



Advocacy Centre for Tenants Ontario
Centre ontarien de défense des droits des locataires

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October 10, 2013

Co-Chairs and Members
Ontario Cabinet Committee on Poverty Reduction
c/o Minister of Children and Youth Services
56 Wellesley Street West, 14th Floor
Toronto, Ontario M5S 2S3

Dear Ministers Piruzza and McMeekin and Committee members,

Re: **Affordable housing and the Renewal of Ontario's Poverty Reduction Strategy**

I am writing on behalf of the Advocacy Centre for Tenants Ontario (ACTO) to provide comments for your consideration with respect to the development of the second comprehensive poverty reduction strategy for Ontario. ACTO is a community legal clinic, funded by Legal Aid Ontario, with a province-wide mandate. We work for the advancement of human rights and social justice in housing for low-income Ontarians through legal advice and representation, law reform, community organizing, and education and training. The clinic also coordinates the Tenant Duty Counsel Program across Ontario which provides legal information assistance to self-represented tenants appearing at the Landlord and Tenant Board.

1. Provincial funding for new social housing an essential requirement to increase supply of affordable rental housing

Housing costs remain the largest financial challenge for low- and moderate-income households and a critical barrier to full participation in the economy. Recent statistics from the 2011 National Household Survey (NHS) indicate that housing affordability for the poorest Ontarians – the majority of whom are renters – persists. One out of five Ontario tenant households (i.e. 273,940 households) experiences severe affordability problems. These vulnerable households pay 50% or more of their household income on shelter costs and are at increased risk of homelessness.

More affordable rental housing is absolutely key to combating poverty. The private market has been engaged in strong production of new ownership housing, but has not delivered a significant amount of new, purpose-built rental properties - and condominiums cannot provide the secure rental housing that low-and moderate-income Ontarians need.

Ontario has averaged 3,270 rental starts annually over the years 1995-2012. This falls far short of the need which is estimated – based on population growth - to be in the range of 10,000 to 12,000 units annually for the ten-year period from 2009 to 2019. However, the new private market rental units that are being built are beyond the budgets of poor households. The 2011 NHS reports that rents in private market rental housing are almost twice that of the rents in subsidized housing: the average gross rent in the private rental market was \$1,005 while the rent in subsidized housing was \$521. There were 156,358 low-income households across Ontario on the active waiting lists for social housing as of December 31, 2011 – an increase of 2.9% or 4,281 households in one year.

The Ontario long-term affordable housing strategy released in November 2010 stated that:

“The future of housing depends on adequate, sustained funding, which is why a long-term commitment is needed from the federal government. Current funding is either short-term or declining. This limits the ability of housing providers to plan long-term and fully participate in capital projects that build more affordable housing.”

In the budget announced March 20, 2013, the federal government committed to renew the Canada-Ontario Investment in Affordable Housing (IAH) Agreement, scheduled to end in 2014, for another five years to 2018-19. This time period corresponds with the timing for the second Ontario Poverty Reduction Strategy from 2014 to 2018.

The Ontario government should make a firm commitment to cost-share with the federal government in this five-year extension to the IAH (i.e. a total combined investment of \$481 million), and to show leadership by investing additional provincial funds to ensure a stable social housing supply program that can produce 8,000 to 10,000 units per year, depending on sector capacity. The supply program should include municipal non-profit, private non-profit and co-op housing, with a special focus on supportive housing. Housing that addresses rural needs and the specific needs of aboriginal people must also be a part of the new supply.

Millions of scarce housing dollars have been spent by developers of social housing in battles at municipal councils and the Ontario Municipal Board to overcome outdated planning barriers. The Province must work with municipalities to bring these barriers down. Such work would include the limits on the use of parking requirements to exclude supportive housing; the elimination of distancing requirements for residential uses that meet the needs of disabled and other disadvantaged people; and the abuse of interim by-laws, planning studies and down-zoning to exclude supportive housing from residential communities. In all these cases, the right to housing is being overruled by attempts to maintain or increase property values. In most cases, these attempts bear no relation to actual changes in property values and are based on little more than prejudice and stereotyping. Clearer direction in the *Planning Act* and provincial policy statements would facilitate the adoption of municipal plans that supported the

development of housing for all Ontarians, including those with disabilities and low incomes.

2. Preservation of Ontario's existing social housing assets

Municipalities simply do not have enough money to carry out sorely needed major repairs and upgrades to the aging social housing stock which they administer. Most of this social housing portfolio was built between 1945 and 1990. The replacement cost of existing social housing is estimated at \$40 billion and the capital repair deficit is well over \$1.3 billion. Tenants bear the brunt of disrepair in the social housing sector through compromised health, safety and security because of leaks, infestations, out-of-service elevators, and broken entry-doors.

The Ontario government took steps in the 2008 and 2009 Budgets to address this funding shortfall, but we need a long-term solution to deal with the long-term liability. These problems can be fixed – and non-profit housing advocates are making solid recommendations on the program changes needed to do this. For example, CHFC-Ontario Region has recommended that Infrastructure Ontario could put a program in place to allow housing providers to leverage the equity in their housing to borrow the money they need at reduced interest rates and extend their mortgages so that their debt servicing costs do not increase.

ACTO also recommends again that the provincial government create and fund a long-term capital planning program for the dedicated supportive housing portfolio that is administered by MOHLTC and MCSS.

3. Affordability for Ontario's low-income households in the rental market

Once-a-year income declaration for RGI calculation

On page 7 in the Ontario Long-Term Affordable Housing Strategy, the provincial government promised to simplify the RGI calculation process so that, in most cases, social housing tenants would only declare their income once a year, "allowing them to use the extra money to improve their standard of living, rather than have it clawed back on their rent".

It has been over two years since the strategy was released and over a year since the *Housing Services Act* came into force on January 1, 2012. Tenants are still required to report any change in household income or composition within 30-days (as required under s. 28 (3) of O. Reg. 367/11 under the *Housing Services Act*). It is time for the Ontario government to make good on its promise for once-a-year income determination for RGI, before the second Poverty Reduction Strategy is released.

Rent regulation

Under the *Residential Tenancies Act* (RTA), tenants living in buildings built on or after November 1, 1991 are exempt from rent regulation rules governing the amount of the annual rent increase. It is estimated that over 50,000 households are affected by this exemption from rent regulation. In addition, the RTA allows landlords to set rents at any

level for tenants moving into a vacant rental unit. The Ontario government should amend the RTA to end these loopholes in order to ensure that rents do not rise out of the reach of those in poverty.

Social assistance benefits and the real cost of housing

96% of Ontario Works beneficiaries are tenants, yet only 13% of these renters live in subsidized housing. The shelter allowance component of social assistance falls far short of the actual cost of housing for tenants in Ontario, with households in receipt of OW benefits in some areas such as Toronto (see attached chart) facing a monthly affordability gap in the hundreds of dollars. OW and ODSP benefits should reflect the real cost of housing and social assistance rates should be fully indexed.

Adequate funding for the Community Homelessness Prevention Initiative (CHPI)

The provincial government announced in its 2012 budget that the Ministry of Community and Social Services' Community Start-Up and Maintenance Benefit would be cut. CSUMB ended as of December 31, 2012. Half of the funds usually budgeted for CSUMB was re-allocated into a new program, the Community Homelessness Prevention Initiative (CHPI), under the Ministry of Municipal Affairs and Housing.

On average, about 16,000 Ontarians in receipt of social assistance relied on CSUMB every month. They are the most vulnerable in our communities and included:

- women moving into permanent homes after experiencing domestic violence;
- people moving from homelessness into permanent homes;
- people dealing with bedbugs who need to buy new furniture and clothing;
- women with a lack of resources to buy cribs and other items for infants;
- people with mental health disabilities moving from hospital into the community; and
- youth transitioning out of family or institutional trauma who need to get established.

CSUMB was often a last resort for these people who could not otherwise afford to pay for the expenses to get or keep themselves housed because the amount of social assistance they receive each month is so dangerously low. The provincial government committed \$42 million in transitional funding for local housing and homelessness initiatives, but this was one-time only for the period of January 1, 2013 through March 31, 2014. Some municipalities have created CSUMB-like programs, but they vary widely in terms of eligibility, grant amounts and criteria.

The provincial government should ensure that it adequately funds the CHPI allocations to Ontario's MSMs and DSSABs so that the housing stabilization needs of the most financially disadvantaged members in their communities – previously addressed by the CSUMB program – will be fully met.

3. Energy costs and affordable housing

ACTO is a founding member of the Low-Income Energy Network (LIEN), formed in 2004 to raise awareness of the impact of rising energy prices on low-income consumers and to work with policymakers and the utility sectors on solutions to energy poverty. We use the term energy poverty to describe the disproportionate burden of electricity, natural gas and other utility costs on low-income households which reduce the funds available for rent, food, clothing, transportation, medicine and other basic necessities.

The Ontario government's Long-Term Energy Plan (now under review) estimated that electricity bills would increase 7.9 per cent in each of the five years from 2010 to 2015 for a total increase of 46 per cent - and by an average of 3.5 per cent over the 20 year period from 2010- 2030.

LIEN's comprehensive plan to address energy poverty includes the creation of a low-income electricity rate assistance program. This proposed program would be targeted to eligible low-income consumers only (about 733,000 households), unlike the provincial government's five-year Ontario Clean Energy Benefit (OCEB). The OCEB is not based on need and is provided to four million residential electricity customers, small businesses and farms at a cost to taxpayers of over \$1 billion annually.

The province should take action and, as part of the second Ontario Poverty Reduction Strategy, move to establish a low-income electricity rate assistance program.

Sincerely,

Per: **Advocacy Centre for Tenants Ontario**



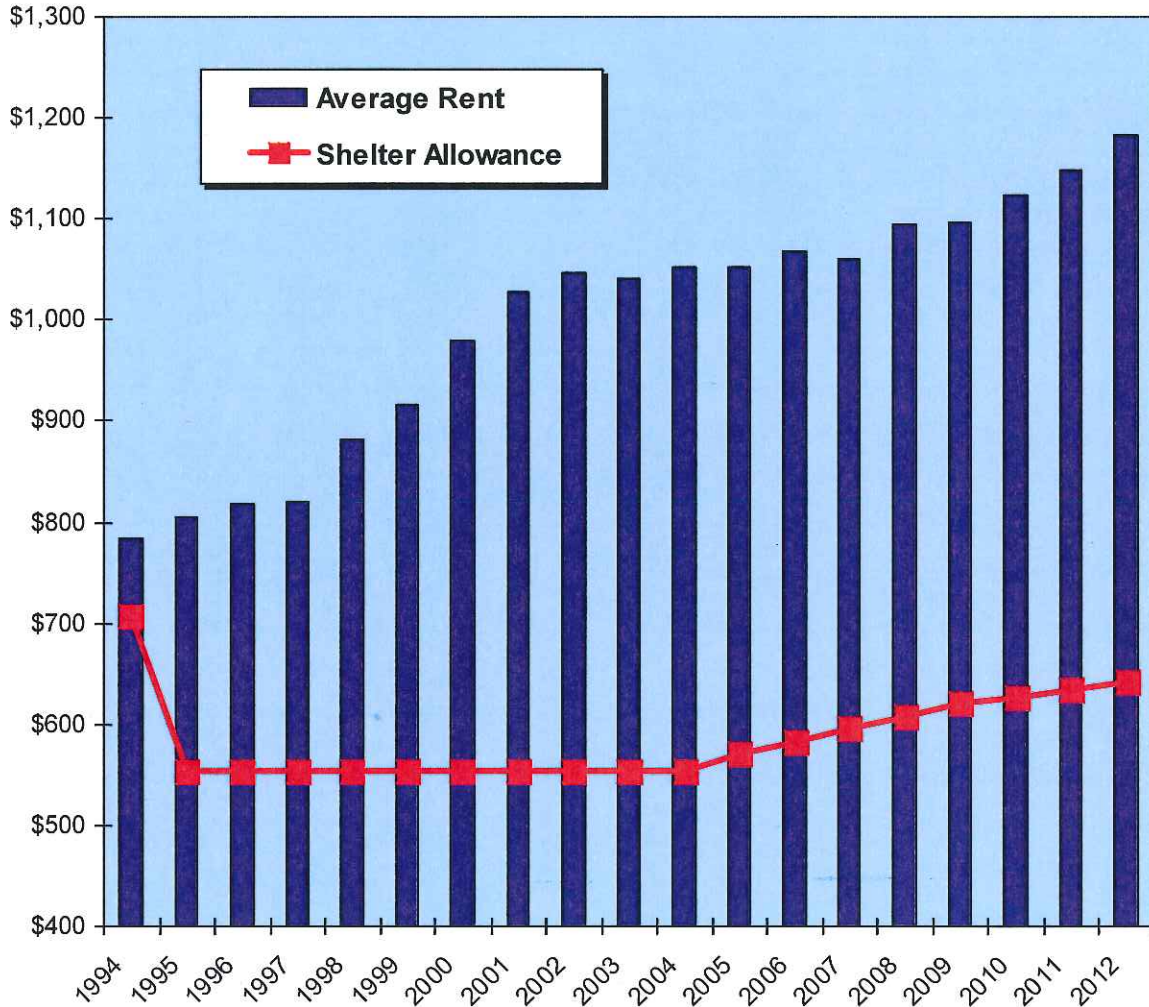
Mary Todorow
Research/Policy Analyst

cc: Melissa Thomson, Project Director, Poverty Reduction Strategy, Ministry of Children and Youth Services

Attachment

Comparison of Rent to Shelter Allowance Toronto CMA, 1994-2012

Ontario Works - Single parent + 2 Children, 2 Bedroom Apartment



1994
Average rent: \$784
Shelter allowance: \$707
Dollar gap: \$ 77

2012
Average rent: \$1,183
Shelter allowance: \$641*
Dollar gap: \$542

Sources:

Canada Mortgage and Housing Corporation, Rental Market Survey Reports

Ontario Ministry of Community and Social Services

* OW rates increased by 1% effective December, 2012, with shelter allowance for single parent with two children (one under 13 years of age; one over 13 years of age) increasing from \$634 to \$641