

LONG-TERM AFFORDABLE HOUSING STRATEGY UPDATE
SOCIAL HOUSING MODERNIZATION: TECHNICAL DOCUMENT

APRIL 2016



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INTRODUCTION

Ontario recently released its Long-Term Affordable Housing Strategy (LTAHS) Update to reflect new research and best practices related to housing and homelessness and to align with broader government priorities related to affordable housing – such as the 2014–2019 Poverty Reduction Strategy, Realizing Our Potential and the government's bold, long-term goal of ending homelessness.

A key component of this strategy update is a commitment to modernize Ontario's social housing programs into a more efficient, people-centred, outcomes-focused and sustainable approach to provide housing for Ontarians.

This document is intended to help those who work within the current social housing sector to better understand the province's directions for social housing and how we will move forward.

LTAHS UPDATE OVERVIEW

The strategy update is founded on the vision that **every person has an affordable, suitable and adequate home to provide the foundation to secure employment, raise a family and build strong communities.**

Working towards this vision will help to decrease the number of people who are homeless and increase the number of households achieving housing stability – two overarching outcomes that are important for Ontario.

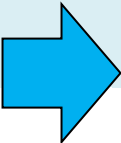
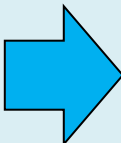

To realize this vision, the province will take steps to:

- support the development of an appropriate and sustainable supply of affordable housing
- improve the coordination of financial and non-financial housing assistance by ensuring that access to assistance is equitable, portable and responsive to people's changing needs
- create people-centred, efficient housing programs that help people find the right housing and supports
- continue engagement with Indigenous communities and organizations to develop an Indigenous Housing Strategy
- meet the government's long-term goal of ending homelessness, including the goal of ending chronic homelessness in 10 years – by 2026
- develop an evidence-informed housing and homelessness system that has the capacity to respond effectively to changing needs

As a whole, the strategy update lays the groundwork for the long-term transformation required to change Ontario's housing and homelessness system into an outcomes-

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focused system that better meets the housing needs of Ontarians. It will also be more aligned with the government's poverty reduction agenda and the goal of ending homelessness.

Current System		Transformed System
Inadequate supply of affordable housing in many communities with financially unsustainable not-for-profit, co-operative and municipal housing stock		A range of adequate and affordable housing options, provided by the private, not-for-profit, co-operative and municipal sectors
Social housing wait list system that operates separately from parallel systems providing access to other forms of housing assistance		Coordinated system so that people can access the assistance they need (both financial and non-financial) to achieve housing stability
Range of financial assistance – from a limited number of highly-responsive Rent-Geared-to-Income (RGI) (tied to physical unit), to rent supplement programs and housing allowances		People with housing need can equitably access financial assistance that is responsive to their changing needs, is portable so that it moves with them, and encourages economic and social inclusion
Various supportive housing programs managed separately by different ministries, with different (and sometimes uncoordinated) access systems		People are able to access appropriate housing and support services that best meet their needs
An emergency shelter system in transition to support stable housing options for people		Emergency shelters and homeless service-system provides responsive, culturally appropriate services to assist people to become stably housed

To learn more about the updated Strategy please visit ontario.ca/housingstrategy.

To learn more about the government's long-term goal of ending homelessness, including the report of the Expert Advisory Panel on Homelessness, please visit: ontario.ca/affordablehousing.

MODERNIZING SOCIAL HOUSING

Social housing is an integral part of Ontario's housing and homelessness system. It accounts for about 20 per cent of the purpose-built rental housing stock and is a significant and valued source of affordable housing.

Presently, Ontario's social housing system is comprised of a patchwork of legacy programs, each developed separately between the 1950s and 1990s, and each with separate – and sometimes very rigid – rules that lead to inefficiency in the operation and management of social housing.

Projects are subject to different legal and financial circumstances as they age, and in some cases as operating agreements and/or federal subsidies end. This leads to confusion and uncertainty about what rules will or will not apply to social housing projects in the future, and impedes effective decision-making in the short and longer-term. This is inconsistent with the evolution of housing policy and programs that support increased flexibility for housing providers and local Service Managers. It is inconsistent with recognizing unique local needs and markets.

The current system also makes it difficult to manage projects as a cohesive rental portfolio. Housing providers that own multiple projects developed under different social housing programs may be unable to use their rental buildings to their full potential. The resulting outcome is missed opportunities for economies of scale, lost rental revenues, higher operating costs and administrative inefficiencies across the system.

To add to the complexity of the legacy programs, the social housing system faces significant challenges surrounding consistency and equity in terms of the financial assistance available to people in need.

Furthermore, our partners also point out that the current RGI system is administratively burdensome and complex, and difficult for tenants to understand or navigate. While it is responsive to changes in income, it may actually discourage tenants from achieving greater economic self-sufficiency. Additionally, RGI assistance is generally tied to a particular physical rental unit and is not tied to the person or household. This distinction may lead to households staying in a specific unit, even when it no longer meets their needs.

In addition to the challenges of these historic program rules, the sustainability of Ontario's social housing system is under threat due to a range of additional pressures such as aging of the physical stock, large capital repair backlogs, increased complexity of need among tenants, and challenges facing providers' capacity to deliver quality housing and services.

Our government recognizes that it is time to modernize our delivery of social housing.

How will we move forward with modernizing the social housing system?

Given the complexity and significant challenges facing the current system, modernizing social housing will be a long-term commitment and will involve both short-term and long-term initiatives. Modernization will require a combination of legislative, regulatory and program transformations, in addition to cultural changes and capacity building within the sector.

The province will be working in the short-term to introduce proposed legislative, regulatory and policy changes in a number of areas that will help us move in this direction.

We will work with key partners and stakeholders to get advice on how we move forward over the longer-term.

How will social housing look in the future?

We have identified key elements of how the social housing system should operate in the future. These key elements are organized around four themes:

1. A modern program framework
2. A more coordinated access system for people in need
3. New approaches to financial assistance
4. A vibrant not-for-profit and co-operative housing sector

A Modern Program Framework

The programs and projects that we currently call social housing operate under legacy rules set out in operating agreements or the *Housing Services Act, 2011 (HSA)*. In some cases, those rules continue to serve the system and the people housed in social housing well. However, as operating agreements and/or federal subsidies end, a new program framework is required to provide clarity going forward.

There are opportunities for increased flexibility and innovation across the social housing system. By moving away from a system that is highly entrenched in prescriptive rules, to a system that recognizes and aims to meet the unique needs of individuals, families, and communities across the province, we will be able to create people-centred, efficient housing programs.

Recognizing these opportunities, the province intends to work with its partners to create a new program framework that:

- is consistent with a poverty-reduction focus
- is responsive to local needs and conditions
- promotes innovation while ensuring public accountability
- supports sustainability in a post-operating agreement environment

A More Coordinated Access System

The current Social Housing waitlist system is focused solely on access to legacy social housing programs and buildings, even though there are many other forms of housing assistance that may be able to assist people with their housing needs, including housing allowances, rent supplements, affordable homeownership programs, and access to affordable housing buildings.

As part of modernizing social housing, we want to move towards a more coordinated, effective system that better matches people with housing needs to an appropriate form of assistance. This may include housing opportunities within the private housing market, as well as existing not-for-profit and co-operative housing providers. A more coordinated access system would also provide linkages to opportunities for specialized housing with supports that may be offered through other government programs, including supportive housing.

New Approaches to Financial Assistance

Most legacy social housing programs were developed around the provision of RGI assistance. This approach to financial assistance is highly responsive to a tenant's changing income and ensures no one pays more than 30 per cent of their income on rent. However, it is also a very complex and challenging approach to providing assistance. It is typically tied to a specific housing unit, meaning a tenant may have to give up their assistance when they move. To address these limitations, the government will introduce a framework for a portable housing benefit.

A portable housing benefit would operate more like housing allowances introduced under more recent programs. The amount of benefit a household receives would still be linked to income, but reassessed on an annual basis, rather than every month. This would create more incentives for households to earn additional income.

Unlike RGI assistance, a portable housing benefit would not be tied to a specific unit, but would move with the person, allowing people receiving the benefit to have more freedom to choose where they live – closer to family, social support networks, schools and employment opportunities. The benefit could be used in a building originally built under a social housing program or in a private market unit. It would allow Service

Managers to provide greater access to a variety of housing options and ultimately assist more people and house people faster, potentially reducing waitlists.

Ontario would like to move, over time, to providing assistance in the form of portable housing benefits, so that more people in housing need can receive financial assistance and so that individuals and families seeking housing assistance have more choice and freedom.

A Vibrant Not-for-Profit and Co-operative Housing Sector

Ontario's social housing sector is made up of many different types of housing – including shared houses, townhouses, low-rise and high-rise apartment buildings – owned and operated by municipalities, co-operatives and non-profits.

There are nearly 1,500 non-profit housing providers and 550 co-operative housing providers across the province. Non-profit housing providers range in size from four units to more than 58,000 units, whereas co-operative housing providers range in size from seven units to 770 units. Many of these providers came into being in response to provincial and federal government programs.

In addition to ranging in size and the type of stock, non-profit and co-operative housing providers also range greatly in terms of their capacity to manage the increasingly complex needs of tenants, aging building stock and uncertainty about the future.

Seventy-eight per cent of non-profit housing providers and 80 per cent of co-operative housing providers across Ontario are owned and operated by small-scale organizations that have between one and 100 units. Given their relatively small size, these providers may face challenges related to achieving economies of scale to manage efficiently, and are unable to spread risk across a larger portfolio.

In some cases, providers face challenges in securing members to serve on boards of governors. There are also increasing concerns about succession planning and talent management within the sector. Most recently, the Ontario Non-Profit Housing Association reported that the average age of a property manager in Ontario's non-profit sector is 53 years, with one in three reaching retirement age within the next 10 years.

To meet the needs of Ontarians going forward, we need to work together to ensure that we have a vibrant not-for-profit and co-operative housing sector that:

- operates on more business-like principles while maintaining its social purpose
- focuses on effectively managing social housing portfolios and fostering healthy communities, rather than focusing on the delivery of financial assistance
- encourages an entrepreneurial culture to foster innovation, effectively meet local needs and increase supply where possible



In this environment – where historic operating agreements have ended – providers could set rents at appropriate low-end of market levels to meet operational and longer-term needs. Providers and Service Managers could enter into arrangements for units to be made available to tenants referred by Service Managers, who will use their portable housing benefit to help them pay their rent. This will help to disentangle municipal and provider responsibilities.

IMMEDIATE REFORMS

This vision for the future represents a significant change from the current environment. To begin the process of social housing modernization, the province plans to move forward with a number of specific initiatives this year. The province will:

- Work with partner ministries and stakeholders to develop a framework for an income-tested portable benefit, and to consider opportunities to move to this form of financial assistance over time as a best practice for new investments.
- Engage in consultations on simplifying RGI calculations, including harmonizing the definition of income so it is consistent with other income-tested programs, like the Ontario Child Benefit.
- Enhance housing options for survivors of domestic violence by launching a two-year portable housing benefit pilot to help survivors find safe and affordable housing.
- Make immediate regulatory changes to RGI calculations by adjusting the threshold for imputed income and creating clear exemptions for scholarships and bursaries for postsecondary students.
- Introduce proposed amendments to the HSA to allow Service Managers to use other forms of appropriate municipally-funded housing assistance – such as portable housing benefits – to contribute to meeting their Service Level Standards. If passed, this would make it easier for Service Managers to manage housing assets in a manner that better reflects their local needs, and may respond more effectively to some households needs.
- Introduce proposed amendments to the HSA to expand the type of assistance that can be offered to households on social housing waiting lists to include other forms of housing assistance. If passed, this would allow households who have accepted such alternate forms of assistance to be removed from waiting lists.
- Amend the HSA regulations to remove the requirement that public housing projects be exclusively RGI units. This change would enable public housing providers to create more vibrant mixed-income communities, will allow for increased flexibility in the use of public housing assets, and will positively contribute to the economic and



social inclusion of social housing tenants.

- Introduce proposed amendments to the Residential Tenancies Act, 2006, to clarify that tenants cannot be evicted when they cease to be eligible for RGI assistance after paying market rent for 12 months or more. If passed, this would ensure that tenants in social housing units who have seen their circumstances improve will not be penalized through eviction, and will also contribute to a healthy mix of RGI and market rent tenants in social housing.
- Introduce proposed amendments to the HSA to transfer responsibility for approval of transfers and sales of social housing assets and changes to Local Housing Corporations (known as “consents”) to Service Managers. As part of this proposed change, Service Managers would be required to ensure that sales and transfers do not adversely impact existing tenants and that the revenues generated are re-invested only for affordable housing/social housing/homelessness purposes.
- Expand the range of organizations that can own social housing projects to include Service Managers and Service Manager-owned business corporations.
- Bring forward regulations to set out which Service Manager decisions could be the subject of a review at the request of housing providers.
- Continue to work with Canada Mortgage and Housing Corporation (CMHC) to explore opportunities to enable appropriate refinancing of social housing assets, such as advocating for the re-establishment of CMHC’s Direct Lending Program for new mortgages, and additional mortgage prepayment penalty forgiveness and financing flexibilities.
- Work with the sector on the initial work for developing voluntary accreditation standards for housing providers to help enhance capacity within the sector, by articulating standards in areas such as governance, asset management, financial management and tenant relationships. Standards will help to promote the long-term sustainability and viability of the sector; build capacity amongst providers to deliver high quality services; and create confidence for lenders and funders.

A PROCESS TO MOVE FORWARD

These short-term changes will begin to move our social housing system towards a modernized system. To get there, we need to work together to chart the best way forward.

There are complex legal, operational, and practical considerations that must be addressed throughout the modernization process. Many individuals and families in Ontario depend on the social housing system, as it is the largest supply of affordable

housing within the province. Modernization must not disrupt the delivery of social housing or the effective operation of providers, and should not adversely impact tenants and applicants. We recognize the degree of change this represents, and the importance of building capacity across the system to manage change effectively.

To engage the range of expertise and perspectives needed to move forward, the Ministry of Municipal Affairs and Housing (MMAH) will convene a Social Housing Modernization Discussion Forum. This Discussion Forum will be supported by a variety of working groups that will provide technical advice to the ministry.

Membership of the Discussion Forum and working groups is expected to include representatives from Service Managers, housing providers, Indigenous administrators of social housing, as well as representatives of broader groups such as tenant and poverty advocates, and the violence against women sector. To ensure broad government perspectives, partner ministries such as the Ministry of Health and Long-Term Care, and the Ministry of Community and Social Services will participate, and we will invite the federal government, through CMHC, to be involved.

The Discussion Forum will get underway immediately and work over the next 18-24 months. Early priorities for the working groups will include: providing advice on the proposed portable housing benefit framework and developing standards for a voluntary accreditation system for housing providers.

Further regulatory and legislative amendments will be considered as the work proceeds.

RELATED LTAHS UPDATE INITIATIVES

The LTAHS Update commits government to a broader range of initiatives beyond this work on modernizing social housing. We will need to coordinate across these different initiatives as there are many inter-relationships and opportunities for synergies.

Indigenous Housing Strategy

The LTAHS Update has committed the province to continue engagement with Indigenous communities and organizations to develop an Indigenous Housing Strategy. Two of the legacy social housing programs – the Urban Native Program and the Rural and Native Program – were designed to focus on the needs of Indigenous people. It will be important that Indigenous perspectives are included in the social housing modernization work.

Supportive Housing

There are many intersections between the broader social housing work and the transformation of supportive housing programs.



Some providers (often referred to as Dedicated Supportive Housing Providers) are part of the social housing system and can expect to be impacted by social housing modernization as well as transformations to the supportive housing system.

The supportive housing system faces many of the same challenges as social housing. Supportive housing programs have been developed separately over 50 years, and there is no common vision or principles to guide system improvements. Clients face a fragmented access system, requiring them to tell their story multiple times. Some programs are not consistent with best practices, and many programs lack defined outcomes and outcome-focused data and performance measures.

Through the LTAHS update, the province has committed to transforming the supportive housing system. As an initial step, the province will work with partners to establish a Supportive Housing Framework that includes the following principles:

- Programs, services and supports are client-centred and foster independence, respect, dignity and inclusion.
- Housing and supports are based on client choice, that may include portability (follow people if they move), and are flexible to accommodate changing needs.
- System encourages local innovation to explore new approaches to better meet peoples' needs.
- Services are well coordinated across systems (housing, health, community services, and children and youth) with a common commitment to help people thrive.
- Programs and services are evidence-based, committed to continuous improvement, and support the long-term sustainability of the system.

Changes considered as part of social housing modernization, such as the move to a portable housing benefit, may also be a valuable direction for some supportive housing programs. Initiatives intended to help secure a vibrant not-for-profit and co-operative housing sector could be equally beneficial to not-for-profit supportive housing providers.

Ending Homelessness

We know that modernizing social housing programs and securing a vibrant non-profit and co-operative housing sector are both critical components for preventing, reducing and ending homelessness. Our work on social housing modernization is being undertaken within the context of our bold, long-term goal of ending homelessness, as well as the four priorities to guide our actions: youth, Indigenous and chronic homelessness, and homelessness following transitions from provincially-funded institutions and service systems.



LONG-TERM AFFORDABLE HOUSING STRATEGY UPDATE

SOCIAL HOUSING MODERNIZATION: TECHNICAL DOCUMENT

Together, these separate but related initiatives will help transform Ontario's housing and homelessness system into one that is more coherent and outcomes-focused and that better meets the housing needs of Ontarians.

HOW WILL THIS IMPACT YOU?

Modernizing Ontario's social housing system will involve a combination of short-term reforms and long-term changes to our current system and will require a phased and coordinated approach to implementation.

To ensure that Service Managers and housing providers are up to date about the various changes occurring, the province has committed to working across the sector to provide frequent updates about the progress that we are making. We will also be engaging with the sector to seek input and recommendations to inform the modernization process.

Service Managers and housing providers can expect to see legislative and regulatory proposals for early initiatives, such as recognizing a wider range of municipally-funded housing assistance as part of Service Level Standards, transferring responsibility for consents, and removing the requirement for public housing projects to be exclusively comprised of RGI units, in the near future.

Through modernization, Service Managers and housing providers will work collaboratively and synergistically – as partners within a system that has a more coordinated access system, supports financial sustainability and efficiency, and improves outcomes for people.

Ultimately, we are working towards realizing a better housing system for Ontarians.

HOW WILL THIS IMPACT SOCIAL HOUSING TENANTS AND APPLICANTS?

Initial proposed changes are not anticipated to have a direct impact on existing social housing tenants. As we move forward with modernization, however, current and future tenants should benefit from a system that is more efficient and more focused on supporting positive outcomes for Ontarians.

Our Long-Term Affordable Housing Strategy Update, including social housing modernization, will support the government's poverty reduction focus. Reforms will foster tenant independence and choice in support of greater social and economic inclusion.



Ontario

LONG-TERM AFFORDABLE HOUSING STRATEGY UPDATE
SOCIAL HOUSING MODERNIZATION: TECHNICAL DOCUMENT

NEXT STEPS

The Ministry of Municipal Affairs and Housing is committed to working with its partners moving forward. As noted earlier, we will move quickly to convene a Social Housing Modernization Discussion Forum which will be supported by a number of working groups focused on specific initiatives.

We will also be seeking comments on proposed regulatory changes. There will be opportunities to comment on these changes through the Regulatory Registry. To participate in this process please visit ontariocanada.com/registry.

MORE INFORMATION

For more information regarding the Long-Term Affordable Housing Strategy Update please visit ontario.ca/housingstrategy.