



**June 5, 2017**

Ministry of Housing

Housing Policy Branch

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**Re: Amendments to Ontario Regulation 367/11 (General) to provide a framework for a portable housing benefit (PHB)**

The Ontario Municipal Social Services Association appreciates the opportunity to make a submission on Ontario Regulation 367/11 (General) to provide a framework for a portable housing benefit. We have consulted with our members who are the Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) across Ontario. We have also consulted with our networks including the Service Manager Housing Network (SMHN) and 47 leads table. We have also consulted with the Association of Municipalities of Ontario (AMO), Central East Service Managers (CESM), Northern Ontario Service Deliverers Association (NOSDA), Urban Commissioners table and the Ontario Non-Profit Housing Association (ONPHA). We encourage the Ministry to consider any submissions from them as well.

### ***Value of the PHB to OMSSA Members and Tenants***

OMSSA members support the concept of a portable housing benefit as a valuable tool that can provide tenants greater choice and give service managers greater flexibility in meeting the diverse needs of their communities. A portable housing benefit, particularly if provincially funded, could provide more timely access to housing assistance, provide incentives to earn income, relieve pressure on existing RGI stock, reduce wait lists and allow for mixed income communities that address unique local needs. Moreover, a portable housing benefit could empower vulnerable tenants. Some service managers have found that when a benefit is tied to a tenant instead of a unit, tenants have more choice and landlords are more likely to better maintain their properties to attract and retain tenants. Alternately, a portable housing tenant may help tenants avoid unnecessary moves, allowing them to stay in their communities, close to family and places familiar to them. OMSSA encourages and promotes such a client-centred approach that offers local flexibility.

However, although the proposed Portable Housing Benefit (PHB) framework is 100% service manager funded, it does not provide the flexibility that service managers require and may compromise the sustainability of the non-profit sector. Notably:

- Current innovative, municipal portable housing benefit programs will not meet the criteria of the proposed framework and will continue to be excluded under service level standards.
- The framework requires that service managers either invest additional funds to support the PHB or remove targeted RGI units from their social housing portfolios. This threatens the sustainability of this sector and may facilitate a loss of stock.
- The requirement to use the waiting list and provincial priority rules for the selection of tenants undermines service managers' ability to address local needs and provincial homelessness priorities.
- There is no provincial funding or support for the administration or payment of the PHB at the municipal level.
- Service managers could be required to fund benefits for households moving in from other service areas and will have no means of recovering funding provided to households who move out of the service area without notifying the service manager.

### ***Innovative Local Housing Benefits and Service Level Standards***

Under the Housing Services Act (HSA), service managers already have the authority to voluntarily establish, fund and administer alternative housing programs, like a portable housing benefit. A provincial framework is only required if there is provincial funding or the program can be included to meet service level standards.

Many service managers already fund and administer various forms of portable housing benefits and rent subsidies. We encourage the province to consult with these service managers to determine best practices in meeting specific local needs. Further, these existing programs should be included under legislated service level standards. Halton and Peel Regions have had great success with their

portable housing benefit programs in addressing specific local needs. York Region offers its own rental assistance program. Manitoulin-Sudbury offers incentives for seniors who currently own their own homes to remain in their own homes. Thunder Bay has been offering a subsidy for 4-5 years now. These are just a few examples of what is already being done across the province. Unfortunately, none of these innovative, municipally-funded programs are currently included under legislated service level standards, and the proposed PHB framework would continue to exclude the Halton and Peel portable benefit programs.

The proposed PHB would be service manager funded from the municipal tax levy. As such, service managers should have a say in designing the program guidelines to address their waiting lists, homelessness prevention initiatives and specific local housing needs. Any Provincial PHB framework needs to count towards service level standards and/or be provincially funded. In addition, portable housing benefit programs developed at the local level outside of service level standards using municipal funds should not be impeded or limited by a Provincial framework.

Ideally, all municipally-funded subsidy programs that align to service managers' 10-year housing and homelessness plans should be included under service level standards, as these plans reflect local needs and are aligned with the Ontario Housing Policy Statement and matters of provincial interest set out in the HSA.

### ***Factors That Could Compromise Effectiveness***

A portable housing benefit addresses a financial need but does not increase or build affordable housing stock and rental units across the province. Lack of adequate rental supply, as well as extremely low rental vacancy rates in the GTA and other parts of the province, are potential barriers to the effectiveness of the PHB, particularly with respect to people without current accommodation. Low income people also face potential landlord discrimination due to receipt of social assistance and/or compromised credit history. Some groups may also face discrimination from landlords based on race or disability. This is especially true in tight rental markets where demand outweighs supply.

Even with the PHB, some tenants may still have difficulty finding suitable rental accommodation given market conditions in their area. Service managers are also concerned about potential liability for providing a PHB in unsuitable conditions – especially if the PHB is re-directed to the landlord.

### ***Impact on Social Housing Sector***

The proposed PHB framework requires that service managers either invest additional tax levy funding to support the PHB or remove targeted rent-geared-to-income (RGI) units from their social housing portfolios. Without new funding, each new PHB will necessarily replace an RGI subsidy. The current proposal will not result in any additional people being housed.

OMSSA is concerned that the Province has not fully assessed the cost implications for service managers and the implications for the viability of social housing providers of such a change. Specifically:

- It undermines the stability and importance of social housing in providing affordable and supportive housing to vulnerable low and moderate income households. Some of the most vulnerable tenants require additional supports and the private rental market is not able to provide this to the same degree as the non-profit sector.
- Non-profit housing providers have been heavily regulated and historically underfunded, with little to no capital reserves and aging buildings. They may be unable to compete in the private sector without continued unit based subsidies, especially given restricted market rents.
- Loss of RGI subsidy in favour of PHB could impact housing providers' non-profit status for income tax purposes and qualifying non-profit status for HST rebates.

Housing providers could face increasing costs and challenges in the management of vacant units as tenants move out in favour of a PHB. In addition, the proposed PHB framework does nothing to mitigate risks associated with End of Operating Agreements (EOA) or expiring programs like Strong Communities Rent Supplement or the Investment in Affordable Housing (IAH) rent supplement and housing allowance programs. There are already providers approaching EOA who do not want to continue to use the wait list system. The potential for the proposed PHB to exacerbate the situation will only lead to a greater reduction in stock. Service managers need program flexibility and transitional funding to protect affordability for tenants as current programs end. Unfortunately, the PHB comes with no new funding resulting in less access to affordable housing and more vulnerable households at risk.

Further consultation with service managers is required to ensure that the PHB does not facilitate a loss of stock or otherwise impact the sustainability of the social housing sector. Ideally, service managers should have flexibility under service level standards to combine PHB and/or RGI with alternate subsidy models that may result in more sustainable revenue streams for providers. The PHB should not be developed without consideration for the larger impact on the service manager portfolio.

Ultimately, the proposed PHB framework will not relieve pressure on RGI stock. New provincial or federal funding is required to increase the existing supply and take pressures off RGI stock.

### ***Local Flexibility***

A one-size fits all approach will not address the unique needs of large, small, urban, rural and Northern communities. Local flexibility is required to address local needs, including flexibility under legislated service level standards and in the selection of tenants for housing assistance and the management of waiting lists. All communities are working towards addressing homelessness prevention, income supports, shelter and housing in Ontario. Service managers have invested significant time and money in the development and implementation of their 10-year homelessness and housing plans, and they have the most expertise about local needs. Many are concerned about clients who are homeless or at risk of homelessness but who are not on the centralized waiting list. They require support as well.

Under the proposed PHB framework, applicants must be selected from the waiting list, or from tenants currently receiving RGI, in accordance with HSA priority rules. This means that service managers will be unable to use the framework to address local needs, support Housing First initiatives or address provincial homelessness priorities. Additionally, although the proposed PHB benefit provides less affordability than RGI, the service manager will have no ability to target it to households that may have more success with it.

In many service areas, RGI assistance is provided predominantly to Special Priority (SPP) applicants. The mandatory use of the wait list means that the PHB will also be offered primarily to these applicants and is unlikely to relieve pressures on the rest of the waiting list. Service managers and OMSSA have long advocated for a provincially funded and administered benefit to assist SPP applicants as part of a broader provincial strategy to address domestic violence. The proposed PHB framework only compounds the issues already identified. Further, service managers are concerned that they may be expected to assume funding responsibility for the current provincially funded PHB pilot for victims of violence once it comes to an end.

The restrictive use of the current centralized waiting list for the selection of tenants is a barrier to the success of the proposed PHB. Offering the PHB only to those ranked highest on the wait list (normally SPP applicants) will not alleviate pressures on the waiting list or address those that have been waiting the longest for housing. Service managers should not be required to use the wait list for the selection of tenants for the PHB. If service managers will be responsible for funding the PHB, the framework should be designed by service managers to address local needs – not just waiting list priorities – in line with their 10-year housing and homelessness plans and matters of provincial interest as outlined in the Ontario Housing Policy Statement.

### ***Administrative Challenges***

The calculation of PHB was intended to be simple, but the proposed framework is administratively complex and costly for service managers. Specifically:

- Clarity is needed regarding the potential impact of the portable housing benefit on other social programs and tax-based benefits or credits. Using taxable income in some cases may not provide a clear picture of true household finances, especially in First Nations communities.
- The proposed calculations for Ontario Works and ODSP recipients are unnecessarily complex, administratively cumbersome for service managers and confusing for active and potential tenants.
- Current RGI administration is delegated to housing providers and the cost of administration is hidden in the HSA funding model. Service managers will be solely responsible for the administrative of the new benefit with no additional funding to support this administration.
- There is no provincial support from the Ministry of Finance for the payment of portable housing benefits directly to households.
- Requirements to ensure that households can make informed decisions about receiving a PHB instead of RGI could be cumbersome and may not be realistic in some circumstances.
- Calculations are not supported by information sharing agreements with Canada Revenue Agency (CRA), Ministry of Finance, Ontario Works or ODSP.

With respect to calculations for Ontario Works and ODSP, the service manager is required to continuously ensure that the total PHB and special assistance shelter costs do not exceed the actual accommodation costs. As PHB is not tied to an actual tenancy, this requires the service manager to establish secondary procedures for social assistance recipients. Further, if the information provided to the service manager does not align with the information used in Ontario Works or ODSP (as is likely to happen given different rules and reporting procedures across programs), there is potential for claw-back for OW or ODSP despite service manager efforts to reduce the PHB. Instead, service manager funded and administered PHB should be excluded as income from Ontario Works or ODSP.

Additional provincial support is needed to deal with the administration of this proposed complex new program. Specifically, service managers are asking the province to collaborate on the design of tenant communications related to the proposal and calculations, as the terminology is not user-friendly to tenant. Tenants must be able to make an informed choice and tools from the province are needed to assist in communicating the PHB option accurately.

PHB and RGI are fundamentally different in that RGI is unit based and PHB is not tied to a specific tenancy or cost of accommodation. The framework requires that service managers inform households of the difference in the level of assistance provided by both benefits and the effect the PHB may have on the recipient's social assistance. In general, the PHB provides for a lesser benefit than RGI; however, the net financial gain of one benefit over the other is tied to actual accommodation costs which may change from the time of initial eligibility and/or not be known. The complexity of the benefit calculation is difficult to explain and there is no support available to service managers to assist with this.

Some pilot sites have utilized a shared delivery model in partnership with the Ministry of Finance, which has reduced service manager administration and can improve cross jurisdictional service delivery going forward. Any Provincial PHB framework should include a permanent, provincially-funded centralized Ministry of Finance delivery model.

### ***Provincial (or Federal) Portability***

OMSSA members support the concept of consistent provincial principles for a cross-jurisdictional portable housing benefit. To be truly portable, however, the PHB must be provincially funded and administered.

Some Municipal Councils may not support providing 100% municipally funded assistance to tenants outside their jurisdictions. Under the proposed framework, service managers could be required to fund benefits for households moving in from other service areas and will have no means of recovering funding provided to households who move out of the service area without notifying the service manager. Analysis must be done to manage the unintended consequences, such as an acceleration of rural to urban migration, potential demographic shifts and resulting financing implications for service managers.

Our members look forward to working toward a cross-jurisdictional benefit in the future, with either the provincial or federal level of government, which is truly portable.

## ***Conclusion***

OMSSA and its members support the concept of a portable housing benefit but are concerned that that proposed PHB framework will not provide service managers with the flexibility to meet local needs. Although the proposed PHB framework would be voluntary, service managers need maximum flexibility in selection of tenants for a PHB to address unique local needs in communities across Ontario. Additionally, a portable housing benefit cannot be a way to take units out of the RGI system or increase the financial burden on service managers.

OMSSA encourages the Province to delay implementation of PHB regulations to work on the model with service managers to better understand the policy and financial implications. Services managers want to advise and work with the province toward a portable housing benefit that would balance the objectives of the province with the flexibility of service managers to meet local needs. Long term, we would like to see a federally or provincially funded and administered portable housing benefit to reduce waiting lists and work across member jurisdictions.

Thank you for taking the time consider the views of the Ontario Municipal Social Services Association and our members through our submission on the proposed portable housing benefit framework regulations. We look forward to consulting with our provincial partners in the future on issues impacting housing and social services in Ontario.

Sincerely,

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