

## **ONTARIO 360 – AFFORDABLE HOUSING – TRANSITION BRIEFING**

Affordable housing spending should be linked to clear and measurable outcomes

### **Issue**

Despite significant recent and planned investments and policy innovations in Ontario as well as by the federal government and municipalities, the situation for affordable housing in the province continues to deteriorate. The proportion of low- and moderate-income households in Ontario living in unaffordable housing has increased by over 130,000 since 2011.<sup>1</sup> The incoming government must make progress on expanding access to affordable housing across the province.

### **Overview: The affordable housing file in Ontario**

The Ontario government has talked about a province where “every person has an affordable, suitable, and adequate home.” It has launched programs and initiatives to make progress on this goal. The list is long – including its Poverty Reduction Strategy, its Long-Term Affordable Housing Strategy, its Fair Housing Plan, its inclusionary zoning policy, and a commitment to eliminate chronic homelessness by 2025.

These various provincial activities (including nearly \$1-billion per year in affordable housing spending by the Ministry of Municipal Affairs and Housing<sup>2</sup>) have made some progress on this file. But the needs remain significant and in fact continue to grow.

<sup>1</sup> CMHC and Statistics Canada, “Housing need stable in Canada, 1.7 million Canadian households affected, Government of Canada,” 2016 Census, November 15, 2017. Available at: <https://www.cmhc-schl.gc.ca/en/corp/nero/nere/2017/2017-11-15-0830.cfm>.

<sup>2</sup> Ministry of Municipal Affairs and Housing, Expenditure Estimates for the Ministry of Municipal Affairs/Expenditure Estimates for the Ministry of Housing (2017-18), Government of Ontario, Date unknown. Available at: <https://www.ontario.ca/page/expenditure-estimates-ministry-municipal-affairsexpenditure-estimates-ministry-housing-2017-18>.

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Why? This is not an overnight problem. The province's affordable housing challenges span decades and involve different policy choices by successive governments. One example: a substantial cut in provincial spending resulted in almost no public housing being built between 1996 and 2000 and very little deeply affordable housing since that time.

The focus since then has been the devolution of social housing to municipalities – including community-based local planning of housing and homelessness services. As an example, the *Housing Services Act* (2011) sets basic provincial policy directions while giving community-based service groups greater flexibility and control in the planning and delivery of housing and homelessness services including social housing administration.

### **The need for reform**

The demands thus continue to grow. The result is fiscal pressure on municipalities, long waiting lists, and a homelessness crisis.

A 2016 survey by the Ontario Non-Profit Housing Association found that 171,360 Ontario households are on municipal waiting lists for subsidized housing. The typical wait time is four years.<sup>3</sup>

The homelessness picture is also bleak. The “crisis”, as it has rightly been called, escalates seemingly daily as we witnessed this past winter when several cities grappled with a lack of basic shelter capacity. In Toronto, for example, 7,000 emergency shelter beds are full every night. Plans to increase the number of available shelter beds to 10,000 will put Toronto on the same scale as New York and Los Angeles.

The situation is similar across Ontario. There were 310 shelters in the province in 2016. This is 30 less than in 2011. With about 12,000 people experiencing homelessness in Ontario each night, the federal government

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<sup>3</sup> Author unknown, 2016 Waiting List Final Results, Ontario Non-Profit Housing Association, 2017.

reports that shelters are operating at 90 per cent capacity. The cities are facing considerable fiscal pressures to keep up.<sup>4</sup>

## How to move forward

So what is missing in the Ontario government's housing strategy? While we can debate whether the investments made by Ontario and its partners are simply too little and too late in the face of rising housing costs and a decades long underinvestment in affordable rental housing, a more immediate approach should look to the effectiveness of existing and newly planned investments.

Enough evidence is now available on which housing interventions actually work to inform a results-based approach to Ontario's housing investments. Ontario must put in place a housing strategy which combines the funding and policy levers at the provincial and federal levels with municipal delivery capacity to drive investment in proven housing strategies.

The province should propose to the federal government that the two levels of government combine their funding to invest together in a challenge-based approach. Ontario has made significant new funding commitments to affordable housing and supports in recent budgets. The National Housing Strategy is a 10-year, \$40 billion commitment. The money is allocated to broad priorities, such as a new national housing benefit; rather than develop increasingly detailed program criteria, these broad funds should be directed to a proposal driven, outcome-based strategy.

Under this model, the Ontario government would issue a proposal call to its municipal partners and flow new funding based on bids by municipal governments to achieve real measurable outcomes. These outcomes should not relate simply to numbers of affordable units created or to households served, but to measurable improvements in outcomes: fewer people in core housing need, fewer people on the waiting lists for social housing and a

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<sup>4</sup> Elise von Scheel, "Homeless shelter demand rising in Ontario as facilities close," CBC.ca, September 25, 2017. Available at: [www.cbc.ca/news/canada/ottawa/homeless-shelter-ontario-closures-1.4299243](http://www.cbc.ca/news/canada/ottawa/homeless-shelter-ontario-closures-1.4299243).

reduction and ultimately elimination of homelessness.

As part of their funding proposals, municipalities would be required to commit their own resources of land, accelerated approvals and policy innovation to achieve these results. The province will bring to this its own investments in capital for new-build and repairs, long-term commitments to provide rental assistance to low-income households, and housing supports to assist vulnerable tenants to maintain their housing.

Under this approach, funds would not be allocated to municipalities based on a pre-determined share of need or population. Rather municipalities would receive funding based on the numbers and outcomes they commit to achieving. This will focus investment on the most effective strategies, and force investment in the most affordable housing. It will also force municipalities to look at the range of their policies which are now ineffective in addressing the problem – such as failed strategies to address the decline in affordable rental housing stock through conversions – and encourage them to make meaningful policy and funding changes. This type of shift is necessary to move to more effective and evidence-based investments which actually improve the situation for affordable rental housing in Ontario.

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