

# Housing, homelessness and Ontario's Poverty Reduction Strategy

*July 30, 2008*

The economic good times in Ontario in recent years masked a rise in the precarious class – one-in-four Ontarians who have been forced into unaffordable and often inadequate housing. And, as the province faces an economic downturn and possible recession in 2008, the big question is: How far will the housing insecurity spread?

Most people understand that the province's physical infrastructure – roads, water purification plants, and so on – require ongoing investments to maintain and upgrade. Ontario's social infrastructure – including its housing, incomes supports, education, childcare, health systems – also requires ongoing investments to preserve its quality, meet the needs of the growing precarious class of Ontarians, and to meet the growing needs of a growing population. As the U.S. economy continues to falter, Ontario's own economy remains threatened – which underlines the urgency of social investments. Not only do these investments meet real human needs, improving the quality of life of Ontarians, but they also provide a positive economic impact (increased economic activity and even increased revenues for government through additional taxes). All of this is even important in times of economic uncertainty or even recession. Ontario has a strong obligation to make the social investments, and it has a solid economic rationale, as well.

Good quality, affordable housing is a basic necessity for good health, and it is also vital for the social and economic health of the province. Investments in affordable housing deliver multiple dividends, including good homes, good jobs, increased taxes and positive economic activity.

The Wellesley Institute has produced a variety of research reports on key aspects of housing and homelessness. We have worked with Aboriginal housing and service providers to produce an Aboriginal housing report for the Greater Toronto Area. We have worked with a number of specific communities to produce specialized reports on housing issues ranging from supportive housing to housing for people with HIV/AIDS.

In 2006, the Wellesley Institute released our **Blueprint to End Homelessness in Toronto**, a collaborative research process that produced a detailed set of housing indicators for Toronto, and a series of practical and effective recommendations. The Blueprint model has been adopted and adapted by groups in a variety of other communities. A copy of the Blueprint is attached to this report and the more detailed Framework document, which includes statistics, indicators and detailed recommendations, is available on our web site at [www.wellesleyinstitute.com](http://www.wellesleyinstitute.com).

When it comes to housing, Ontarians are caught in a triple squeeze:

- sky-rocketing shelter costs are growing faster than incomes, which leaves Ontario households with higher expenses and limited money to pay for them – creating an *affordability squeeze*;
- a growing population, mainly due to immigration, is pushing up the need for new homes, but construction is mainly on the upper-end of the ownership and rental scale – creating a *supply squeeze*; and,
- specific populations (such as people with special needs who require supportive housing; Aboriginal people, including those who live in remote, rural, northern and urban areas; people who are absolutely homeless and those who are among the “hidden homeless”; racialized people; youth; women) are facing especially difficult challenges and require urgent attention, but government investment in housing initiatives remains inadequate – creating an *investment squeeze*.

A comprehensive, well-coordinated and fully-funded provincial housing strategy that offers a full range of tools to municipalities is urgently required – linked to a national housing strategy (which the federal government has failed to deliver since the devastating housing cuts and downloading of the 1980s and 1990s).

Ontario continues to set a series of dubious records when it comes to housing. Ontario has the highest shelter costs (a combination of rent or ownership costs, plus utilities) in the country. The number of Ontario households spending 30% or more of their income on housing (the danger line used by housing experts) has grown from 25.3% in 2001 to 27.7% in 2006. Median annual shelter costs jumped by 18.3% from 2001 to 2006, much faster than the 12.8% growth in median annual household income and well above the 11.26% growth in inflation in those years<sup>1</sup>.

Digging a bit deeper, one-in-five owner households spent more than 30% of their income on shelter in 2006, but almost half of all tenant households (44.6%) slipped into the affordability danger zone by 2006. Renter household incomes are about half those of owner households, so the high number of renters paying an extremely high amount for their housing means that they have little left over for other necessities such as food, energy, transportation, clothing, medicine and other basics.

Eight of the ten least affordable rental areas in Canada are in Ontario. The worst rental zone in the country is Windsor, and other Ontario communities in the top ten are (in descending order): Ottawa, Toronto, London, Hamilton, Oshawa, Sudbury and Kitchener<sup>2</sup>.

About 95% of Ontarians live in private market housing – 60% in ownership and 40% in rental. The remaining 5% live in social housing – including non-profit and co-operative homes. Most Ontarians are extremely vulnerable to trends in private housing markets (increases in rents and house prices). Therefore, it is important to carefully track the private markets and assess the growing gap between household incomes and market prices.

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<sup>1</sup> Housing statistics from Statistics Canada, Changing Patterns in Canadian Homeownership and Shelter Costs, 2006 Census, June 2008; inflation calculation from Bank of Canada.

<sup>2</sup> Canada Mortgage and Housing Corporation, Rental Affordability Indicator, fall 2007.

## Measurements and indicators

### Eroding affordability

Housing experts and academics agree that households should not spend more than 30% of their annual income on shelter<sup>3</sup>. Any more than that, and the household slips into the housing danger zone and won't have enough money to pay for the necessities, such as energy, medicine, transportation, food, clothing, childcare, education and other basics. The 30% threshold becomes less relevant for higher incomes (30% of a \$20,000 annual income leaves a lot less for necessities than 30% of a \$200,000 annual income).

### Key affordability indicator: Households spending 30% or more on shelter<sup>4</sup>

	All households			Owner households			Renter households		
	2001	2006	change	2001	2006	change	2001	2006	change
Ontario	25.3%	27.7%	+9.4%	17.3%	20.8%	+20.2%	42.2%	44.6%	+5.7%

More than one-in-four Ontario households were spending 30% or more of their household income on shelter in 2006 – up almost 10% from 2001 and the highest percentage in all of Canada. This represents both a key indicator of housing stress, and also helps to frame a key policy objective – which is to reduce the number of households paying 30% or more.

While it is important to measure the overall number of households in a precarious state (prevalence), it is also necessary to measure the depth of affordability distress (scale). The Wellesley Institute has created a new indicator called the housing affordability index which measures the distance between incomes and shelter costs for households at the 20<sup>th</sup> and 40<sup>th</sup> percentile. The private market is used as the benchmark because 95% of Ontario households are required to find a home in the private housing market.

### Sub-indicator: Measuring the housing affordability index<sup>5</sup>

As already noted, the 30% threshold has deeper bite for households with lower incomes. The Ontario Ministry of Municipal Affairs and Housing has produced a series of tables on affordable rents and affordable ownership costs for the 40% of Ontario households in the bottom two income quintiles. Drawing from those tables, the Wellesley Institute has calculated an index of housing affordability for renters and owners in this most precarious class. The full tables are included in an appendix.

A detailed calculation of the rental housing affordability index for the 507,452 households in 43 regions and counties (virtually all of the province) for the first two income quintiles (the bottom 40% of renter households in Ontario) puts the total gap at \$1.65 billion in 2006. The conclusion: Market rents have rapidly outpaced the incomes of the 40% of Ontarians in the bottom two income quintiles – the gap is large and it is growing.

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<sup>3</sup> In the 1980s and earlier, the threshold level was generally set at 25%.

<sup>4</sup> Statistics Canada, Changing Patterns in Canadian Homeownership and Shelter Costs, 2006 Census

<sup>5</sup> Sources: Ontario Ministry of Municipal Affairs and Housing, Provincial Policy Statement 2005, Housing Data, Affordable House Prices and Rents, 2006; plus dwelling counts from Statistics Canada and additional calculations from the Wellesley Institute.

The detailed snapshot of Ontario’s cities, regions, counties and districts puts Toronto at the top of the list with the greatest affordability gap for the poorest one-fifth of renter households (\$572), with ten other communities in the \$400-plus range: York (\$443); Durham (\$431); Peel (\$425); Dufferin (\$414); Peterborough (\$414); Frontenac (\$413); Haliburton (\$411); Kawartha Lakes (\$411); Halton (\$402); Ottawa (\$401). These are the rental housing affordability hot-spots.

### Rental housing affordability index: \$1.64 billion

Market rent	Afford rent 20 <sup>th</sup> percentile	Afford index 20 <sup>th</sup> percentile	Afford rent 40 <sup>th</sup> percentile	Afford index 40 <sup>th</sup> percentile	Total gap: 20 <sup>th</sup> + 40 <sup>th</sup>
<b>\$700</b>	<b>\$377</b>	<b>\$1,317,320,698</b>	<b>\$625</b>	<b>\$321,524,458</b>	<b>\$1,638,845,155</b>

In the private ownership market, lower mortgage rates and a relatively good supply of new homes has helped to move more households into owned homes in recent years, but as house prices rapidly outpace owner household incomes, affordability is rapidly eroding. The Statistics Canada affordability numbers cited above show that the number of owners paying 30% or more of their income on shelter grew by 20.2% from 2001 to 2006.

RBC Economics tracks ownership affordability across the country on a quarterly basis, and its most recent report (March 2008) reports that “affordability conditions deteriorated across all home segments but the pace of deterioration slowed”<sup>6</sup>. In other words, affordability problems are continuing to get worse, but the rate of decline is not quite as bad.

A detailed calculation of the ownership housing affordability index for the 1.3 million households in the bottom two income quintiles in 43 communities across Ontario puts the total gap at \$148 billion – a huge chasm between what these households can afford to pay based on their annual incomes, and the private market price for a home in their community. The local snapshot reveals that the ownership affordability hot-spots for households in the bottom 20<sup>th</sup> percentile: Toronto (\$269,000); Halton (\$249,500); York (\$224,000); Haliburton (\$222,000); Muskoka (\$207,000); with another 16 communities in the \$100,000-plus range.

### Ownership housing affordability index: \$148 billion

Market price	Afford own 20 <sup>th</sup> percentile	Afford index 20 <sup>th</sup> percentile	Afford rent 40 <sup>th</sup> percentile	Afford index 40 <sup>th</sup> percentile	Total gap: 20 <sup>th</sup> + 40 <sup>th</sup>
<b>\$195,442</b>	<b>\$86,802</b>	<b>\$97,376,716,000</b>	<b>\$153,360</b>	<b>\$50,697,222,000</b>	<b>\$148,073,938,000</b>

However, as already noted, homeowners on average have incomes that are double those of tenants, so affordability is – in relative terms – less severe.

### Inadequate supply

Ontario needs a constant supply of new housing to deal with a number of specific needs:

- the growth in the number of households due to population growth;
- replacement of inadequate housing;
- new homes for those who are crowded into existing housing (such as two or more households in dwellings that can safely accommodate one);
- people who are homeless, including the “hidden homeless”.

<sup>6</sup> RBC Economics, Housing Affordability, March 2008

Ontario's population will climb to 16.5 million over the next quarter century, according to the reference scenario calculated by the Ontario Ministry of Finance<sup>7</sup>. To properly house that population using current average household size, the province will need almost 1.4 million new homes by 2031. Under the current tenure split (40% renter / 60% owner), the province will need an average of 23,000 new rental homes and 34,000 ownership homes annually.

A total of almost 301,000 Ontario homes require major repairs, according to Statistics Canada, although it is not clear how many of these homes can be brought to a proper standard, and how many are uninhabitable and need to be replaced<sup>8</sup>.

There are no reliable estimates on the number of "hidden homeless" in Ontario – the number of people who are crowded into temporary shelter, "couch-surfing" with family or friends or otherwise living in over-crowded housing. Some estimates range from 87,000<sup>9</sup> to 160,000<sup>10</sup>.

There has been a relatively strong production of new ownership housing in recent years in Ontario (more than 55,000 ownership units were completed in 2007), but a very weak private rental market (just 3,128 new rental homes in 2007) and very little new social (or government-assisted) housing<sup>11</sup>. The Ontario government reported that 2,312 affordable homes were under construction as of June 2008<sup>12</sup>, and the federal government has reported that it assisted 3,173 new housing units in Ontario in 2007 (some of which may be included in the Ontario numbers)<sup>13</sup>.

### **Dwindling housing investments**

The population is increasing, housing needs are growing, but the provincial government's investment in housing has dropped substantially. The province off-loaded much of the cost of the province's social housing programs to municipalities in the late 1990s (with the full effect kicking in during 2001 and 2002). With affordability eroding in the private rental and ownership housing markets, and government investment shrinking, low, moderate and middle-income households have been trapped in increasing housing insecurity.

Ontario spending on housing and housing-related programs and services is scattered through several ministries and is not co-ordinated. For instance, supportive housing services are funded mainly by the Ministry of Health and Long-term Care, though this funding responsibility is being downloaded to Local Health Integration Networks (LHINs). A number of affordable housing programs, including some supportive housing, are offered by the Ontario Ministry of Municipal Affairs and Housing and have been downloaded to municipal service managers (MSMs) throughout the province. The boundaries for the LHINs and the MSMs do not coincide, which leads to problems in co-ordinating service and housing funding. The province's main housing benefit – the shelter allowance portion of the income assistance programs – is delivered by the Ministry of Community and Social Services through local service managers, but the Ministry of

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<sup>7</sup> Ontario Ministry of Finance, Population Projections, 2007 to 2031

<sup>8</sup> Statistics Canada, Census of Canada, 2006

<sup>9</sup> Statistics Canada, Census of Canada, 2006, Dwellings with More than One Person Per Room

<sup>10</sup> Statistics Canada, Census of Canada, 2001, Households Below Suitability Standard

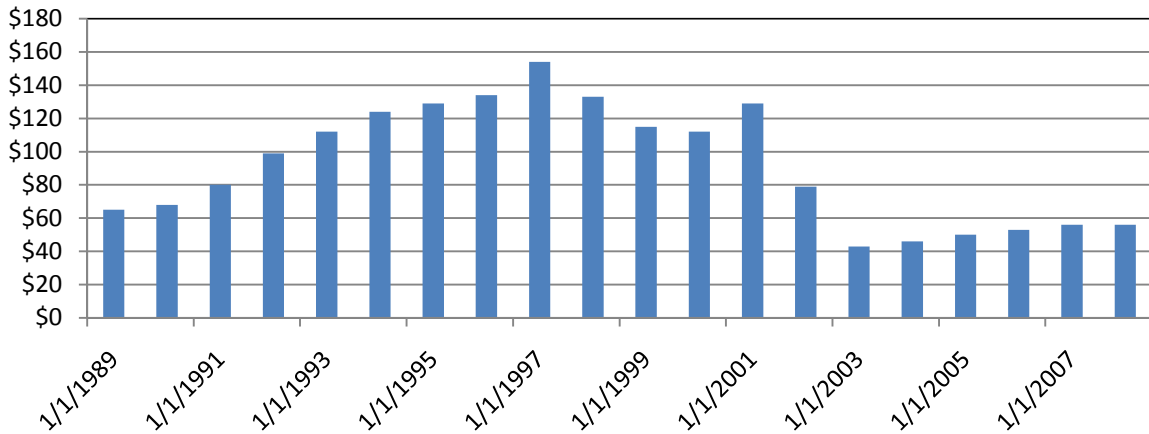
<sup>11</sup> Canada Mortgage and Housing Corporation, CHS – Residential Building Activity, 2007

<sup>12</sup> Ontario Ministry of Municipal Affairs and Housing estimate as of June 27, 2008

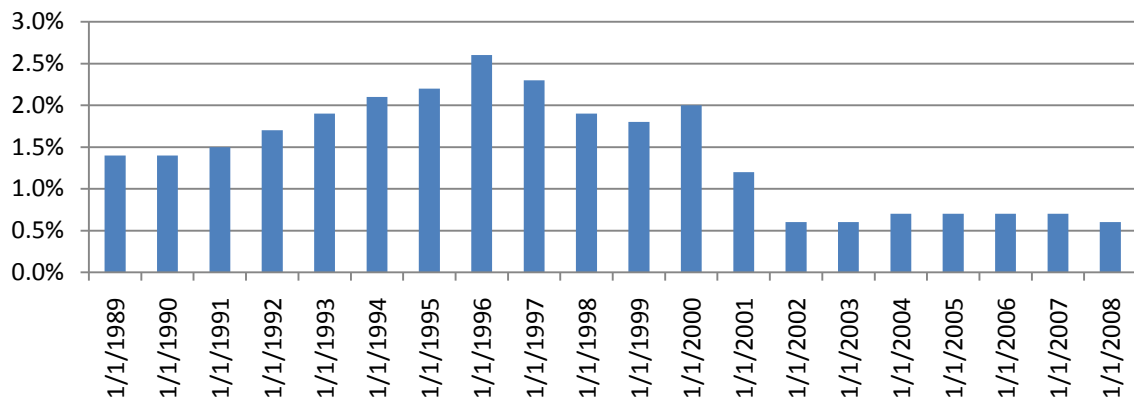
<sup>13</sup> Canada Mortgage and Housing Corporation, CHS – Public Funds and National Housing Act, 2007

Municipal Affairs and Housing has a modest housing allowance program and also has downloaded housing allowances to municipal service managers.

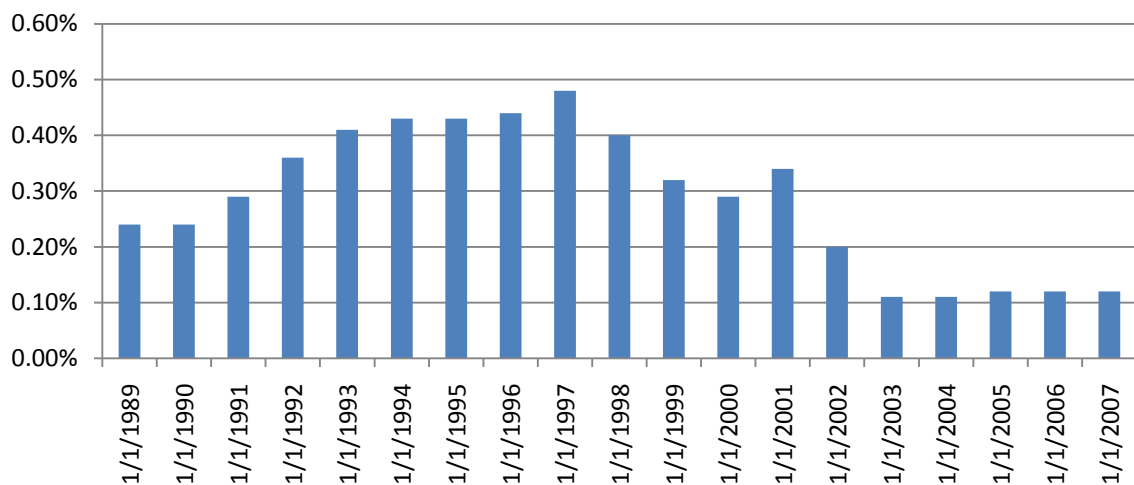
**Key indicator: Per capita spending on housing**



**Sub-indicator: Housing spending relative to overall spending**

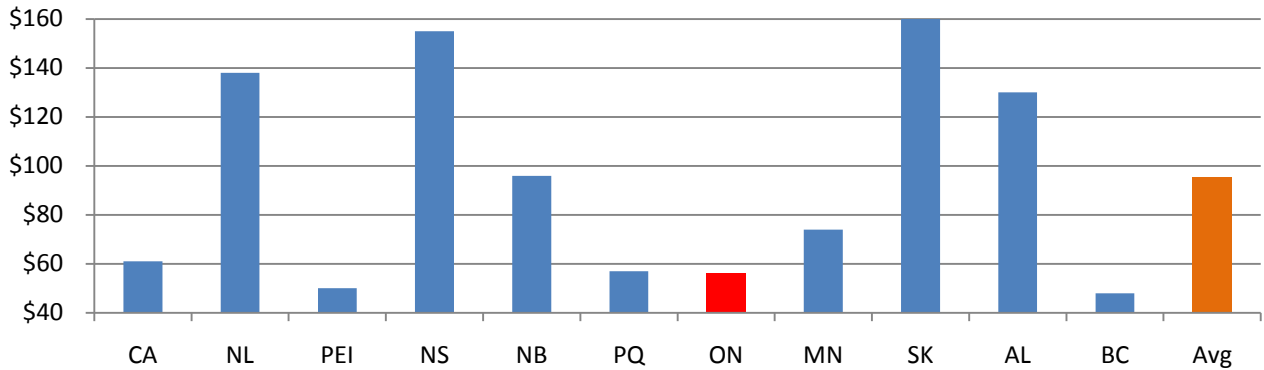


**Sub-indicator: Housing spending relative to GDP**



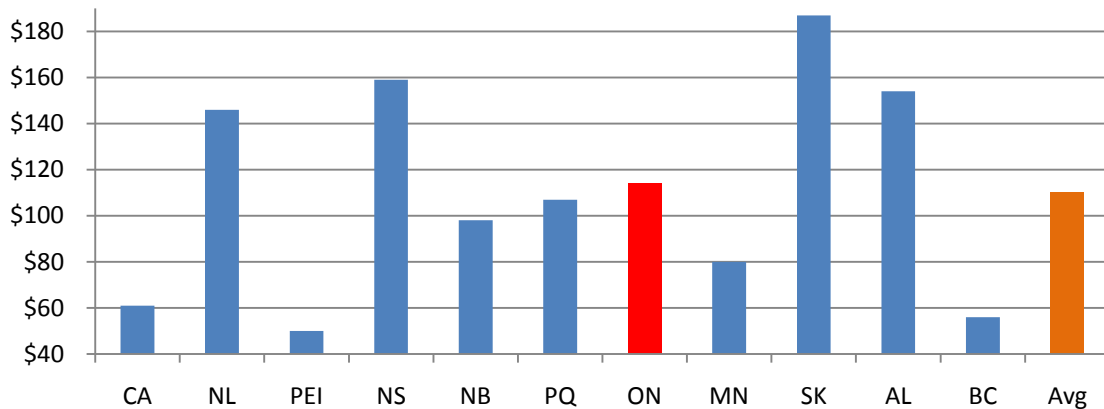
Ontario’s spending on housing is well below average, compared to other provinces and territories, and the federal government. The tables at the end of this report, drawn from Statistics Canada reports of government spending and revenue, provide the full details.

**Sub-indicator: Per capita housing spending – Canada and provinces**



Ontario officials assert that, with the downloading of substantial housing funding and programs to municipalities in the late 1990s, municipal housing spending needs to be taken into account. But Ontario is not alone in expecting local governments to pay a share of housing costs – nine of the ten provinces all require or expect a municipal contribution in housing funding, with significant municipal contributions in Newfoundland and Labrador, Quebec, Manitoba, Alberta and British Columbia (as well as Ontario). Add in municipal housing spending, and Ontario just reaches the provincial average for per capita housing spending, with Newfoundland and Labrador, Nova Scotia, Saskatchewan and Alberta still far ahead.

**Sub-indicator: Per capital housing spending (municipal contributions added)**

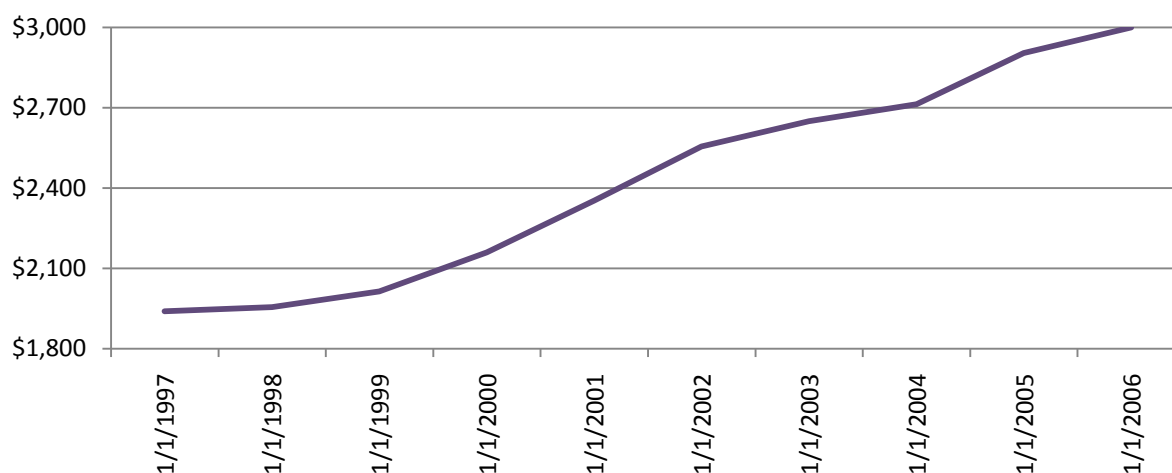


**Rising cost of energy**

The cost of energy and utilities has grown much faster than general shelter costs, even before the energy price spirals of 2007 and 2008. Statistics Canada, in its Survey of Household Spending, reports that median household spending on water, fuel and electricity grew by 55% from 1997 to 2006 – much faster than the increase in accommodation costs for owners or renters – and more

than double the rate of inflation. The Low Income Energy Network reports that the high cost of energy is the second-leading cause of evictions among renters in Ontario.

### Sub-indicator: Median cost for water, fuel and electricity (Ontario)



### A “joined up” housing agenda

The massive housing funding cuts, program cancellations and downloading at the federal and provincial levels in the 1980s and 1990s has led to a fractured and fragmented set of housing initiatives. The emerging patchwork of funding and programs in more recent years has not been co-ordinated and they are not very effective. Housing developers and service providers are required to navigate difficult and confusing approval processes, which adds time, complexity and ultimately a great deal of cost for each new, desperately-needed housing project.

Housing and homelessness policy, in order to be effective and efficient, needs to be “joined-up” across levels of government; among government departments and ministries; linked to municipalities, non-profit and private interests; respectful of the cultural and historic relationships of Aboriginal people; relevant to the needs of racialized communities; responsive to the special physical and mental health needs of a variety of people; cost-effective and administratively efficient for project sponsors and government administrators; and – most importantly – properly and fully funded.

To give a few examples:

- a housing benefit for renters in the private sector without effective rent regulation risks being a costly failure;
- new supply initiatives could fail to produce a net increase in new housing without controls on the demolition and conversion of existing housing; and,
- increased funding for new support services may not be taken up if this is not tied to new supply and affordability programs (or the supportive housing may simply displace other affordable housing).

## An agenda for action

“A shortage of housing is not a new phenomenon... So far Canadian communities have met this situation in an entirely negative manner; some of their citizens have been expected to lower their standard of living and lower their standard of housing. The poorest families have had to occupy undesirable housing and pay the rent that it has commanded even though this has been greatly in excess of their real capacity... The crucial and ultimate test of the effectiveness of housing policy is the condition of the worst housed families in our communities... Obviously the most convenient and economical way of providing the community with an adequate supply of decent accommodation is through the economic market for new housing... Unhappily, any study of the economic factors involved seems to lead inevitably to the conclusion that a balance of incomes and housing costs is most unlikely to be established at a level which would produce an adequate supply of housing... If this conclusion is well founded it will be necessary to devise a means whereby a larger proportion of the national income may be directed into the production of housing. It will be necessary to supplement the supply of housing created by the private market.”

Humphrey Carver, *Houses for Canadians*, University of Toronto Press, 1948

Humphrey Carver, one of Canada’s leading housing policy experts in the middle of the 20<sup>th</sup> century, noted in 1948 that the private sector alone – even with incentives – is not be able to meet all the housing needs of Canadians. He called for investments by the senior levels of government in non-market housing (co-operative and non-profit homes) to supplement measures to improve affordability in the private markets. The federal government, and the Ontario government, invested in a series of successful, cost-effective housing initiatives from the late 1940s until the cuts of the 1980s and 1990s. The Wellesley Institute’s agenda for action on housing builds on successful housing policies of the past and looks to the future.

The two key policy directions:

- **improve affordability and supply in the private markets through direct grants, tax spending and/or other benefits, plus effective regulation and legislation.**
- **increase the supply of co-operative, non-profit, supportive and other non-market housing with direct grants, tax spending and/or other benefits.**

## Securing affordability

As noted in the WI affordability indices for private rental and private ownership housing, the gap between what low, moderate and even middle-income households can afford to pay, and what private markets are charging, is wide and it is growing. There are three specific tools that can bridge the affordability gap:

- a **universal housing benefit** for low, moderate and middle-income Ontarians;
- **effective rent regulation and tenant protection laws** to protect tenants from predatory practices and to shield against the inflationary impact of housing benefits; and
- **rent-geared-to-income subsidies** for households living in non-market housing.

## Recommended action #1: A universal housing benefit

A working group of various non-governmental organizations is working on a proposal for a universal housing benefit for Ontario. The Wellesley Institute supports this initiative.

Housing benefits in various forms – such as shelter allowances and rent supplements – have been part of governmental housing policy and programs for many years. The Progressive Conservative Party of Ontario, in its 1995 election manifesto called the Common Sense Revolution, promised “a shelter subsidy program for all Ontarians who need help in affording a decent level of shelter.” In October of 1995, the provincial housing minister, Al Leach, rose in the Ontario Legislature to state: “We... committed to introduce a shelter subsidy program to assist those members of our society who truly require help in their housing needs. I can guarantee you that we will live up to that question as well.” He added: “The minister and the ministry, as we speak, presently are developing the details of the program. It’s going to be an extensive program, as I mentioned. We’re going to ensure that it will provide benefits to tenants, benefits they don’t have now, protection they don’t have now. I’m very pleased to advise that we will be bringing forward a program for the shelter allowances perhaps very early in the new year, as quickly as the people in the ministry can get the facts together...”

In the late 1990s, the Ontario government brought forward a modest shelter allowance program, funded by federal housing dollars, but not the universal shelter subsidy promised in 1995.

Other small shelter allowance programs have been introduced over the years in Ontario, including a very modest initiative in 2007 – again funded by federal housing dollars – to provide \$100 per month to a very select group of low-income Ontarians (working families with children). The 2007 program, called ROOF, came in response to a political promise made during the 2003 election campaign.

The political history of housing benefits in Ontario suggests that they are popular to promise, but hard to deliver. The three fundamental challenges in designing a housing benefit program are:

- **a truly universal benefit is costly to deliver**, as the Wellesley Institute’s affordability index demonstrates. In order to cut costs, policy-makers are tempted to restrict eligibility, cap contribution levels, set maximum rent levels that are considerably below actual rents and other design considerations. As more restrictions are introduced, the practical value of the housing benefit to lower-income households drops considerably.
- since most lower-income Ontarians (who are the primary target for a housing benefit) live in private market housing, **the cost of a universal benefit increases substantially over time**. In the short-run, housing benefits seem like a financial bargain compared with investments in new social housing. Over the medium to long-term, the cost to governments and taxpayers of housing benefits is greater than the cost of investing in new, non-market supply (co-operative and non-profit housing).
- economic research in the United States, which relies heavily on housing benefits to help achieve affordability, demonstrates that housing benefits have **an inflationary impact on the overall rental markets**. Economist Scott Susin, who studied the inflationary impact of rent vouchers in the 90 largest metropolitan areas in the US, has concluded: “Vouchers have caused an \$8.2 billion increase in the total rent paid by low-income non-recipients, while

only providing a subsidy of \$5.8 billion to recipients, resulting in a net loss of \$2.4 billion to low-income households.”<sup>14</sup>

To be effective and efficient, and to meet the three core challenges, a housing benefit needs to:

- reflect the **actual gap** between affordable and market rents;
- be **twinned with a long-term supply** initiative; and,
- be incorporated into an effective system of **rent regulation and tenant protection**.

### **Recommended action #2: Strengthen tenant protection and rent regulation laws**

Ontario’s current rent regulation laws provide some protection from predatory practices by private landlords while the tenant occupies a rental unit, but there is no regulation of vacant properties (called “vacancy de-control”) and new properties. According to Statistics Canada, Ontarians are highly mobile. More than 13% of households move annually, and more than 41% move over a five-year-period<sup>15</sup>. Landlords can rapidly increase rents on vacant rental units (which is one reason why annual renting costs tend to increase faster than the rent increase guideline allowed under Ontario’s rent regulation laws), and vacant units can also be more easily converted or demolished for financial gain.

### **Recommended action #3: Increase rent subsidies for social housing providers**

Ontario’s co-op and non-profit housing provide some of the most cost-effective housing in the province, and annual increases tend to be lower than in the private rental market (especially in non-profit co-ops, where residents meet annually to set their housing costs). Changes in programs and complicated funding formulas have reduced the amount of rent-geared-to-income subsidies available to many social housing providers, which means that they are able to provide homes for fewer low-income households. Increasing rent subsidies to social housing providers is a quick and efficient way to increase housing affordability across the province.

### **Recommended action #4: Adopt a comprehensive energy poverty plan**

The rising cost of energy and utilities is having a major impact on lower-income households. Ontario has a modest energy bank initiative to provide short-term financial assistance to households at risk of losing their homes due to rising energy costs. It is a certainty that energy and utility costs will continue to increase, and likely will continue to outpace the rate of inflation, even as incomes for many Ontarians stagnate or decline. While there are modest energy conservation measures that all households can take (such as energy efficient light bulbs, better shower-heads, wise monitoring of energy use), lower-income Ontarians lack the financial means (and, in the case of tenants, the legal ability) to tackle the biggest energy issues in their homes, which include appliances, building envelopes and windows, alternative energy, heating and hot water. The Low Income Energy Network has proposed a comprehensive low-income energy assistance program and a low-income energy conservation initiative – and the Wellesley Institute supports these as part of a provincial housing strategy.

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<sup>14</sup> Scott Susin, *Rent Vouchers and the Private of Low-Income Housing*, Berkeley Program on Housing and Urban Policy, Working Paper Series No. 1005, 2006.

<sup>15</sup> Source: Statistics Canada, Census of Canada, 2006.

## Securing new supply

Canadian housing expert Humphrey Carver, writing in 1946, suggested a simple formula to calculate the amount of new affordable housing required<sup>16</sup>:

**Total new housing needed**, equals:

Amount to make-up the **accumulated shortage**, plus,  
Amount to **restore vacancy rates** to healthy levels, plus,  
Amount to house the **growth in population**, plus,  
Amount required to **replace substandard housing**, plus  
Amount for **normal replacement of aging housing**.

## Recommended action #5: Set annual targets for new housing supply

Ontario should set annual targets for new housing supply and monitor the production of new homes to evaluate the adequacy of new supply. These targets should be costed and the necessary investments should be made to meet the annual goals. There are two major ways to increase supply, and both are necessary for a new provincial housing strategy:

- more effectively regulate private housing developers through **mandatory inclusionary housing practices**, and
- increase the investments in **new non-profit and co-operative housing**.

## Recommended action #6: Mandatory inclusionary housing practices

The Ontario Ministry of Municipal Affairs and Housing, through Provincial Policy Statement 2005, requires municipalities to create plans to meet the full range of their housing needs over a 10-year period. However, municipalities – which require explicit authority from the province to take on new initiatives – are not able to adopt mandatory inclusionary housing practices (as used in literally hundreds of U.S. cities). There are many different mechanisms, but the common feature among successful inclusionary practices is that they require all new housing developments to include a mix of homes for a range of incomes. To offset the cost of this affordable housing, the municipality allows the developer extra density (which means more housing units, and more dollars). Higher density prevents urban sprawl and has a number of environmental and land use advantages. Several Ontario municipalities have expressed interest in inclusionary housing practices, and the Regional Planning Commissioners of Ontario has urged the government to give municipalities the authority to adopt these measures.

Construction of 68,123 new homes was started in Ontario in 2007<sup>17</sup>. If municipalities across the province had adapted an inclusionary housing policy similar to the model that has been in place in Montgomery County, Maryland, for two decades, then there would be almost 12,500 new affordable homes across the province from 2007 alone.

The extensive U.S. experience with inclusionary housing practices shows that most of the new affordable homes are close to or just below the low-end of the private markets. They meet a critical need – especially for workforce housing for moderate and middle-income households that otherwise cannot find a home in the private markets. But inclusionary practices alone are not

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<sup>16</sup> Humphrey Carver, *How Much Housing Does Greater Toronto Need?*, Toronto: Metropolitan Toronto Housing Research Project, 1946.

<sup>17</sup> Canada Mortgage and Housing Corporation, *CHS – Residential Building Activity*, 2007

sufficient to meet the housing needs of Ontarians. They must be combined with affordability measures and a social housing investment strategy.

### **Recommended action #7: Increase investment in co-op and non-profit homes**

Co-op and non-profit housing have a long history of success in Ontario, and they continue to provide good quality and cost-effective housing to hundreds of thousands of people. The old investment programs (created by the federal and provincial governments, and sometimes cost-shared among the two) delivered a great deal of housing, but they were administratively cumbersome and complex. The provincial government in the late 1990s, when it decided to download most housing programs to municipalities, said that it wanted to simplify administration through the *Social Housing Reform Act*. The provincial government tore up legal contracts with housing providers and unilaterally re-wrote the basic rules, but ended up substituting one complex administrative burden with another complex administrative burden. The SHRA needs an overhaul, and sector organizations representing housing providers – including the Co-operative Housing Federation of Canada, Ontario Region, and the Ontario Non-Profit Housing Association – have valuable ideas.

The Ontario government also needs to ramp up its investments in new co-op and non-profit housing. The McGuinty Liberals promised in the 2003 provincial election that they would fund 26,600 new units of co-op and non-profit housing. As of June 27, 2008, the Ontario Ministry of Municipal Affairs and Housing reports that it is less than half way towards meeting the targets set five years ago: 7,773 new affordable homes are occupied or under construction, and 3,729 are awaiting planning approval.

Capital spending on the provincial affordable housing program has dropped sharply in the past year after several years of modest increases: \$110 million in 2005; \$189 million in 2006; \$212 million in 2007; and back down to \$132 million in 2008. A significant part of this funding comes from federal or other sources. The provincial contribution to the affordable housing capital program was \$30 million in 2005; \$18 million in 2006; \$30 million in 2007; and \$36 million in 2008<sup>18</sup>. The 2008 Ontario budget promised \$100 million in new funding for social housing repairs (the estimated repair bill across the province is more than \$1 billion), and the budget sets out a 6% cut in spending at the Ministry of Municipal Affairs and Housing.

Ontario housing spending, as already noted, is well below 1% of overall provincial spending. The provincial government should increase its direct investment in new co-op and non-profit housing as part of a comprehensive housing strategy.

### **Recommendation #8: Aboriginal housing under Aboriginal control**

While Aboriginal people have an historic and treaty relationship with the federal government, the provincial government should also recognize that a significant majority of Aboriginal people are living in urban, rural, remote and northern parts of Ontario. Aboriginal people make up a small proportion of the overall population, but they experience a significant housing burden. Aboriginal housing under Aboriginal control is not only an important value, but it is the most effective way to ensure Aboriginal people have the homes that they require. Ontario is slow, compared to other provinces, is recognizing the need for specific structures to meet the housing

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<sup>18</sup> Sources for capital funding are Government of Ontario, Expenditure Estimates, 2005 to 2008

needs of Aboriginal people. The Aboriginal Housing Management Association was created by Aboriginal people and has been given management responsibility by the British Columbia government for a number of housing projects. The B.C. government also offers AHMA capacity-building support. The Ontario government needs to set a specific target for Aboriginal housing in new supply initiatives, and to work with Aboriginal housing groups to create an Aboriginal-controlled development and management structure.

### **Recommendation #9: Funding for repair and rehabilitation of existing housing**

Ontario's existing housing is aging. According to Statistics Canada's 2006 Census, more than two-thirds of the province's homes (or a total of 3.1 million dwellings) are more than 20 years ago. As buildings age, the natural wear and tear plus other factors require increasing investments to ensure the housing remains habitable. Wealthier homeowners are able to make the capital repairs, but lower-income owners and renters don't have the financial resources – and, in the case of tenants, they usually don't have the legal authority to make repairs.

### **Meeting housing needs**

In addition to affordability measures and new supply investments, the Ontario government should recognize that there are a number of housing-related concerns that should be part of a provincial housing strategy, and a provincial poverty reduction strategy.

### **Recommendation #10: Supportive housing for people with special needs**

Many Ontarians have special physical or mental health needs and require supportive housing (that is, housing that includes non-housing supports such as personal and health care, harm reduction housing for those with substance use concerns). The Ministry of Health and Long Term Care has funded a significant amount of housing support services in recent years, but that responsibility has been downloaded to Local Health Integration Networks. The support service funding is not co-ordinated with the new supply funding, so supportive housing providers have to negotiate separately with different funders (LHINs for service dollars, and municipal service managers for housing dollars).



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**The Wellesley Institute** advances the social determinants of health through **community-based research**, **community engagement**, and the informing of **public policy**.

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RENTERS	20th	AR	40th	AR	AvR	AI	Annual	Index 20th	Index 40%	Total 20+40
City of Toronto	\$16,000	\$400	\$31,300	\$780	\$972	\$572	\$6,864	\$613,435,680	\$205,908,480	\$819,344,160
Durham Region	\$16,900	\$420	\$30,900	\$770	\$851	\$431	\$5,172	\$35,985,742	\$6,762,982	\$42,748,723
Halton Region	\$21,900	\$550	\$38,000	\$950	\$952	\$402	\$4,824	\$25,808,400	\$128,400	\$25,936,800
Peel Region	\$22,300	\$560	\$39,800	\$990	\$985	\$425	\$5,100	\$80,172,000	\$0	\$80,172,000
York Region	\$19,800	\$490	\$37,800	\$950	\$933	\$443	\$5,316	\$34,405,152	\$0	\$34,405,152
Greater Sudbury	\$12,800	\$320	\$20,100	\$500	\$615	\$295	\$3,540	\$1,239,000	\$483,000	\$1,722,000
City of Hamilton	\$13,700	\$340	\$22,400	\$560	\$677	\$337	\$4,044	\$49,878,696	\$17,316,936	\$67,195,632
City of Ottawa	\$17,300	\$430	\$33,000	\$830	\$831	\$401	\$4,812	\$106,869,708	\$266,508	\$107,136,216
Kawartha Lakes	\$14,100	\$350	\$23,000	\$580	\$761	\$411	\$4,932	\$4,917,204	\$2,165,484	\$7,082,688
Chatham-Kent	\$13,900	\$350	\$23,800	\$600	\$591	\$241	\$2,892	\$6,799,092	\$0	\$6,799,092
Niagara Region	\$14,000	\$350	\$22,900	\$570	\$696	\$346	\$4,152	\$34,303,824	\$12,492,144	\$46,795,968
Waterloo Region	\$17,300	\$430	\$30,700	\$770	\$775	\$345	\$4,140	\$43,283,700	\$627,300	\$43,911,000
Brant County	\$14,200	\$350	\$24,000	\$600	\$706	\$356	\$4,272	\$10,752,624	\$3,201,624	\$13,954,248
Dufferin County	\$16,200	\$410	\$27,300	\$680	\$824	\$414	\$4,968	\$2,821,824	\$981,504	\$3,803,328
Elgin County	\$15,100	\$380	\$25,200	\$630	\$645	\$265	\$3,180	\$4,827,240	\$273,240	\$5,100,480
Essex County	\$14,000	\$350	\$24,100	\$600	\$694	\$344	\$4,128	\$30,559,584	\$8,350,584	\$38,910,168
Frontenac	\$13,700	\$340	\$23,100	\$580	\$753	\$413	\$4,956	\$19,268,928	\$8,071,488	\$27,340,416
Grey County	\$13,900	\$350	\$20,900	\$520	\$638	\$288	\$3,456	\$5,546,880	\$2,272,680	\$7,819,560
Haldimand	\$14,600	\$360	\$23,500	\$590	\$595	\$235	\$2,820	\$4,170,780	\$88,740	\$4,259,520
Haliburton	\$13,800	\$350	\$18,600	\$470	\$761	\$411	\$4,932	\$897,624	\$635,544	\$1,533,168
Hastings County	\$13,900	\$350	\$22,600	\$560	\$695	\$345	\$4,140	\$11,811,420	\$4,621,860	\$16,433,280
Lambton County	\$13,800	\$350	\$22,200	\$550	\$642	\$292	\$3,504	\$8,752,992	\$2,757,792	\$11,510,784
Leeds / Grenville	\$14,500	\$360	\$23,500	\$590	\$614	\$254	\$3,048	\$5,117,592	\$483,552	\$5,601,144
L & A	\$14,400	\$360	\$22,800	\$570	\$605	\$245	\$2,940	\$1,802,220	\$257,460	\$2,059,680
Middlesex	\$13,800	\$350	\$23,600	\$590	\$712	\$362	\$4,344	\$50,942,088	\$17,168,328	\$68,110,416
Norfolk County	\$15,100	\$380	\$23,200	\$580	\$595	\$215	\$2,580	\$2,500,020	\$174,420	\$2,674,440
Northumberland	\$16,700	\$420	\$25,700	\$640	\$774	\$354	\$4,248	\$4,982,904	\$1,886,184	\$6,869,088
Perth County	\$16,900	\$420	\$29,000	\$730	\$674	\$254	\$3,048	\$4,349,496	\$0	\$4,349,496
Peterborough	\$14,000	\$350	\$22,400	\$560	\$764	\$414	\$4,968	\$13,349,016	\$6,577,776	\$19,926,792
Prescott / Russell	\$13,800	\$350	\$21,800	\$540	\$605	\$255	\$3,060	\$3,880,080	\$989,040	\$4,869,120
Prince Edward	\$13,900	\$350	\$25,300	\$630	\$605	\$255	\$3,060	\$1,190,340	\$0	\$1,190,340
Renfrew County	\$13,900	\$350	\$24,500	\$610	\$554	\$204	\$2,448	\$4,416,192	\$0	\$4,416,192
Simcoe County	\$16,300	\$410	\$28,500	\$710	\$790	\$380	\$4,560	\$26,904,000	\$5,664,000	\$32,568,000
S, D & G	\$13,800	\$350	\$20,600	\$520	\$602	\$252	\$3,024	\$7,169,904	\$2,333,064	\$9,502,968
Wellington	\$17,900	\$450	\$31,100	\$780	\$800	\$350	\$4,200	\$15,267,000	\$872,400	\$16,139,400
Algoma District	\$12,400	\$310	\$18,700	\$470	\$473	\$163	\$1,956	\$5,472,888	\$100,728	\$5,573,616
Cochrane	\$12,500	\$310	\$19,700	\$490	\$606	\$296	\$3,552	\$6,965,472	\$2,729,712	\$9,695,184
Kenora District	\$15,600	\$390	\$25,900	\$650	\$629	\$239	\$2,868	\$2,452,140	\$0	\$2,452,140
Manitoulin	\$11,900	\$300	\$19,200	\$480	\$615	\$315	\$3,780	\$756,000	\$324,000	\$1,080,000
Muskoka	\$16,500	\$410	\$25,300	\$630	\$718	\$308	\$3,696	\$2,964,192	\$846,912	\$3,811,104
Nipissing	\$13,400	\$340	\$20,000	\$500	\$625	\$285	\$3,420	\$7,811,280	\$3,426,000	\$11,237,280
Thunder Bay	\$13,600	\$340	\$19,900	\$500	\$627	\$287	\$3,444	\$10,831,380	\$4,792,980	\$15,624,360
Timiskaming	\$12,700	\$320	\$18,200	\$460	\$521	\$201	\$2,412	\$1,688,400	\$512,400	\$2,200,800
Ontario	\$15,042	\$377	\$24,979	\$625	\$700	\$323	\$3,879	\$1,317,320,698	\$326,545,246	\$1,643,865,943

OWNER	Inc 20th	AP20	Inc 40th	AP40	Avg price	AG20	AG40	Total
City of Toronto	\$23,400	\$79,000	\$44,300	\$149,500	\$348,000	\$269,000	\$198,500	\$49,796,697,500
Durham Region	\$37,400	\$126,500	\$63,200	\$213,500	\$253,000	\$126,500	\$39,500	\$5,308,016,000
Halton Region	\$42,000	\$141,500	\$70,200	\$237,000	\$391,000	\$249,500	\$154,000	\$10,517,631,000
Peel Region	\$40,400	\$136,000	\$65,600	\$221,500	\$311,000	\$175,000	\$89,500	\$14,836,598,500
York Region	\$42,900	\$145,000	\$71,600	\$241,500	\$369,000	\$224,000	\$127,500	\$17,105,044,500
Greater Sudbury	\$20,700	\$70,000	\$40,100	\$135,000	\$134,000	\$64,000	\$0	\$89,216,000
City of Hamilton	\$22,400	\$75,500	\$42,500	\$143,500	\$230,000	\$154,500	\$86,500	\$6,400,237,000
City of Ottawa	\$31,400	\$106,000	\$56,700	\$191,500	\$248,000	\$142,000	\$56,500	\$8,824,516,000
Kawartha Lakes	\$25,500	\$86,000	\$42,500	\$143,500	\$201,000	\$115,000	\$57,500	\$845,940,000
Chatham-Kent	\$23,500	\$79,500	\$43,000	\$145,000	\$127,000	\$47,500	\$0	\$301,910,000
Niagara Region	\$23,700	\$80,000	\$43,100	\$145,500	\$182,000	\$102,000	\$36,500	\$3,551,001,500
Waterloo Region	\$29,700	\$100,500	\$51,000	\$172,000	\$222,000	\$121,500	\$50,000	\$4,419,555,000
Brant County	\$24,500	\$83,000	\$43,200	\$146,000	\$182,000	\$99,000	\$36,000	\$956,475,000
Dufferin County	\$34,100	\$115,000	\$59,900	\$202,000	\$249,000	\$134,000	\$47,000	\$576,485,000
Elgin County	\$25,900	\$87,500	\$45,300	\$153,000	\$179,000	\$91,500	\$26,000	\$578,452,500
Essex County	\$2,600	\$88,000	\$48,400	\$163,500	\$163,000	\$75,000	\$0	\$1,707,375,000
Frontenac	\$22,700	\$76,500	\$42,100	\$142,000	\$196,000	\$119,500	\$54,000	\$1,379,325,000
Grey County	\$23,000	\$78,000	\$39,300	\$132,500	\$163,000	\$85,000	\$30,500	\$673,596,000
Haldimand	\$29,600	\$100,000	\$51,200	\$172,500	\$167,000	\$67,000	\$0	\$444,612,000
Haliburton	\$20,200	\$68,000	\$33,100	\$111,500	\$290,000	\$222,000	\$178,500	\$485,806,500
Hastings County	\$22,200	\$75,000	\$38,000	\$128,500	\$163,000	\$88,000	\$34,500	\$940,187,500
Lambton County	\$24,000	\$81,000	\$43,600	\$147,000	\$152,000	\$71,000	\$5,000	\$596,676,000
Leeds / Grenville	\$25,200	\$85,000	\$44,400	\$150,000	\$146,000	\$61,000	\$0	\$384,605,000
L & A	\$24,200	\$81,500	\$42,500	\$143,500	\$196,000	\$114,500	\$52,500	\$416,498,000
Middlesex	\$23,100	\$78,000	\$43,300	\$146,000	\$179,000	\$101,000	\$33,000	\$2,993,158,000
Norfolk County	\$23,800	\$80,000	\$43,300	\$146,000	\$167,000	\$87,000	\$21,000	\$418,932,000
Northumberland	\$26,200	\$88,500	\$44,200	\$149,000	\$208,000	\$119,500	\$59,000	\$916,419,000
Perth County	\$28,200	\$95,000	\$47,500	\$160,500	\$172,000	\$77,000	\$11,500	\$379,045,500
Peterborough	\$23,200	\$78,000	\$40,600	\$137,000	\$206,000	\$128,000	\$69,000	\$1,581,122,000
P & R	\$25,300	\$85,500	\$47,400	\$160,000	\$248,000	\$162,500	\$88,000	\$1,189,875,000
Prince Edward	\$25,300	\$85,500	\$40,900	\$138,000	\$156,000	\$70,500	\$18,000	\$147,972,000
Renfrew County	\$22,400	\$75,500	\$40,600	\$137,000	\$139,000	\$63,500	\$2,000	\$395,751,000
Simcoe County	\$28,700	\$96,500	\$50,000	\$169,000	\$223,000	\$126,500	\$54,000	\$4,589,754,000
S, D & G	\$21,600	\$73,000	\$37,700	\$127,500	\$124,000	\$51,000	\$0	\$330,531,000
Wellington	\$31,200	\$105,000	\$53,000	\$179,000	\$236,000	\$131,000	\$57,000	\$2,125,528,000
Algoma District	\$19,600	\$66,000	\$36,300	\$122,500	\$96,000	\$30,000	\$0	\$213,660,000
Cochrane	\$20,100	\$68,000	\$39,900	\$135,000	\$88,000	\$20,000	\$0	\$93,040,000
Kenora District	\$22,900	\$77,000	\$41,500	\$140,000	\$121,000	\$44,000	\$0	\$126,456,000
Manitoulin	\$15,400	\$52,000	\$29,700	\$100,000	\$134,000	\$82,000	\$34,000	\$92,800,000
Muskoka	\$24,600	\$83,000	\$40,900	\$138,000	\$290,000	\$207,000	\$152,000	\$1,371,380,000
Nipissing	\$19,200	\$65,000	\$35,800	\$121,000	\$146,000	\$81,000	\$25,000	\$502,440,000
Thunder Bay	\$23,100	\$78,000	\$44,600	\$150,500	\$121,000	\$43,000	\$0	\$391,171,000
Timiskaming	\$17,500	\$59,000	\$31,900	\$107,500	\$88,000	\$29,000	\$0	\$62,205,000
Ontario	\$25,177	\$86,802	\$45,440	\$153,360	\$195,442	\$108,640	\$46,128	\$149,057,696,000

