

For Information

DATE: February 9, 2011

REPORT TITLE: **BUILDING FOUNDATIONS: BUILDING FUTURES - ONTARIO'S LONG-TERM AFFORDABLE HOUSING STRATEGY**

FROM: Janet Menard, Commissioner of Human Services

OBJECTIVE

To provide Council with an overview of the recently announced Province of Ontario Long-Term Affordable Housing Strategy.

REPORT HIGHLIGHTS

- The Province of Ontario has introduced a strategy and proposed legislation that will fundamentally change the affordable housing system.
- The recommended changes increase local policy options and aim to reduce the administrative burden associated with social housing.
- The *Housing Services Act* will replace the *Social Housing Reform Act*.
- There are some challenges associated with the new strategy and proposed legislation.

DISCUSSION

1. Background

On November 29, 2010, the Province of Ontario released, "*Building Foundations: Building Futures – Ontario's Long-Term Affordable Housing Strategy*" (LTAHS). This long awaited strategy sets out the proposed new affordable housing framework for the Province, Service Managers and District Social Services Administration Boards across Ontario. This strategy was released after a lengthy consultation period and incorporates many recommendations that the Region and others made during the consultation phase and in groups such as the Provincial Municipal Fiscal Delivery Review (PMFSDR) and Housing and the subsequent Homelessness Consolidation Working Group (Human Services Implementation Steering Committee).

LTAHS and the related proposed enabling legislation, *Bill 140- Housing Services Act*, which replaces the *Social Housing Reform Act, 2000* is a very positive step that will attempt to streamline the administration of affordable housing in Ontario and initiate a process that recognizes housing in an integrated human services framework. It allows for greater program and policy flexibility and decision making at the local level. To its credit, LTAHS recognizes the important and complex roles that Service Managers play in the development and delivery of affordable housing systems in Ontario. Housing is considered across the

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entire continuum and no longer focuses solely on government administered or owned "social housing."

This report provides Council with an overview of LTAHS components and Bill 140. It is noted that Bill 140 is in second reading in the Ontario Legislature and some sections of the Bill may face amendment or removal. Royal assent is expected prior to the dissolution of the Legislature prior to the election on October 6, 2011.

While progressive in its approach, LTAHS does have some limitations and areas that will require further investigation and discussion. Some of these areas are reviewed later in this report. Staff will work closely with other Service Managers, through Ontario Municipal Social Services Association (OMSSA), the Province of Ontario and sector organizations, such as the Ontario Not-for-Profit Housing Association (ONPHA) to recommend amendments and changes that will strengthen the strategy, legislation and regulations. Concurrently, staff at the Region will review the implications of LTAHS and will begin to implement changes as appropriate. Update reports and discussion with Council will be undertaken as key policy decisions and changes are contemplated and implemented.

2. Long Term Affordable Housing Strategy: Key Components

As noted, Bill 140 will provide the legislative authority for the implementation of key components of the strategy. This section provides a brief overview of the components. Copies of LTAHS and Bill 140 are available from the Commissioner of Human Services.

The main components of the strategy are as follows:

a) Consolidation of Housing and Homeless Programs

Currently over 20 provincially funded housing and homeless programs exist that are administratively confusing and not harmonized. They are also difficult to access by clients and do not allow for much flexibility. The strategy aims to consolidate these programs and provide flexibility to municipalities in order to meet individual housing needs.

b) Simplifying Rent-Geared-To-Income (RGI) Calculations

The administration of RGI is complex and cumbersome. The strategy aims to eliminate over 60 criteria used to calculate RGI rent. The strategy includes moving to an annual RGI calculation process, using income tax information. It is assumed that this will reduce the costly administrative burden on Service Managers and housing providers. Discussions and analysis are underway to determine how this will be best undertaken and what, if any, the savings will result. Ideally this new approach will allow residents to keep employment earnings to increase their standard of living rather than having it clawed back for rent and will result in no loss of rental revenue by the Service Manager.

c) Local Housing and Homeless Plans

Service Managers will be required, with input from various community stakeholders including Councils, to develop comprehensive, multi-year plans that will focus on housing and homelessness. An annual report to the Province on the progress of these plans is expected. The first plan, which is supposed to be implemented over ten years,

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is due to the Province within one year of enacting Bill 140. Based on the current legislative plan, the Province plans to have Bill 140 enacted in January 2012, therefore, the local housing plan will need to be submitted by January 2013. Local plans are to be reviewed and updated every five years.

d) Performance Indicators

Recognizing the public investment and contribution to affordable housing, the strategy will require a consistent approach to reporting on key performance indicators. The Province will report annually using streamlined reporting criteria. Service Managers will also be required to create metrics and indicators that will demonstrate progress at the local level.

e) Improving the Waiting List System

In collaboration with the Province, Service Managers and stakeholders, a review and improvement of the waiting list system will be undertaken. This would include a review of best practices and a review of local circumstances that would promote greater flexibility and fairness in waiting list rules and reporting processes. The Province has committed to working with municipal partners and housing stakeholders to improve the performance of the current waiting list system for social housing, in order to make it more transparent, accountable and client-focused. Ideally the prime focus and response will be geared to serving those in greatest need.

f) Helping Victims of Domestic Violence

The Province's Special Priority Policy for victims of domestic violence will remain in place. The Province has committed to working with local municipalities to identify ways to improve this controversial policy area and seek alternative local housing options for clients requiring priority placement.

g) Protecting Non-Profit and Co-op Housing

The important role of non-profits (including Peel Living) and co-ops in Ontario is recognized in LTAHS. Proposed legislation specifically addresses matters of governance, management and capacity and options are offered to deal with providers that are facing challenges. Ideally the goal is to preserve accountable and fair community based governance. Linked to this is a review process for Service Manager decisions. Decisions related to resident rent calculation, subsidy suspension, eligibility, etc., could be reviewed using an independent and local review mechanism. This is one area in which more clarity is required, as it is a deviation from current practices.

h) Changes to the *Planning Act*

In an effort to assist with increasing housing options, LTAHS proposes changes to the *Planning Act* that will require local municipalities to amend or develop official plan policies to allow second units in new and existing developments.

Recommended amendments to the *Planning Act* related to second units would identify affordable housing as a "matter of provincial interest." This is a strong policy signal that if implemented will strengthen the ability of municipalities to implement housing policy

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through land use planning. Staff will need to work closely with local Planning departments to discuss the feasibility and practicality of these recommended changes.

While there are merits to these changes, staff recognizes that further consultation with the Province will be necessary in order to ensure that legislative revisions address municipal requirements.

The Provincial affordable housing strategy does not make any specific reference to other planning tools, such as inclusionary zoning. The strategy implies that there are many current planning and financial tools that could help municipalities to achieve affordable housing.

i) Ministerial Consents

Recognizing the financial interests, contingent liability and capacity of Service Managers and housing providers, new policies that will eliminate the need for many of the existing Ministerial Consents are recommended. This will streamline decision making and offer greater flexibility for projects owned by the service manager or provider.

j) Housing Services Corporation

Under proposed legislative changes, the Social Housing Services Corporation (SHSC) will be renamed the Housing Services Corporation (HSC). This independent non-profit organization will continue to offer housing providers commodities and services, such as investment and insurance and will see its mandate expanded to allow for additional optional services such as tenant property insurance, energy efficiency initiatives and financial literacy programs for tenants. The movement towards services and commodities for tenants will provide a welcomed enhancement for the Region's resident service model.

k) Asset Creation

An innovative component of the strategy is the concept of working with the Housing Services Corporation (formerly the Social Housing Services Corporation) and Service Managers to pilot an asset building program for those living in affordable housing. This program would promote financial savings without impacting RGI assistance that could be used for the purposes of education or vocational upgrades with a goal of promoting resilience and self sufficiency.

l) Long-Term Federal Involvement

LTAHS recognizes the need for the Federal government to play a partnership role in the provision of affordable housing. The strategy encourages the Federal government to create a framework that will allow long-term flexible funding for affordable housing.

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m) Services at the Landlord and Tenant Board

The strategy proposes the simplification of services at the Landlord and Tenant Board that would allow a more efficient and streamlined adjudication process.

3. Long-Term Affordable Housing Strategy: Challenges

Any attempt to reform the affordable housing system in Ontario is a formidable task. Since the devolution of housing to the Region in 2000, Council has been informed of the more difficult and complex issues that have resulted. The attempt to rectify this using LTAHS and the Bill 140 is a strong step in the right direction. However, upon early analysis there exist areas of caution that have been identified by service managers, providers and sector representatives. The Province has assured Service Managers that there will be a platform available for input and questions regarding the legislation and related regulations. It is the Province's intent to have both Bill 140 and the regulations enacted by January 2012. This is a very ambitious schedule and may not permit enough time for all of the necessary discussions and consultations. These concerns include:

a) No Commitment of Funding by Senior Levels of Government

Council has long argued that the property tax base is not the appropriate funding mechanism for affordable housing. That said, the Region has already provided considerable investments in affordable housing and continues to do so. This approach is simply not sustainable. LTAHS makes no reference or commitment by the Government of Canada or the Province of Ontario to take a role as an active operational and/or capital funder of affordable housing. Given that funding is required to increase and maintain the supply of affordable opportunities, the ability to reduce waiting lists requires the commitment of all three levels of government.

b) Lack of Provincial Coordination

The Region's movement towards Human Services Integration is an important component of our current business and budget planning processes. The alignment of services to assist the client by providing support and promoting resilience are the goals of the Human Services Plan, which has been approved by Council. This is something that cannot be achieved alone. It requires a strong integrated service and funding partnership amongst community based service/housing providers, and senior levels of government.

In order to effectively deliver new or existing housing programs in an integrated human services environment, there needs to be a formal recognition of the role that other ministries must play. The Ministry of Community and Social Services and the Ministry of Long-Term Care and Health have long played important roles in offering support to residents, albeit in an ad hoc or patchwork manner. In order to offer locally devised programs that will assist those often in greatest need, the traditional funding and program silos that exist need to be eliminated in order to ensure maximization of all available resources for clients. The province has provided assurance that these issues will be addressed through a newly formed committee of Health, Human Service Assistant Deputy Ministers.

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c) Information Technology and Human Capital

Transitioning to new methods of reporting, calculating rents and subsidies will impact current Information Technology systems and applications. Accessing information and sharing it also carries formal legislative requirements. By way of example, Bill 140 offers nothing to assist with the challenges caused by Municipal Freedom of Information Legislation that would ease the flow of client information across the various program areas. Additionally, nothing is recommended with respect to funding or tools to deal with the potential technological impacts that may arise as a result of these proposed changes.

Given that the transition to a new housing and homeless system will take years to devise and implement, there is nothing presented with respect to resources for training, staff recruitment and professional development. This transition requires capable and experienced staff to lead and guide their respective municipalities and will increase pressure on maintaining dedicated and capable staff throughout the process.

d) Asset Management

Council has been regularly informed of the needs and impacts of capital repairs, redevelopment opportunities and new development. Regrettably, LTAHS does not offer financing tools or new funding mechanisms to support necessary management and expansion of the affordable housing portfolio. Without programs like the Social Housing Renovation and Rehabilitation Program which helps to alleviate pressure on the housing providers depleting capital reserve funds and the absence of creative local solutions, the condition of the affordable housing stock will decline. Recognition of social housing properties as a public asset and offering sustainable financing tools in the strategy would be a positive step towards rectifying this issue. Of escalating importance is that by not recognizing social housing as a public asset, the pending expiration of mortgages and operating agreements may lead to those properties being lost from the affordable housing system. Unless provincial leadership is demonstrated in this area, the loss of true affordable housing stock may be imminent.

While none of the identified challenges are insurmountable, staff will need to work closely with the Province, Service Managers and sector organizations to ensure that they are addressed. Those areas dealing with funding and assets and questionable rule changes may require a formal deputation through the provincial legislative committee structure. Council and Intergovernmental Relations Advisory Committee (IRAC) will be kept apprised of discussions and advocacy positions will be developed as the legislative process unfolds.

CONCLUSION

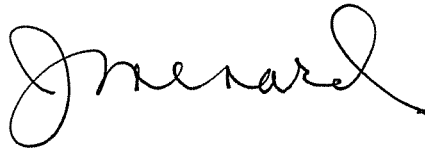
The reformation of the affordable housing system in Ontario and the potential of creating a system that will support integrated and locally driven service delivery is welcomed. The introduction of LTAHS and Bill 140 will ultimately result in fundamental changes to the affordable housing system in Ontario and in the Region of Peel. It completes the housing devolution process that began in 2000, and establishes a modern framework that will allow for integrated human services delivery in a way that is innovative and necessary. Further, it builds on the service delivery and accountability principles agreed to at the PMFSDR table.

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The provincial process includes municipal input through MMAH consultations, an advisory group and working groups. Peel staff are involved in all aspects of this involvement.

In addition, staff will be working in a close partnership with local stakeholders in the upcoming weeks and months to review and recommend changes to the strategy. While silent on funding for new housing, Council is reminded that the Federal government has committed to (but not announced) additional Affordable Housing Program dollars over the next three years. Certainly the inclusion of new funds would enhance the implementation of this new direction. Staff will continue to keep Council informed of emerging changes to the strategy and legislation through both formal reports and information newsletters.



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