



INFORMATION REPORT

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	April 25, 2016
SUBJECT/REPORT NO:	Update to the Ontario Long Term Affordable Housing Strategy and the 2016 Federal Budget Housing Investments (CES15032a) (City Wide)
WARD(S) AFFECTED:	City Wide
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Council Direction:

Not Applicable

Information:

Update to the Ontario Long Term Affordable Housing Strategy

On March 14, 2016 the Province released an update of Ontario's Long-Term Affordable Housing Strategy. The updated Strategy is a comprehensive and ambitious plan that recognizes the interconnectedness of the Strategy with other provincial goals and plans such as ending homelessness, poverty reduction, improving mental health and improving addiction services. It has the potential to transform Ontario's affordable housing¹ system.

The Strategy announcement includes additional funding commitments for housing, previously announced with the 2016 Provincial budget, legislative changes, and numerous other changes to the housing system. Many of the changes require additional consultation and work to develop detailed frameworks. Implementation will involve increased co-ordination between government services and changes will be phased-in over time.

The Strategy has the potential to produce much needed new affordable housing, and initiate an overhaul of Ontario's housing system. However, the details are yet to be developed. Staff will report back on the various aspects of the Strategy as details are made known.

¹ Affordable housing in this context is a broad term that encompasses the whole of the housing continuum from emergency shelters through to affordable home ownership.

To summarize, the Strategy aims to initiate the following system, legislative, and policy changes. Details of each comprise the substance of this report.

- Introduce inclusionary zoning
- Construct new supportive housing² units, provide additional supports, and better co-ordinate the supportive housing system
- Provide a portable housing benefit and dedicated support for survivors of domestic violence
- Transition from the current rent-geared-to-income housing subsidy model to a more equitable, portable, and simplified housing benefit
- Overhaul the social housing³ system, including simplifying the complex rent-geared-to-income calculations
- Develop a specific Indigenous Housing Strategy to address the unique and deeper housing needs of Ontario's Indigenous peoples
- Create a fund to support innovation in the housing sector
- Reduce the complexity and cost of developing second units in homes
- Strengthen the non-profit and co-operative housing sector
- Encourage small landlords through changes to the *Residential Tenancies Act*

Funding Commitments

- \$100 million province-wide for additional and portable housing subsidies (rent subsidy paid to the tenant), as well as support services for those who need supports to remain housed. Over the long term, capital funding will support the construction of up to 1,500 new supportive housing units, with operating assistance eventually assisting up to 6,000 households
- more than \$17 million province-wide over three years to pilot a portable housing benefit specifically for survivors of domestic violence
- \$2.5 million dollars over three years to create an Innovation, Evidence and Capacity Building Fund to find innovative ways to deliver housing
- Additional funds for the Community Homelessness Prevention Initiative for the two years between 2017 and 2019: \$15 million, and \$30 million respectively

² Supportive housing, often referred to as "housing with supports," refers to a variety of programs that include a housing unit, financial subsidy and psycho-social or health related supports. Supports may be provided on site or brought in as needed. Support services may include case management, on-site supervision, medication support, addiction services, mental health services, and much more.

³ Social housing in this context means a set of legacy housing programs that generally provide housing on a rent-geared-to-income model, though some units are rented at market rate to provide a mix of incomes. The City is required to maintain a provincially set Service Level Standard for the number of social housing units.

Legislative and Policy Changes

1. Developing an Indigenous Housing Strategy

The Province has committed to developing a separate housing strategy in partnership with Indigenous organizations to address the unique and deeper housing challenges and needs of First Nation, Métis, and Inuit peoples.

2. Developing a Framework for Inclusionary Zoning

The Province is proposing to introduce legislation that would enable municipalities to establish inclusionary zoning (also known as inclusionary housing). Inclusionary zoning requires that all new housing development proposals include a certain percentage of affordable units. The Province is hoping to approve the required Planning Act amendment soon and will be requesting input for the development of a detailed framework. There remains much work on the part of the Province to set the legislative parameters, and on the part of the City to work out implementation details. Inclusionary zoning has the potential to create new units, either rental or ownership, that are moderately affordable. Though it can be part of the solution, inclusionary zoning on its own cannot address deep affordability and is but one tool to address affordable housing.

Through the adoption of the Housing and Homelessness Action Plan in December 2013 and a Planning Committee motion on March 31, 2015, Council has previously directed staff to investigate the feasibility of inclusionary zoning. Most recently, on March 30, 2016, Council directed staff to “develop an appropriate framework for the adoption and implementation of inclusionary zoning as provided for under proposed amendments to the Provincial Planning Act”. This inclusionary zoning framework will be developed when sufficient information about the enabling legislation and the direction from the Province has been provided. It will take some time for the Province to draft and adopt the enabling legislation, as well as provide direction to the municipalities. It will also take time for staff to develop and consult on a workable framework.

3. Reducing the complexity and cost of developing second units in homes

Second units in homes are an important source of affordable rental housing, and increase housing affordability for homeowners. The Province is proposing to introduce legislation and regulatory amendments to reduce the complexity and cost of developing second units in homes. These changes are proposed to require municipalities to give development charge exemptions for second units in new homes, and amend the Building Code to reduce unnecessary costs to building second units. These changes have the potential to produce new affordable rental housing and could help Hamilton legalise some of our many illegal rental units.

4. A Stronger Supportive Housing System for Ontario

Supportive housing helps Ontarians with complex needs: seniors, people with physical and/or mental health issues, substance abuse issues, survivors of domestic violence, at-risk youth, and others. Many Hamilton residents have high supportive housing needs that are not necessarily being met in the current system. In addition to the \$100 million commitment for portable housing benefits and more support services (as noted above), the Province will develop a Supportive Housing Policy Framework to guide provincial and local program improvements.

The framework will better co-ordinate the current inconsistent programs across sectors and ministries. The development of the framework will engage key stakeholders, and prioritize youth, Indigenous peoples, chronic homelessness, and homelessness as a result of transitions from provincially-funded institutions and service systems (i.e. jails and hospitals). Key principles for the framework include: client centred, fostering independence, client choice, local innovation, co-ordination across systems, and evidence-based.

The Province will, as part of this initiative, develop outcome-focused performance measures to better understand whether supportive housing programs are meeting people's needs. Over time there will be additional capital investments to support the construction of up to 1,500 new supportive housing units.

5. Developing a Framework for an Equitable, Simplified, and Portable Housing Benefit

The Province will develop a framework for an equitable, simplified, and portable housing benefit. At present, eligible Ontarians may receive rent-geared-to-income assistance and pay rent equal to 30 per cent of their income. However, they often have to live in specific housing units to receive this assistance. A portable housing benefit is a subsidy that could be calculated based on income, but would be linked to people, instead of a specific housing unit, so people can choose where they want to live. It will also simplify rent-geared-to income calculations and the administrative burden of the programs.

The Province will hold consultations on the best way to introduce a portable housing benefit framework. This process will be done in conjunction with social assistance reform. Over time, current forms of rental assistance would transition to the new framework. This initiative could significantly change how rent-geared-to-income housing is provided in Ontario. Such a system could provide more choice, flexibility, consistency and certainty for those in need of services, as well as Service Managers⁴ and housing providers.

⁴ Service Managers are the organizations with oversight of municipal housing systems, in Hamilton's case it is the City of Hamilton.

6. Portable Housing Benefit for Survivors of Domestic Violence

There is a planned investment of more than \$17 million over three years for a pilot (in three communities) of portable housing benefits and supports specifically for survivors of domestic violence. Currently, survivors of domestic violence have priority access to rent geared-to-income housing. Under the pilot program, survivors will have the additional option of receiving a portable housing benefit so they can immediately find housing in the community of their choice. The Province will work with stakeholders and Service Managers on co-ordinated and integrated policy and program solutions to improve the system.

Hamilton would be an ideal site for the pilot of this program. Need in Hamilton is great; local services for survivors of domestic violence are well developed; there are existing platforms, such as the Women Abuse Working Group, already working towards better system integration; and the City already administers a very successful housing allowance program. Further, the City has demonstrated leadership in this area by committing \$1.1 million annually for a housing allowance program (although not targeted specifically to survivors of domestic violence).

7. Modernizing Social Housing in Ontario

The Province, with the help of a steering committee, plans to introduce policy, legislative, and regulatory changes to:

- Better co-ordinate the existing legacy of social housing funding programs which are complex and administratively burdensome. The City currently oversees housing providers operating under eight different funding programs, each with its own regulations and unique implications.
- Simplify rent-geared-to-income calculations to better align with other income-tested programs, such as social assistance, and reduce the disincentives to work inherent in the current program.
- Recognize new and innovative forms of municipal housing assistance that count as part of local service level standards, such as municipality funded housing allowance programs. This means less reliance on meeting those service level standards as part of the social housing portfolio, which is particularly important given Hamilton's aging social housing stock.
- Increase local flexibility to manage housing assets and meet local needs. This could mean an increased ability to provide Ministry or City consents to housing providers, allowing quicker responses to address local opportunities.
- Develop a voluntary accreditation system that encourages sector sustainability and high-quality tenant services.

- Support vibrant mixed-income communities and encourage a healthy mix of rent-geared-to-income and market rent tenants. This suggests loosening up or abandoning rules established in legacy programs for managing rent-geared-to-income targets for housing providers.

The Province will consult to develop a framework to achieve these goals.

8. Improved Co-ordination of System Access

Access to the current system of housing programs does not meet everyone's needs. The Province will work to improve co-ordination of the housing system with the systems of health, community services, children and youth, etc. This will make it easier for people to access a range of housing options to improve their housing stability. Service Managers will be better able to match people with housing needs to an appropriate form of assistance.

9. Strengthening the Non-Profit and Co-operative Housing Sector

The Province hopes to strengthen the role of the non-profit and co-operative housing sectors by developing voluntary accreditation standards, exploring legislative changes to give providers and municipalities more flexibility to access refinancing options, and providing more flexibility for service managers to make use of their building assets. Allowing greater options and reducing the rules that prevent the non-profit and co-operative housing sector from refinancing will help to address quality and capital repair issues, and promote regeneration. Regeneration and greater flexibility for managing targets allocations will contribute to a greater mix of income in housing projects.

10. Encouraging Small Landlords through Amendments to the Residential Tenancies Act

Small landlords play a significant role in providing affordable private market rental housing. Amendments to the *Residential Tenancies Act* will be considered to support small landlords. What those may entail is unclear at this time.

Conclusion

The Province has set the bar high with this updated Long Term Affordable Housing Strategy, including an ambitious time frame. The goal is to introduce a range of legislative changes in 2016. Amendments are proposed to the following legislation: *Planning Act*, *Building Code*, *Development Charges Act*, *Residential Tenancies Act*, *Housing Services Act*, as well as regulations under the *Municipal Act*.

A steering committee will be struck in the next months to begin the process of transforming the housing system. Because of the complexity of the housing system and the transformational nature of the proposed reform, this will be an extensive process. The simpler changes will be initiated in the next months and more complex changes will take place over a number of years. As this transformation is inextricably linked to other

processes such as social assistance reform, some timing will be dependent on those processes.

Working groups will be formed under the steering committee to make recommendations on a number of the proposed changes, in the short term including:

- the development of a portable housing benefit framework
- enhanced housing options for survivors of domestic violence
- improved access and co-ordination across systems (housing, health, community services, children and youth)
- voluntary accreditation standards for non-profit and co-operative housing providers

2016 Federal Budget Housing Investments

March 22, 2016 the Federal Government released its 2016 budget. This budget is good news for the housing sector. After years of reductions in funding for housing, the Federal Government has committed to more than doubling its financial commitment to the sector. The budget proposes to invest \$2.3 billion over two years, starting in 2016-17 to address affordable housing and homelessness. Specific allocations include, over two years:

- \$504.4 million for the Investment in Affordable Housing Initiative, a doubling of the Federal commitment, which will in part fund the development of new affordable housing units
- \$200.7 to support the construction, repair and adaption of affordable housing for the older population
- \$573.0 million for supporting energy and water efficiency retrofits and renovations to existing social housing
- \$89.9 million for the creation or renovation of new shelter and transition beds for victims of violence
- \$111.8 million for tackling homelessness through the Homelessness Partnering Strategy
- \$742 million for First Nations, Inuit and northern housing

An additional \$30 million over two years will continue Federal social housing funding commitments that were due to end, until a different model can be found. A further \$208 million over five years will go to funding an “Affordable Rental Housing Innovation Fund” that would look at new affordable housing models. The government has also committed to consult on developing a National Housing Strategy, something the housing sector has been advocating about for a long time.

The alignment of a bold updated Long Term Affordable Housing Strategy from the Province with a significant increase in funding for housing from the Federal Government should result in increased legislative and financial resources available to Hamilton to meet the housing needs of our most vulnerable residents.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CES15032a: Updated Ontario Long Term Affordable Housing Strategy