrained by the RGI unit limitations in s. 47.

We would like to work with Province to further reduce the HSA requirements for the waiting list and tenant selection systems to enable Service Managers to adapt their systems to reflect local programs and initiatives.

**12. Work with the Ministry of Finance to sustain the housing allowance program delivery capacity and related Canada Revenue Agency (CRA) agreements.**

The current housing allowance program is a flexible, cost-effective program that enables Service Managers to target their Investing in Affordable Housing program funding to local needs. Agreements with CRA and provincial Ontario Works and Ontario Disability Support Program rules protect the allowances and maximize the benefit to the recipient. This program has great potential as a means to enable Service Managers to target new local investments and could also be an effective way to deliver Ministry of Health and Long-Term Care supportive housing rent subsidy funding in tight rental markets where traditional rent supplement agreements are difficult to place.

The temporary nature of the housing allowance program and related infrastructure make it difficult for Service Managers to include housing allowances in their overall long-term housing affordability strategies and require Service Managers to continuously plan exit strategies, which is not in the best interest of clients.

**13. Work with Canada Revenue Agency (CRA), the Ministry of Finance to develop a long-term, sustainable Automated Income Verification Program.**

We encourage the Province to create a permanent Automated Income Verification Program (AIVP) for housing allowances and other income tested programs and work with Service Managers to increase opportunities to use the program for local investments. This will enable local funds to flow directly to clients while allowing the housing needs of vulnerable residents to be addressed in part at a much lower cost. An AIVP would give clients a choice in determining the best housing solution for them and vests them in the decision-making process consistent with the Ontario Housing Policy Statement.

There remain a number of taxation and legislative obstacles to realizing this goal. The Investing in Affordable Housing Program pioneered a new approach and catalyzed local innovative programs to assist Ontario's most vulnerable. We encourage the province to re-engage the CRA in discussions that will enable housing funding to flow to all clients in a non-taxable way and that result in limited to no reductions to other provincial/federal benefits/tax credits. This will result in more clients being assisted at a lower cost and will also reduce pressures associated with new development costs. Furthermore, the MOF operates at an optimal scale to deliver an AIVP, a scale that the municipal sector cannot achieve. We encourage the Province to continue to offer MOF delivery as a cost effective delivery channel.

**14. Broaden the definition of Service Level Standards to include all Service Manager administered rent subsidies.**

Service Managers are increasingly exploring alternatives to HSA RGI programs to address housing affordability needs, including Service Manager funded housing allowances. Regeneration projects are challenged by the requirement to maintain the RGI service level when other subsidy models may result in a more sustainable revenue streams.

Broadening the definition of Service Level Standards to include all types of Service Manager administered rent subsidies would support innovation and may facilitate regeneration initiatives.

**15. Work with the federal government to develop strategies to preserve the not-for-profit status and Harmonized Sales Tax (HST) “qualifying non-profit” status of providers who continue to subsidize rents after their operating agreements expire.**

After expiry of an operating agreement, a housing provider’s non-profit status for income tax purposes and qualifying non-profit status for HST rebates are at risk. This is particularly challenging for housing providers with large portfolios where a change in status for one building could have a significant impact on the corporation’s bottom line and continued viability. This risk can also limit a housing provider’s ability to use surplus revenues in one building to subsidize the operations of another.

Service Managers encourage the Province to work with the federal government to develop strategies to minimize the tax burden for non-profit housing providers that continue to subsidize rents after their operating agreements have expired. Consideration should be given to specific strategies that would enable housing providers to generate profit for the purpose of providing affordable housing.

**16. Review the HSA Special Priority requirements and develop alternative strategies to address the housing affordability needs of victims of domestic violence.**

Special Priority gives top waiting list ranking to applicants who live (or were recently living) with an abusive person or who are experiencing abuse from their immigration sponsor. While important in its intent, there are many challenges with the implementation of Special Priority, most notably that the Ministry’s 2013 special priority survey found that the average wait time for applicants with this ranking was 8 months. While Special Priority applicants are housed in months as compared to the years waited by applicants without priority, the demand for Special Priority housing significantly exceeds the supply. In many Service Manager areas, well-located family housing properties have been housing predominantly Special Priority applicants for years. Alternative strategies are needed.

The Province should not prescribe waiting list priorities. Service Managers should have the ability to establish all priorities, including domestic violence should they so choose. The Province should be responsible for addressing the affordability and support needs of victims of domestic violence. The current mandatory Special Priority requirements should be removed from the HSA and instead replaced with a provincial housing

allowance program, aligned with support services as part of a broader provincial commitment and strategy to address domestic violence.

### *Medium Term Opportunities*

#### **17. Develop a strategy for the expiration of time-limited programs such as Strong Communities Rent Supplement and Investing in Affordable Housing Rent Supplements and Housing Allowances.**

The Strong Communities Rent Supplement Program enables Service Managers to fund RGI rent supplement agreements in their communities. This provincial funding is allocated to Service Managers in three streams, including two supportive housing streams delivered in partnership with agencies funded by either the Ministry of Health and Long-Term Care or the Ministry of Community and Social Services. The program's 20-year funding commitment ends in 2022/23. The end of this program will see the removal of \$50 million per year from Ontario's social housing system. The result will be less access to affordable housing and more vulnerable households at risk.

For Service Managers to meet the needs in their communities it is important this program be indexed and annualized beyond 2023. If full funding cannot be sustained, a transitional funding plan is needed to protect affordability for tenants receiving funding when the current program ends. In the absence of an extended funding commitment, a provincial strategy, including transitional program flexibility and collaboration with the other funding Ministries, is needed to support Service Managers in phasing out the program.

The time limited nature of the rent supplements and housing allowances provided through the Investing in Affordable Housing Program also presents challenges. Given the risks associated with fixed program end dates, Service Managers must currently select participants who fit the program instead of having a program that fits the needs. The Long-Term Affordable Housing Strategy should be supported by long-term program solutions.

While we understand the current fiscal pressures facing all orders of government, we also understand that removing critical funding will only result in additional costs and ultimately be counter intuitive to the provinces' and Service Manager goals of getting more people housed and reducing poverty.

#### **18. Renew and fulfill the Provincial commitment to simplify the Rent-Geared-to-Income system.**

Current RGI subsidies are too complicated, too expensive and far too few. In the past there have been a number of modest initiatives to improve the RGI rules. The LTAHS update offers an opportunity not just to update, but to completely rethink rent subsidies with a view to transparency and clarity for recipients, cost effectiveness of administration and improved access for low income households. The current system is neither effective, nor sustainable.

OW/ODSP rent scales artificially shift costs to Service Managers to the detriment of RGI households. Utility scales are so disconnected from current costs that some households pay more in utilities than they pay in RGI. Any new system should better leverage the CRA income tax verification system and should abandon the antiquated Ontario Works and OSDP rent scales, utility scales and non-benefit income thresholds, including those related to ODSP basic needs for CPP disability and OAS Allowance recipients.

It is imperative that Service Managers and the Province collaborate to replace the current HSA RGI program with a simplified rent subsidy system that better serves households. Opportunities to harmonize all provincial benefits and make best use of available resources should also be explored.

## **Enabling Service Managers to Better Support Residents and Make Better Use of Existing Resources**

Housing stability and affordability is a primary factor in determining the economic, social, health and well-being of Ontario's families and sustainability of Ontario's communities. Housing is more than just shelter, it is the interrelated system of services, supports, funding and policies that enable Ontario's citizens to live well in their community.

The government's poverty reduction strategy reflects the above understanding and that efforts will be made through the renewal of the Long Term Affordable Housing Strategy to realize this vision.

We understand that a significant focus of the government's attention is on maximizing resources already in the system and engaging with new partners, such as the private sector, in a more purposeful way. This approach makes sense and Service Manager continue to make considerable progress in modernizing program delivery and strengthening local partnerships.

In addition to specific strategies to sustain housing assets and affordability, there are a number of opportunities to enhance efficiency, increase collaboration and build our collective capacity to make evidence based policy decisions.

### *Short Term Opportunities*

#### **19. Modernize program reporting requirements to better support evidence based policy decisions. Establish a technical working group to develop a data strategy for the sector.**

Currently Service Managers are required to complete the Service Manager Annual Information Return (SMAIR), in part using data compiled from individual housing providers' Annual Information Return (AIR). The SMAIR and the AIR mirror the reporting requirements set out in the Canada-Ontario Social Housing Agreement, 1999 (SHA). Separate reporting requirements for affordable housing programs add administrative complexity.

Service Managers recognize the importance of complying with federal funding transfer reporting requirements. However, SHA programs are only a portion of the portfolio and the reporting requirements are not readily compatible with the HSA Part VII housing



program. As a result, considerable resources are dedicated to manual statistical data collection and analysis. The resulting information has limited value for the purposes of policy development and evaluation. Some Service Managers are currently collaborating in the development of an information technology solution for housing programs that could enhance data collection and analytic capacity across the system.

Service Managers recommend working with the Province to review all existing reporting requirements and develop a new, streamlined process that aligns with HSA program requirements, fulfills federal reporting obligations and supports evidence based decision making. A technical working group should be established to develop a data strategy for the sector.

**20. Continue to support the development of systems level planning frameworks that allow for coordination and alignment of service and funding across Ministries, Local Health Integration Networks (LHIN) and with Service Managers.**

Service Managers, the Ministry of Municipal Affairs and Housing, the Ministry of Health and Long Term Care, the Ministry of Community and Social Services as well as other ministries, all contribute significant funding to get and keep people housed with supports they need. The Ministry of Municipal Affairs has made great progress in recognizing that Service Managers as principle funders of housing and homelessness prevention services in Ontario must logically also be engaged as principle policy makers.

To realize this role and more importantly to ensure that policies and programs are mutually supportive and do not prevent local innovation and flexibility to provide both affordable housing and the supports that are often necessary for the people being housed, engagement across ministries is essential. This must happen across ministries and on the ground. The recent alignment of the provincial mental strategy investments with the Investing in Affordable Housing program is an excellent example of a provincial policy framework that enables local collaboration between Service Managers and LHINs.

We encourage the Province to continue its focus on collaborating across ministries and enabling collaborative planning amongst LHINs and Service Managers. Working in a planned, purposeful and committed way towards the same objectives will prevent duplication of efforts, identify what is and is not working and ensure that public resources will be focused on the best and most cost-effective solutions.

**21. Amend the HSA and Regulation 367/11 to exclude modified units without dedicated support services from the definition of special needs housing and exempt special needs units from the HSA application, tenant selection and review process requirements.**

Section 38 of the HSA currently defines special needs housing as “housing intended for use by a household with one or more members who require accessibility modifications or provincially funded support services in order to live independently in the community.” This definition combines two groups of units that have completely different selection processes. Waiting lists for modified units without supports are the responsibility of the special needs administrator and are exempt from the Service Manager waiting list. Applicants who need modified units should have access to the same centralized waiting

list system that serves all other RGI households. Conversely, applicants for social housing units with dedicated support services are typically selected by the support service provider based on their need for the support services, not based on the RGI priority system. The HSA special needs tenant selection requirements conflict with the centralized placement systems established by some Community Care Access Centres and can put special needs administrators in the difficult position of being legally responsible for a selection process they do not control.

The current HSA special needs provisions can be a barrier to local collaboration amongst Service Managers, housing providers, support service agencies and funders and delivery agencies. The HSA and the regulations should be reviewed and updated to separate the requirements for modified units without supports from those for units with supports. Modified units without supports should be subject to Service Manager wait list and review process; units with dedicated supports should not.

In the longer term, the special needs housing provisions should be extensively reviewed to clarify their purpose and to ensure that requirements align with housing and support service delivery models.

## **22. Amend the Ontario Works, Ontario Disability Support Program and Child Care and Early Years legislation to enable information sharing and improve client services.**

Service Managers are also the delivery agents under the *Ontario Works Act* and the service system manager under the *Child Care and Early Years Act* (not yet in force, proclamation anticipated in 2015). This allows for more co-ordinated planning and delivery of these programs at the local level. The sharing of personal information across these programs is critical to supporting this process, enabling more efficient administration and improved client services.

Although section 174 of the HSA permits the sharing of information collected under the HSA, the *Ontario Works Act*, the *ODSP Act* and the *Day Nurseries Act* (to be replaced by the *Child Care and Early Years Act*), the information sharing provisions in the other Acts are more limited and frustrate the ability of Service Managers to effectively manage these programs at the local level, often compromising quality of service to clients.

Service Managers recommend the following Acts be amended to be more consistent with the section 174 of the HSA and allow for the sharing of information collected under the HSA, the OW Act, the ODSP Act and the Child Care and Early Years Act (CCEY) with the following entities as it relates to their powers and duties under the relevant Acts:

- Section 73 of the Ontario Works Act to include the sharing of information with Service Managers under the HSA (or their delegate under section 17) and service system managers under the CCEY
- Section 54 of the ODSP Act to include the sharing of information with Service Managers under the HSA (or their delegate under section 17) and service system managers under the CCEY
- The CCEY to include the sharing of information with Service Managers under the HSA (or their delegate under section 17) and delivery agents under the OW Act.

**23. Amend the HSA and Regulation 367/11 to ensure that the HSA & Regulations are consistent with the DSSAB Act particularly regarding the levy and apportionment formula.**

While much of the language in the HSA and the Regulations is similar to the language set out in the DSSAB Act, there are a number of instances where the inconsistencies could pose significant problems:

The apportionment formula in Regulation 367/11 is incorrect:

- DSSAB Act formula is:  $A=B \times (C/D)$
- HSA reg formula is:  $A=C \times WAmun / WAall$

(Note that the HSA formula needs to have brackets placed around the  $WAmun / WAall$  variables or the formula is incorrect)

In accordance with the DSSAB Act, the Minister is not entitled to consent in setting the apportionment formula of a DSSAB. Section 117 of Regulation 367/11 must be removed.

### *Medium Term Opportunities*

**24. Support waiting list system innovation.**

A number of Service Managers have begun to explore strategies to better match applicants with housing options and to make better use of waiting list resources. The outcomes of these Service Manager initiatives should be reviewed to identify best practices and to further increase service manager flexibility.

**25. Work with MPAC to ensure social housing properties are valued based on actual rents rather than market comparators.**

The Municipal Property Assessment Corporation (MPAC) values and classifies all properties in Ontario and prepares annual Assessment Rolls for use by municipalities and the Province to calculate property and education taxes. Historically, most social and affordable housing have been assessed by MPAC using a multi-residential (more than 7 units) rate which is based in part on the gross income potential of the properties and in part on neighbouring multi-residential unit assessments. According to MPAC, “the 2008 current value assessment (CVA) valuation [used for social housing properties] was based on the rental returns from 2007”. These would have reflected *actual* revenues from subsidized and market rents. However, it appears that the 2012 MPAC assessments were calculated as if the buildings could achieve full market rent on all units. The increased MPAC assessments appear to be the result of a change in practice rather than a change in legislation or provincial policy.

The impact of increased assessments varies by social housing program. New affordable housing projects and providers with former federal operating agreements must manage property tax increases within existing revenues. Some may not be able to do so.

Property tax increases in public housing and HSA Part VII projects increase Service Managers' subsidy costs.

In order to stabilize costs and preserve housing affordability, the Province could create a special category for social and affordable housing under the Ontario Assessment Act, 1990, that bases property values on actual rent revenues, not full market rates.

## **Conclusion**

Housing stability and affordability is a primary factor in determining the economic, social, health and well-being of Ontario's families and sustainability of Ontario's communities.

It is both an exciting and difficult time to be forging new ground on addressing some of Ontario's most pressing issues. Nonetheless, the province has a strong mandate and willing partners in HSC, OMSSA and SMHN to take this on.

The province is well positioned to make significant inroads to improving services, programs, opportunities for Ontarians and the effective use of public dollars. Moving ahead in a planned, purposeful and effective way, we can achieve greater health, wellbeing and sustainable communities and lives for all Ontarians.

We believe the suggested priorities offered in this paper are critical first steps in the government's effort to sustain Ontario's housing assets and help people get housed.

We look forward to working with the Province on the next stage of the LTAHS and our shared vision of improving Ontarian's access to adequate, suitable and affordable housing, and providing a solid foundation on which to secure employment, raise families and build strong, sustainable communities.

## Appendix

### **Ontario Municipal Social Services Association (OMSSA) - Service Manager Housing Network & Housing Services Corporation (HSC) Long-Term Affordable Housing Strategy Renewal Working Group**

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- Andrew Balahura, Manager, Housing Services, Housing Services Division, Halton Region
- Josh Browne, Manager, Social Housing Finance & Administration, Housing Division, City of London
- Glenn Courtney, Manager, Social Housing, Shelter, Support & Housing Administration Division, City of Toronto
- Kerry Hobbs, Manager, Housing Strategy & Program Delivery, Housing & Long-Term Care Branch, York Region
- Roberta Jagoe, Policy Analyst, Housing Services, Regional Municipality of Durham
- Dave Landers, Chief Administrative Officer, Cochrane DSSAB
- Mary Menzies, Director, Housing Services, Regional Municipality of Durham
- Maria Varlokostas, Manager, Social Housing, Shelter, Support & Housing Administration Division, City of Toronto
- Judy Lightbound, Chief Administrative Officer, HSC
- Lisa Oliveira, Manager, Data & Asset Support (Research), HSC
- Petra Wolfbeiss, Director of Policy and Public Affairs, OMSSA
- Éilis Karry, Policy Coordinator, OMSSA