

Vision 2020: Ontario needs a 10-year housing plan with targets and funding

*Notes for a submission by the Wellesley Institute to Ontario
Minister of Municipal Affairs and Housing Jim Watson*

November 3, 2009

Thank you for the opportunity to make these submissions. The Wellesley Institute will make an additional written submission before the end of the provincial housing consultation in December of 2009. Ontario needs a dynamic 10-year housing plan – **Vision 2020: A dynamic housing action plan for all Ontario**. The plan needs to recognize the diverse and changing housing needs of the people of Ontario, and set out solutions that align with the fiscal realities of the Government of Ontario. Alberta has a 10-year plan to end homelessness¹ that aims to provide housing for 11,000 individuals and families at a cost of \$3.3 billion. Alberta’s 2009 budget included a \$1 billion down payment over three years². About 860 US cities have 10-year plans, along with a growing number of states³. Some of the US plans are tightly focused on people who are “chronically homeless” (such as Alberta’s plan), while others also address the housing and service needs of people who are precariously housed. Recognizing that many Ontarians are trapped in a downward spiral of housing insecurity and, far too often, homelessness, the Vision 2020 plan needs to address a range of housing needs.

Reasonable 10-year goals: 750,000 new and renovated homes

While more review is needed to set specific targets and timelines, and develop a more realistic estimate of the cost, the current evidence suggests that a reasonable goal would be 750,000 new and renovated affordable homes over the next ten years. Some key elements of this Vision 2020 plan:

- 250,000 renovated homes;
- 500,000 new affordable homes;
 - including 110,000 from an inclusionary housing policy;
- dedicated portion for urban and rural Aboriginal housing under Aboriginal control;
- specific targets for supportive and alternative housing;
- \$310 million annually for repairs and renovation (provincial share);
- \$1 billion annually for new housing (provincial share);
- federal government to match provincial contributions;

¹ See http://www.housing.alberta.ca/documents/PlanForAB_Secretariat_final.pdf

² See <http://alberta.ca/acn/200904/25671825BDF16-CAAC-490A-F87D5D526DF750D2.html>

³ See <http://www.ich.gov/slocal/index.html>

- new credit facility for affordable housing (revolving fund of \$2 billion annually) to allow affordable housing developers to access capital;
- sector support funding of \$40 million annually;
- housing-related services funding for physical and mental health supports;
- pre-development and development assistance revolving fund of \$40 million annually.

We are not able to provide an exact costing at this time. The government’s plan needs to include a blended investment plan that includes direct grants, access to provincially-backed financial credit, and other innovative financing options.

Win, win: More healthy homes, plenty of jobs and economic activity

This plan would not only ensure that all Ontarians gain access to adequate and healthy homes, but it will have a positive impact on communities and the economy. Based on analysis of the jobs and other economic impacts of housing done in several US communities, a dynamic Vision 2020 plan would generate tens of thousands of steady, well-paid jobs over a decade throughout Ontario; as well as generating billions of dollars in direct and induced economic activity and millions of dollars in tax revenue for the government.

The current recession has placed an extraordinary demand on provincial financial resources, and the affordable housing sector will need several years to scale up to more realistic development levels, so we recommend that the Vision 2020 plan be divided into three cycles: the targets over the first three years would be somewhat lower; with a ramping up in years four to seven; and increased activity in the final three years. Increasing affordable housing investments as other recession-related investments by the government are being withdrawn will also help to counter a growing concern that the provincial economy may suffer as stimulus dollars wind down in the coming years. For instance, the plan might set targets of:

- 12,500 renovated homes, 11,000 inclusionary housing homes, 17,000 new homes annually in the first three years (annual provincial share: \$670 million);
- 25,000 renovated homes, 11,000 inclusionary housing homes, 35,000 new homes annually in the next four years (annual provincial share: \$1.2 billion);
- 37,500 renovated homes, 11,000 inclusionary housing homes, 65,000 new homes annually for the final three years (annual provincial share: \$2.3 billion).

The final three years would also be an opportunity for the province to complete a detailed assessment of targets and set targets, timeline and funding for the next decade.

Four pillars set the foundation for comprehensive affordable housing plan

A comprehensive Ontario affordable housing plan needs to be built on a foundation that includes four inter-connected pillars:

- **realistic targets and timelines** that are set using clear evidence of the diversity of housing needs throughout the province, with high-level monitoring and appropriate indicators of success to improve public accountability for results;
- a full range of **adequate and ongoing funding** for housing and housing-related services, from direct grants to access to private capital to innovative financing options;

- **appropriate regulatory tools** at the provincial and municipal levels, including land use planning (inclusionary housing policies), housing protection, tenant protection, rent regulation, affordable housing administration, enforcement of housing rights standards);
- **effective co-ordination** among provincial ministries, with local communities, and linked to a national affordable housing framework.

First pillar: A new housing measure for Ontario

A comprehensive Ontario housing plan needs to be built on a solid foundation of accurate evidence about the scale and scope of housing insecurity and homelessness throughout the province. Ontario needs an effective new measure of housing adequacy that will:

- accurately assess complex housing needs;
- identify local and regional variations in housing needs;
- effectively and accurately measure all dimensions of housing inadequacy;
- allow realistic and appropriate annual targets and timelines to be established;
- establish appropriate indicators of success to improve public accountability for results.

The Ontario government’s supporting material for housing affordability that was issued in conjunction with Provincial Policy Statement 2005⁴ provides an excellent start in creating this composite measure. But this toolkit mainly addresses affordability, which is only one of eight dimensions of housing adequacy. Some indicators of Ontario’s housing need:

- **supply deficit:** In 2006, Ontario had a shortfall of 122,127 households between the number of new households and the amount of new housing (source: Canada Mortgage and Housing Corporation);
- **over-crowding:** 321,130 households were in over-crowded housing (source: Statistics Canada); including 118,675 households in “core housing need” (source: Canada Mortgage and Housing Corporation);
- **long waiting lists:** 129,253 households on affordable housing waiting lists (source: Ontario Non-Profit Housing Association);
- **substandard housing:** 79,290 households in “core housing need” in housing that needs major repairs (source: Canada Mortgage and Housing Corporation).

Ontario’s comprehensive housing plan needs to target the housing needs of the people who are suffering the most. In 1948, housing expert Humphrey Carver noted that: “The ultimate objective of the national housing programme should be the provision of a decent dwelling for every Canadian family. From this it follows that the crucial and ultimate test of the effectiveness of housing policy is the condition of the worst housed families in our communities.” The same can be said for a provincial housing plan.

The province needs to take a lead role in creating robust planning tools. It has already committed in its poverty reduction plan (December of 2008) to create a comprehensive housing measure.

The British Columbia auditor-general, in reviewing that province’s homelessness program in the spring of 2009, noted: “Clear goals and objectives for homelessness and adequate accountability for results remain outstanding. Government also lacks adequate information about the homeless

⁴ Available at <http://www.mah.gov.on.ca/Page5496.aspx>

and about the services already available to them — this hampers effective decision making. Finally, government has not yet established appropriate indicators of success to improve public accountability for results.”

Ontario needs a new high-level council that brings together government, academic, Aboriginal, community and private sector representatives to monitor the roll-out of the provincial housing plan, establish appropriate indicators of success and provide ongoing accountability for results.

Second pillar: Adequate funding for a full range of housing responses

Adequate and sustainable funding is crucial for the effective delivery of affordable housing and related services. The Ontario government plays a crucial role both in direct funding, and also in assisting housing and service providers to gain access to funding through innovative financing facilities. Proper funding is required for:

- pre-development assistance to support the development capacity;
- development assistance for new supply;
- access to financing through innovative financing facilities;
- core and project funding for housing-related services;
- operating funding for housing operations;
- community partnerships support for housing sector organizations;
- shelter allowances to assist low-income households pay their housing costs;
- repair, renovation and rehabilitation of existing housing.

The dollars to support a comprehensive affordable housing plan are considerable, and the costs need to be shared by a number of partners, including direct funding from the federal and provincial governments, access to capital through a provincial credit facility and a variety of innovative housing funding options that can be developed with affordable housing developers, community foundations and finance specialists.

The Ontario government should increase its direct funding, but the province is making a 7% (\$52.1 million) cut to spending at the Ontario Ministry of Municipal Affairs and Housing, according to the province's fall economic account⁵.

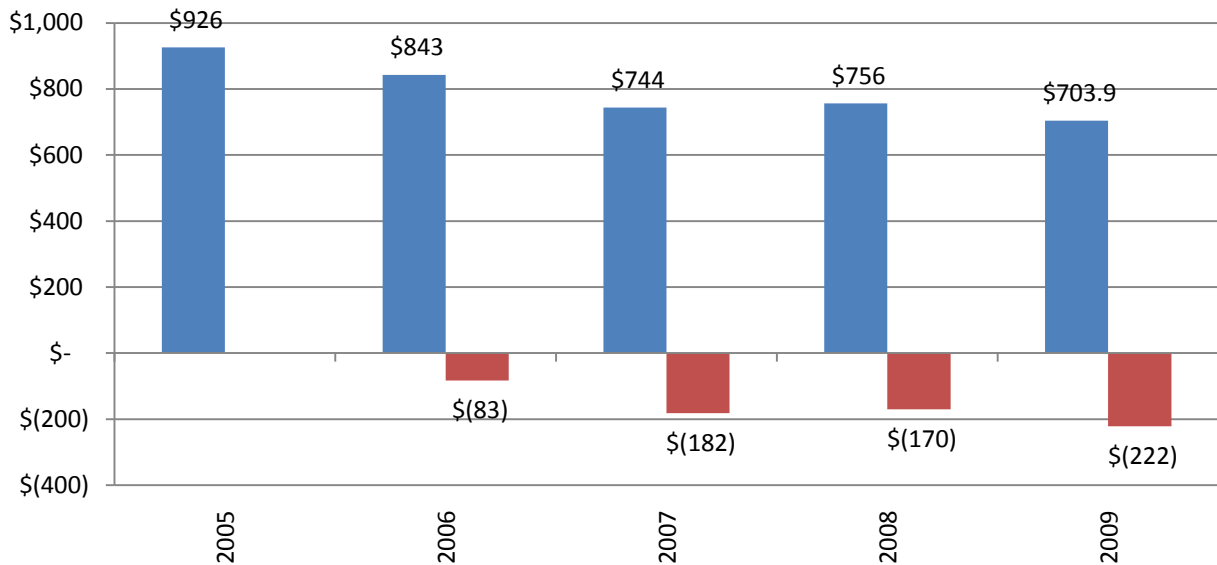
Over the past four years, MAH has seen its annual operating funding cut by \$222.4 million – adding up to 24% cut since fiscal 2005. Over that time, the cumulative spending cuts at MAH add up to \$657.1 million (which would finance the construction of more than 4,380 new affordable homes).

According to the government's official spending estimates⁶, the biggest cuts at the MAH this year will be in the affordable housing program - \$38.9 million. Fully 29 of Ontario's 33 ministries will get funding increases in the current fiscal year, according to the economic statement. Only four - finance; northern development, mines, forestry; board of internal economy; and municipal affairs and housing - are taking financial cuts.

⁵ Available at http://www.fin.gov.on.ca/en/budget/fallstatement/2009/paper_all.pdf

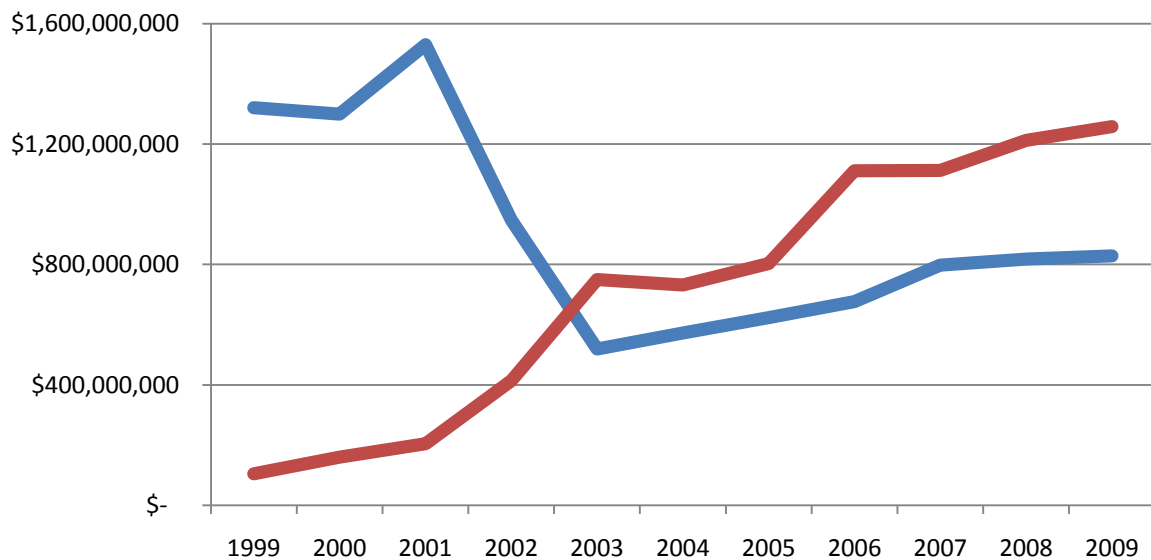
⁶ Available at <http://www.fin.gov.on.ca/en/budget/estimates/2009-10/volume1/MMAH.pdf>

Spending cuts at Ontario Ministry of Municipal Affairs and Housing In millions (source: 2009 Ontario Economic Outlook and Fiscal Review)



The blue bar sets out MAH spending (in millions). The red bar measures cuts from fiscal 2005 base.

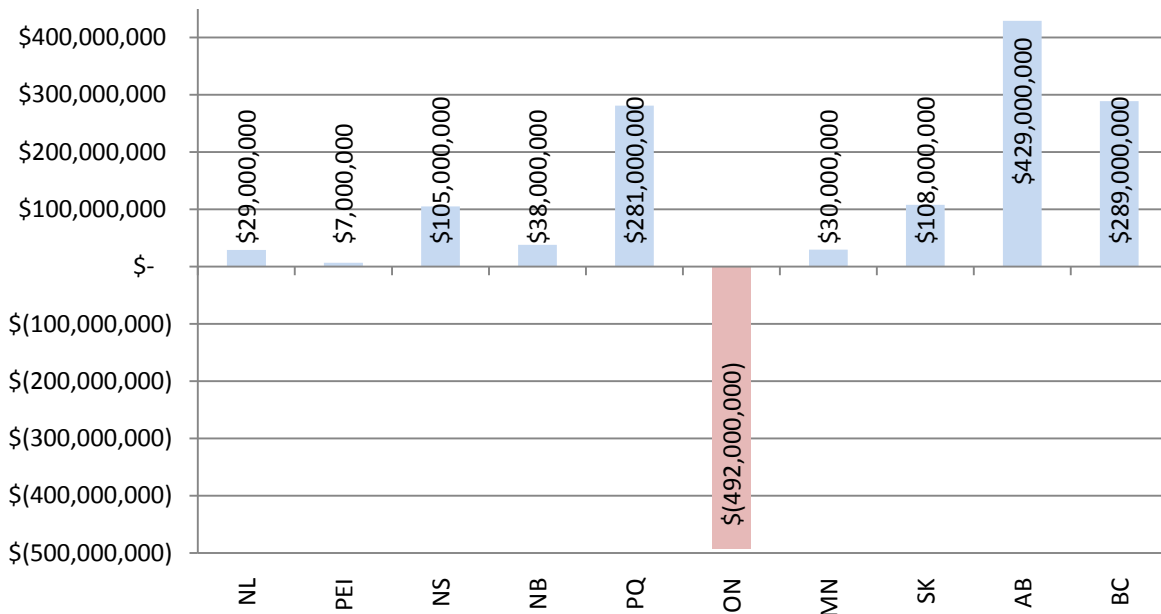
Spending by municipalities outpaces Ontario government housing spending (source: Statistics Canada Government Revenues and Expenditures database)



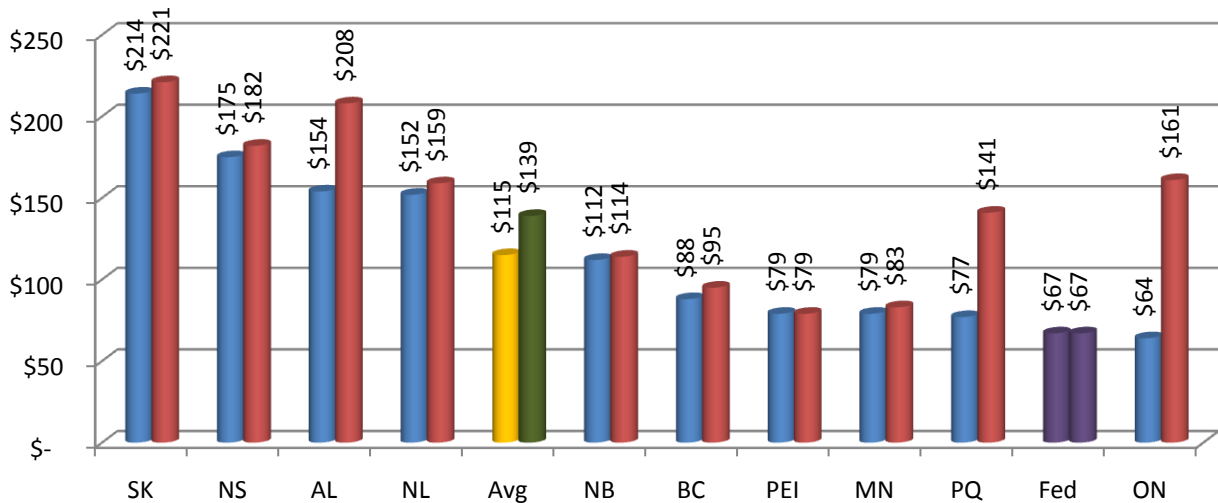
The blue line sets out provincial housing spending. The red line measures municipal housing spending.

The Ontario government simply cannot expect to spend less and achieve more in affordable housing. The province should start to reverse the downward funding spiral with a substantial reinvestment in affordable housing starting in the next provincial budget. Every province except Ontario has increased housing spending over the past decade. On a per capita basis, Ontario spends less on housing than any other province. With municipal contributions added, Ontario spends less than Saskatchewan, Alberta and Nova Scotia.

Housing spending by provinces – change from 1999 to 2009
 (source: Statistics Canada Government Revenues and Expenditures database)



Per capital spending on housing by provinces (fiscal 2008)
 (source: Statistics Canada Government Revenues and Expenditures database)



The blue bar measures unilateral provincial housing spending per person; the red bar includes combined provincial and municipal housing spending per capita.

Third pillar: Appropriate regulatory tools are urgently required

Ontario's comprehensive affordable housing plan needs to include a full tool kit, including:

- land use planning / inclusionary housing;
- affordable housing protection;
- tenant protection;
- rent regulation;

- affordable housing administration (including reforms to the *Social Housing Reform Act*);
- enforcement of housing rights standards (as set out by the Ontario Human Rights Commission).

Fourth pillar: Effective co-ordination required with national and local plans

The provincial affordable housing plan needs to be linked to a long-awaited national housing framework. Ontario joined with other provinces and territories in setting out the key principles of a national affordable housing framework in September of 2005⁷. The second reading of federal Bill C-304, which would require the federal housing minister to deliver a comprehensive national housing strategy to Parliament within 180 days, is also raising the profile of housing solutions at the national level, along with plans for a federal-provincial-territorial housing ministers' meeting on November 19 and 20.

As well as being linked to a national housing strategy, and co-ordinated with the housing and homelessness efforts of the federal government (primarily through Canada Mortgage and Housing Corporation and the Homelessness Secretariat of Human Resources and Skills Development Canada), Ontario's comprehensive housing plan needs to be linked and co-ordinated with effective community housing and homelessness initiatives throughout the province.

Respectfully submitted by:

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The Wellesley Institute advances urban health through rigorous research, pragmatic policy solutions, social innovation, and community action.

⁷ See http://www.scics.gc.ca/cinfo05/860507005_e.html