

Sustaining Ontario Social Housing

GOAL

To foster healthy communities and quality of life for disadvantaged people by sustaining low rents and good repair in social housing.

Affordable housing for disadvantaged people is at risk

Housing that is affordable and in good condition is important for health and well-being. Non-profit, public, and co-operative housing provides this for disadvantaged people who cannot afford market rental. A first step is to preserve our existing affordable housing. Ontario needs an action plan, with ongoing provincial funding, to keep this housing affordable and in good condition as it gets older.

Background on Ontario's social housing

Ontario has about 260,000 social housing apartments and townhomes, including 205,000 with rents geared to income (RGI). It houses almost one-third of Ontario's low-income renters, including seniors, families, newcomers, and people with disabilities. Municipalities own about half of this housing, while community agencies and co-ops own the rest. One-quarter of GTA purpose-built rental apartment units are social housing.

Social housing in Ontario faces two large challenges: repair needs and a funding squeeze.

- Most social housing is 25 to 50 years old, and as it gets older it needs more major repair and retrofit to keep it in decent condition. Some of this housing is in disrepair, with a backlog of deferred maintenance.
- There is a funding squeeze. Since the 1990s in Ontario, municipalities provide a majority of the funding. The federal contribution has been rapidly phasing out. Municipalities have limited resources to cover this gap.

All levels of government have roles in social housing, but the provincial role is central. This housing operates under federal-Ontario agreements; Ontario's Housing Services Act lays out the role of municipalities in funding social housing, owning and operating it, and ensuring standards. Overall responsibility remains provincial.

The public funding that keeps rents low, and pays for repairs, is shared about one-third federal and two-thirds municipal. Ontario is the only large province that does not provide the majority of funding for its social housing. Ontario is the only jurisdiction in any affluent (OECD) country where municipalities are the main housing funders.

Ontario's *Long-Term Affordable Housing Strategy Update* (2016) recognizes the importance of social housing. Its goals include a "modernized framework" for it – more versatile rent assistance, coordination with other social services, local flexibility, and non-profit sector capacity. The funding gap and repair needs are not yet addressed.

Ontario and the federal government have both provided important time-limited capital funding, but keeping rent low and buildings in shape requires ongoing effort. Ontario needs an action plan with sustained provincial funding.

Social housing fosters health and well-being

Affordable housing of decent quality housing promotes good health and well-being. Poor-quality housing directly affects physical health, with more pests and allergens, toxins, injuries, and respiratory problems. Housing that is unaffordable also affects health and well-being. People use food banks as a way to afford the rent; choose low-quality neighbourhoods because other options cost too much; face stressful arrears and evictions; and experience forced moves that disrupt family life and lead to poor performance in school.

Social housing provides affordable rents to people with low incomes. For example, in 2016 an average unsubsidized Ontario tenant with \$10,000–\$20,000 income paid \$950 in rent. At the mid-point of this income bracket, this left \$300 monthly for food, transportation, clothing, children’s needs, recreation, and other costs. The same household in RGI social housing would have a more liveable \$875 left for all these other necessities.

Social housing offers other benefits too, including support services to seniors, people with disabilities, and women escaping domestic violence. People with irregular wages or low income get equal access and secure tenure.

Social housing is part of the social safety net that makes life less difficult for people with low incomes. Most Ontario social housing – despite contrary stereotypes – is integrated into diverse neighbourhoods. It is the main affordable rental option in many city centres, newer suburban areas, and small towns where rental is scarce.

While social housing is not the only way to provide affordable rents, increasingly it is the most cost-effective way. Because older, mortgage-free social housing breaks even well below market rents, it costs less to subsidize a tenant this way than in private rental. It makes sense to sustain this legacy of past Ontario investments.

If social housing is not properly funded, Ontario communities will see more of the disrepair and loss of housing that is now happening. Building quality will decline further, and we will see more of the consequences that are already occurring. For example, municipal providers will decide to close, sell or demolish buildings that are most costly to repair. Non-profits whose funding expires may decide to operate on a market basis. Municipalities may look to meet their service level (their minimum number of rent-subsidized units under the Housing Services Act) by subsidizing tenants in market rental. Given the higher costs of this option, there will be pressure to contain spending by providing less assistance per household. Scarcity of decent-quality social housing will lead to larger demand and supply of down-market options with adverse health impacts – such as lower quality private rental apartments, overcrowding to afford the rent, basement apartments, or rented rooms.

Ontario needs an action plan with provincial funding

Ontario needs a provincial action plan with funding sustained over time. A solution to this challenge cannot rely primarily on federal leadership and funding, or on municipalities. The new National Housing Strategy (NHS) responds to rising concerns about affordable housing and presents opportunities for strategic moves by Ontario.

Ongoing Ontario funding is required for social housing – not only federal and municipal contributions. Funding needs to keep pace with population growth and rising housing costs. Federal NHS announcements include a promise to stop the phase-out of federal social housing funding, and this can help. Provincial funding could take different forms: cost-sharing of social housing rent subsidies; grants for repair and retrofit; or reinstated equalization for municipalities with high per-capita subsidy costs or low tax revenues.

Over the past decade, \$1.9 billion in annual social program costs have been “uploaded” from municipalities to the provincial government, which is the right place for such programs. Similar steps are now needed in housing.

Conclusion

Ontario needs an action plan and funding strategy to sustain affordable rents and good repair in social housing, which is home to one-third of low-income Ontario renters. Disrepair, a funding squeeze, and the National Housing Strategy create a new mix of challenges and opportunities. The Ontario government must recognize that it has the main strategic responsibility in this matter, and must contribute significant funding just as other provinces do.

Wellesley Institute (2016) *Submission to the Province of Ontario: Long Term Affordable Housing Strategy Update* www.wellesleyinstitute.com/wp-content/uploads/2015/07/Long-Term-Affordable-Housing-Strategy.pdf, SHS Consulting (2016)

National Housing Collaborative Social Housing Research Paper www.nhc-cpl.ca/wp-content/uploads/2016/08/Social-Housing-Research-Paper-FINAL-Oct-13-2016.pdf

