
Sent by e-mail: Zahid.Muradzada@auditor.on.ca

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Zahid Muradzada
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Dear Zahid Muradzada:

We understand that given your audit of social housing, you are interested in further information on the use of rent scales. In this letter, you will find further context and recommendations from the Ontario Municipal Social Services Association (OMSSA) and the Association of Municipalities of Ontario (AMO) concerning both rent and utility scales. The issues for both are inter-related.

Essentially the issue is that the Province sets regulations for very low rent and utility scales for social housing residents on Ontario Works (OW) and Ontario Disability Support Program (ODSP). This has a negative fiscal impact on municipal governments who fund and administer social housing. Under provincial [rules](#), tenants receiving OW/ODSP benefits receive much lower amounts for shelter if they live in social housing rather than private buildings. Social housing providers then receive lower rental income, and require greater subsidy from the municipality to cover their operating costs. Municipal governments pay 100% of social housing operating loss. In effect, it results in a hidden municipal subsidy of provincial income support programs.

Municipal service system managers are obligated to follow the *Housing Services Act*, [O.Reg. 298/01](#), Determination of Geared-to-Income Rent under Section 50 of the Act, in the calculation of rent for Social Housing tenants. However, these rent scales have not been adjusted since 2000 (17 years). Not only have the rent scales not been adjusted for inflation, there is not a clear rationale why rent amounts paid to social housing providers is less than that of private landlords. The Commission for the Review of Social

Assistance for Ontario in 2012 calculated the fiscal impact to municipal governments at \$200 million annually.

A remedy would be for the provincial government to increase the cap on rent scales for social assistance recipients in rent-geared-to-income social housing to match the maximum allowances provided by Ontario Works and the Ontario Disability Support Program. This would require regulatory amendment. This would help end the municipal subsidy of social assistance recipients in social housing.

There is a similar issue with utility scales. Under the Act, O. Reg. 298/01, the Province sets tables to be used by Service System Manager for utility costs. These rates have not been updated since 2000 (17 years). They do not reflect true economic increases in utility costs over the past 17 years. The tables should be adjusted immediately to reflect the true cost of utilities and, thereafter, be annually adjusted.

The reference to the \$200,000,000 figure can be found on page 122 of the Transforming Social Assistance in Ontario- a report of the Commission for the Review of Social Assistance in Ontario (2012). A link to the report, figure, footnote and table can be found here:

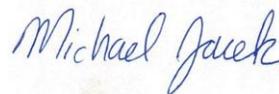
http://www.mcass.gov.on.ca/documents/en/mcass/social/publications/social_assistance_review_final_report.pdf

We hope this answers your preliminary questions. We would be happy to assist with any additional questions you may have.

Sincerely,



Elisa McFarlane, Executive Director



Michael Jacek, Senior Advisor