

Moving Forward on Ontario's Long-Term Affordable Housing Strategy

By
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Housing is one of the most significant of all human needs in an advanced society. It tends to shape our total condition while qualifying our existence. Our physical and mental health, our sense of security, our life choices, and our self-worth are very much dependent upon the way we are housed. When housing is unable to meet basic needs for any number of reasons, our ability to function effectively in all aspects of life is impaired.

When the issue of affordable housing is raised within the community, it is often seen as purely a social concern. Consequently, the importance is diminished of its role as both a cost-avoidance strategy and revenue generator which can mitigate the rapidly growing demands for social services that face a municipality. These demands place a growing financial strain on the local tax base.

Access to Permanent Housing Committee stresses the significance of the level of the immediate and continued economic benefit which accrues from the development of income appropriate housing projects. By this, it is meant both directly in terms of the economic activity generated from the building or renovation of a facility and the ongoing economic activity from the employment generated at the facility. An appropriate and successful housing strategy should be part of a comprehensive and measurable provincial poverty reduction strategy. It is a well documented fact that people living in poverty have more immediate and long-term health issues due to factors of food security, inappropriate and unsafe housing, lack of access to medical assistance and medications.

Our submission also amplifies certain elements of an extensive study conducted in 2005 and reported upon in February 2006. **Housing Need and Supply Analysis and Strategies and Recommendations**, prepared by Tim Welch Consulting and Lapointe Consulting Inc., and a report prepared by WCM Consulting Inc. in 2008. **Economic Benefits of Affordable Housing.**

Findings

Housing Need and Supply Analysis and Strategies and Recommendations, by Tim Welch Consulting and Lapointe Consulting Inc

Population and Household Growth

The population of the City of Kawartha was estimated at 74,300 in 2004 and there is an additional seasonal resident population of approximately 30,000 persons each summer. Both the City of Kawartha Lakes and the Province project the 2026 population at around 100,000 persons. Nearly a quarter (24%) of the population in the City of Kawartha Lakes are 60 years or older – well above the Provincial figure of 17%. Projections prepared by the Ministry of Finance indicate that the population 60 years and older is anticipated to double between 2006 and 2026 – from 19,490 individuals in 2006 to 37,750 in 2026.

Forty percent (40%) of all households in the City of Kawartha Lakes are families with children – 32% are couples with children and 8% are single parent families. Childless couples account for 35% of all households and single persons living alone account for 22% of all households.

Based on projections prepared by the Province in the *Places to Grow* report, and projections prepared by the City of Kawartha Lakes, it is estimated that over the next five year period 2006-2011, the City of Kawartha Lakes will need between 1,300 to 2,200 additional housing units (360 to 440 units annually). Over the ten-year period (2006-2016) housing requirements are estimated to range between 5,000 to 5,600 housing units (500 to 560 units annually). Over the next twenty year period, the City will need between 11,700 and 12,500 additional housing units or 585 housing units annually to 625 units annually.

Housing Costs and Housing Affordability

In October 2004, the average monthly rent in Lindsay was \$468 for a bachelor apartment, \$670 for a one-bedroom apartment and \$822 for a two-bedroom apartment. Rents generally have been increasing at the rate of inflation. Lower income households have a problem keeping up with rising rents because incomes at the lower income level have not been increasing at the rate of inflation. Almost half of tenants in the City of Kawartha Lakes are paying housing costs that are not affordable, i.e., they are paying 30% or more of their income on housing. In 2000, there were 2,280 tenant households with an affordability problem. And 1,090 tenant households (just under a quarter) were paying 50% or more on housing costs, that is, they had a severe housing affordability problem.

Report by WCM Consulting Inc. – 2008

In many Western European countries the need for and provision of appropriate and affordable housing is a 'given'. There the discussion devolves as to *how* to best provide such accommodation at an efficient cost, rather than *whether* to supply it. However, in North America, a less socially proactive approach is evident and the matter is seen more through the lens of cost avoidance. That is, governments invest in such housing in order to reduce or offset other costs that the *same* level of government would otherwise incur.

The first and most obvious example is that of health care and this is applicable to everyone and not only senior citizen or persons-with-disabilities. In Canada, the direct costs of health care are incurred in Provincial coffers and, consequently, the Province has a strongly vested interest in reducing such cost. The provision of affordable housing especially, is accepted as one means by which to improve the health of the beneficiary, thus reducing costs elsewhere.

A second example might be in the reduction of petty crime by providing affordable housing for lower income families. In this case, where policing is a municipal responsibility, then a financial case can be made as to the quid pro quo of affordable housing and the reduction in the costs of crime.

A third case is made regarding the importance of affordable and income appropriate housing for workers in lower paying jobs (the local retail and service sectors are most often cited). The valid point made is that without such affordable housing, such workers will not be present to staff the companies who might come to town and, in turn, assist the local economy through jobs, property taxes, spin-off employment and so on.

A fourth case can be made that the availability of affordable and income appropriate housing will tend to release personal funds that would otherwise have been spent on housing.

According to a recent CBC Radio report, it now requires fully 45% of an average income to achieve home-ownership in Canada. This means that affordable housing is extremely important for the lower income workers that are integral in the economies of most rural jurisdictions. With more affordable housing, one would expect such newly available funds to be spent in the local economy. However, who in the community specifically might benefit is a more difficult matter to assess.

A similar argument ensues when industry is attracted to a jurisdiction. The reaping of property taxes is a significant gain to the general community in that, to some extent, it offsets costs that the existing taxpayer must otherwise bear. The secondary benefit is the enhancement to the economy which, eventually, does filter through to the community good but in ways that are not necessarily even-handed in their effects nor readily traceable. *Few argue against the economic benefits of such new investment in their jurisdiction and this generally accepted wisdom can apply equally to the case for affordable housing,*

A fifth example is the reduction in shelter costs for the homeless, the case being made that properly organized affordable housing is more economical to implement than the necessarily ad hoc sheltering of the homeless. It is estimated in Canada, that these ad hoc homelessness strategies cost between \$4.5 to 6 billion for Canada's 150,000 homeless people.

Canada has three, and in some cases, four levels of government. The size and disparate nature of the country make this somewhat more necessary than would be the case in smaller and more homogenous states, such as may be found in Europe. In Canada, with these multiple levels of government engaged in some manner in the delivery of housing, the complexities produce some an opportunity for important issues to remain unresolved. This is most likely to be the case where the responsibilities and cost of such housing is placed on one level of government and the resultant financial benefits accrue to another. The argument that there is "only one taxpayer" may be forgotten in such situations.

Similar to the economy itself, the benefits of affordable housing are not fully modelled but the empirical data used in the various referenced reports point clearly towards the socio-economic benefits of affordable housing. Some of these benefits, especially in terms of reduced health care and shelter costs, may be realized in the shorter term. Others, reflecting the raising of children into well adjusted young adults, who are then more productive in the work-force as well as in the reduction of petty crime, may not be realised in full for a generation.

Investing the funds of a Community is made easier when the benefits are clear and immediate; *it takes both great foresight and courage to act when the benefits can outlive those who are tasked with those decisions.*

Definitions:

One of the largest challenges facing both decision-makers and the public is in understanding what is meant by the various descriptors for housing. In this paper, the following interpretation is made:

Affordable Housing: For the recent Federal/Provincial/Municipal Affordable Housing Program, 'Affordable Housing' was defined as housing which could be accessed for a price 20% lower

than that which Canada Mortgage and Housing considered market price. From another perspective, the term refers to housing available at a price threshold which represents 30% of a person's income.

Income Appropriate Housing: This term refers to housing which enables someone to spend no more than 30% of their income for accommodation. This percentage has national recognition as the standard for assessing thresholds of appropriate expenditure for housing.

Supportive Housing: This term describes services which may be provided to tenants in a building. These services might originate from an agency in the community which supports specific clients (persons with disabilities) or from the actual housing provider, the latter being more prevalent in faith or ethnic homes.

Conclusion/Recommendations:

“We believe everyone in Ontario has the right to live with dignity in housing that is stable, adequate, equitably accessible and affordable”

Access to Permanent Housing Committee endorses the Housing Network of Ontario's Declaration found in Appendix A of this submission.

The Rural-Urban Divide

All small communities have problems of under-housing and homelessness; but we need to improve our understanding of the differences in context between larger and smaller cities and towns and rural areas; and between year-round and seasonal populations. There is also a need for greater appreciation of the impact that lack of public transportation has on problems of under-housing and homelessness in rural areas.

LTAHS must include a sustainable, affordable rural housing strategy based on a broad partnership that includes all levels of government, for-profit and non-profit sectors, economic development agencies, educational institutions, housing and social service providers, the faith community, the health community, the police and most importantly local citizens including First Nations.

Access to Permanent Housing supports RHINO statement for an integrated approach to addressing affordable housing issues in rural areas across the province. A rural strategy must be part of a larger strategy that includes poverty reduction, health care, economic development, educational and training opportunities, social service provision, policing, community cohesion and environmental sustainability. Unless all aspects of community resilience are addressed, we are convinced that a housing strategy alone will be another instance of taxpayers' dollars being spent ineffectively and inefficiently.

Given that every level of government is now involved in the AHP program it is very confusing as to which jurisdiction is responsible for what. Many layer on their own additional requirements. As well the current design of the AHP reflects each government's instinct to minimize risk and shift it to another party, particularly the proponents of the affordable housing projects. Senior levels of government are not doing enough to ensure non-profits and co-ops receive funding when needed, thereby passing the risk on to the party with the least resources.

An effective and efficient affordable housing strategy must be funded over the long term. Resources must be made available for operating costs, research and development as well as bricks and mortar. Too often, in the past, a project has been allocated start up funding but has been refused long term sustainable funding. As a result, housing projects have had short-term success but long-term failure, and money has been wasted unnecessarily.

One aspect that we believe should be addressed is the great complexity that arises in developing housing initiatives and the fact that one has to have someone who will be prepared to cash flow the project because of the multiple delays resulting from the three levels of government being involved. Clearly this presents a huge issue for non-profit groups – virtually making it impossible in an ongoing way for any group other than very large non-profits, to sponsor projects. We believe that we will lose a huge valuable community resource if we continue with the 3 level of governments and bureaucratic quagmirenotwithstanding the goodwill of the bureaucrats.

Another issue is the long-term planning trajectory that is inherent in such projects – only the stubborn foolish or stalwart can retain a commitment for the amount of time that it takes to voluntarily make something happen – whereas a developer can become engaged in several projects at one time and usually does, offsetting the space of time in between projects going forward – by the time they do – need may have changed regarding primary population needs!

Recommendations

Key areas that the Province should address in the LTAHS

More affordable housing – critical to combat poverty and boost the economy

Affordable housing must be considered a core community need and therefore a central government program like health and education. It is hard to imagine either of these being treated to the stop-start approach hitherto applied to housing. The housing program needs to be funded each year in the provincial budget. This fundamental principle must be central to a comprehensive strategy. ***Housing must be seen as a core government program***

A people-centred Affordable Housing Strategy - A holistic approach to housing policy is essential if we are to get it right and move away from the “silo” thinking. Housing helps people participate in the economy; solutions to poverty and economic problems will help provide people with the means to access housing.

Legislative reform to build stronger communities - Solution will not be found in private market --It is tempting, for some at least, to look to the private market for solutions to housing shortages. This was certainly the hope of the Ontario government in the second half of the 1990s. It came to nothing, because private market rental development isn't the answer. The financial realities of residential construction are that developers can't deliver new rental housing at rents people can afford to pay. That's not a political point of view; it's simply the reality of real estate economics. Clearly, there is no substitute for government intervention if the shortage of affordable housing is to be addressed.

Supports and Programs - There is a lack of supportive housing. Services need to be responsive to persons with disabilities or in high risk groups. Coordinated and collaborative efforts need to part of the strategy. Some people, including individuals with mental health issues, addictions,

and disabilities need supports to maintain their housing. Discharge plans from institutions such as correctional facilities, hospitals, mental health institutions, women's shelters and others must include connections to affordable housing and supports, including income and health-related support programs.

A mix of affordable housing needs to be produced - One of the objectives of the Strategy should be to ensure that a mix of affordable housing is produced. This includes supportive housing, municipal and private non-profit housing, co-operative housing, affordable private rental housing, and affordable home ownership.

Better co-ordination by governments - Ontario is a large province with very diverse regions and housing markets. Accordingly, the province requires a strategy that is responsive and flexible. The housing needs of people living in the City of Toronto and the growing GTA regions are much different than, for example, small cities, rural towns and Northern communities. The Rural Communities must be included in any Long-Term Housing Strategy.

Preservation of the affordable housing stock - An important component of the Affordable Housing Strategy must be the preservation of the existing affordable housing stock, both in the social housing and private rental sectors, for generations to come. More energy efficiencies can be realized through updated maintenance and green strategies.

Measuring success - We need a range of indicators to measure progress on reducing and eliminating housing insecurity. The public must be able to track progress of Ontario's Long-Term Affordable Housing Strategy in meeting targets and timelines to reduce the number of Ontarians without access to affordable housing.

HOUSING NETWORK OF ONTARIO DECLARATION

We believe everyone in Ontario has the right to live poverty-free and with dignity in housing that is stable, adequate, equitably accessible and affordable.

The Government of Ontario has committed to developing a Long-term Affordable Housing Strategy.* According to the 2006 Census, 1-in-5 tenant households spend more than 50% of their income on rent, a figure that has remained constant for the past 10 years. Over 260,000 households are currently forced to make incredibly difficult choices between housing, food, clothing and other basic items that most Ontarians view as necessities.

The government must establish a housing strategy with firm targets and timelines to reduce and eventually eliminate the number of Ontarians in this situation – a strategy which meaningfully addresses the disproportionate experience of housing insecurity between different groups and communities.

Ontario's Long-term Affordable Housing Strategy must address four priorities:

1. **The affordability of housing**, including measures to increase the supply of affordable housing and to make existing housing more affordable.
2. **The availability of affordable housing** that is stable, safe and in a state of good repair, and which effectively addresses the diversity of needs in communities across Ontario.
3. **Supports, programs and protections** that help all Ontarians equitably access and maintain adequate affordable housing and thrive in their communities.
4. **A clear way to measure progress**, with overall and population specific targets and timelines to ensure that housing insecurity and homelessness are being reduced.

Creating and maintaining stable, equitably accessible and adequate affordable housing is good social policy. People with stable housing are healthier, more productive, do better in school, and become more engaged in their neighbourhoods. Communities become stronger, jobs are created, a more competitive economy emerges and poverty will be reduced.

The time is now. A comprehensive and integrated long-term affordable housing strategy will bring hope to all Ontarians, particularly those in our cities and rural communities who are most in need: including homeless people, those living in inadequate housing, Aboriginal peoples, members of racialized communities, newcomers, women, people in need of supportive housing who live with mental health issues, experience with institutionalization, criminal justice system involvement, addictions, HIV/AIDS or disabilities and others.

We call on leadership from the Province, to recognize that affordable housing is a priority in the fight to reduce poverty. By working with all orders of government and co-operating across Ministries, and with the contributions of people living on low incomes, we know that homelessness and housing insecurity can be eliminated.