Social and Affordable Housing Primer
## Table of Contents

3  Introduction  
5  Key Terms  
6  Who Does What:  
   A Snapshot of Affordable Housing in Ontario  
7  Key Issues  
10  Myths and Realities  
11  Emerging Challenges  
14  Appendix A:  
   The Affordable Housing Spectrum in Ontario  
18  Key Stakeholder Organizations
Introduction

Why do you need to know about social and affordable housing?
Everyone needs somewhere to live. The housing system is the centerpiece of everyone’s lives but it doesn’t exist in isolation from the rest of society; it is part of an interconnected web of neighbourhoods and communities. There are many different kinds of housing: homeownership, private market rental housing, social housing, affordable housing, transitional housing and emergency shelters.

When issues arise in social and affordable housing, municipalities come under close media and public scrutiny. This is because as funders of social housing, municipalities are generally understood by the public and the media to be responsible for it. And when residents experience problems in social housing, they will often approach their political representatives at the municipal level.

Efforts to end homelessness in Canada, and internationally, are increasingly focused on the ‘Housing First’ approach. Housing First centers on quickly providing permanent housing to those experiencing homelessness and then providing additional supports and services. This method relies not just on removing barriers to housing, but ensuring adequate supply of units. Social and affordable housing are vital to the success of a Housing First approach.
Funding and administration generally takes place at the municipal level

The ‘download’ of social services in the 1990s means that today funding and administration generally takes place at the municipal level. In some municipalities, social housing costs come directly after Fire and Policing Services.

Many municipalities also own and operate social and affordable housing

Local Housing Corporations are owned and managed by municipal or district Service Managers and operate more than half of the units across Ontario.

Some municipalities own and operate municipal non-profits. In addition, most new social housing built today with federal/provincial funding is administered by municipalities and supported by them with reductions in property taxes and service charges.

Availability of safe and affordable housing is directly linked to the costs for municipal services

Social housing is a stepping-stone for low-income families and individuals to establish themselves financially and contribute back to the economy and the tax base. It does this by limiting the amount of dollars they dedicate to shelter costs. As a result, the availability of safe and affordable housing is directly linked to the prosperity of regions and costs for municipal services such as health services and social assistance programs.

Social and affordable housing intersects with other areas under municipal jurisdiction

By understanding the complexity of issues and today’s housing landscape, individuals will be better positioned to make informed, integrated decisions and devise effective solutions.

Social and Affordable Housing Facts & Figures

• 260,000+ units, a $40 billion asset
• Administered by 1,500+ housing providers in 47 service areas
• Over 680,000 people housed (Source, HSC, 2012)

Who pays for social and affordable housing?

More than 50% of the revenue foundation for social and affordable housing comes from rents from residents. Other sources provide subsidies and funding.

Most social and affordable housing has access to revenue from:

• Federal, provincial and/or municipal governments
• Rent Geared to Income (RGI) subsidies for low-income households that cover the difference between their rent and market rent values
• Commercial income generated via parking, rooftop rentals, media advertising

Fewer have access to:

• Additional funding for support services for people who require assistance (e.g. frail elderly, chronically homeless)
• Community and charitable contributions
• Stable funding to ensure ongoing viability of the building and the people that live there
Social Housing
Refers to housing built under government programs to provide financial assistance to low- and moderate-income households. It includes supportive, public, non-profit and co-operative housing and rent supplements. Rents charged are usually geared-to-income.

Affordable Housing
Housing with a market price or rent that is affordable to low and moderate households, and typically does not include ongoing government financial assistance.

Service Managers
The 37 Consolidated Municipal Service Managers (CMSMs) and 10 District Social Services Administration Boards (DSSABs) are known as service managers. They are responsible for funding and administering social and affordable housing. They are also responsible for administering other social service programs such as Ontario Works and childcare. They may include regional governments, counties and separated cities.

District Social Services Administration Board (DSSAB)
Special agencies created in the late 1990s for Northern Ontario to fund and administer social services, including social housing. In Southern Ontario, upper-tiered municipal government were already in place (counties/regions) but no equivalent existed in the North. DSSABs are governed by a Board of Directors that typically includes elected councilors from the district’s incorporated municipalities and publicly elected officials representing the unincorporated municipalities or areas.
Who Does What:
A Snapshot of Affordable Housing in Ontario

Percentage of provincial housing stock
- 6%
- 26%
- 68%

Who pays for affordable housing?
For more details see Appendix A on Page 14.
Provincial support dollars flow to certain types of housing that address social needs in municipalities (e.g. supportive housing for the mentally ill, disabled or frail elderly; transitional housing for victims of abuse).

But while residents flow between these types of housing and municipally managed and administered social housing, the support funding does not. Given the increasing number of residents that require supports, this puts pressure on the operational costs and management of social housing as providers strain to find ways to accommodate residents with high support needs.

Federal and provincial funding has diminished significantly since the 1990s.

Federal funding is due to expire over the next 25 years – and in the next four years, federal operating agreements will terminate for almost half of the stock in Canada. By 2036, Ontario will have lost $525 million in annual subsidies. CMSMs and DSSABs are mandated to take on the administrative responsibility for these programs and the funding mechanism, levels and associated financial risks are significant concerns – particularly when it comes to addressing capital and RGI costs.

Key Issues

Operational funding

Support dollars for special needs residents
Four key factors have shaped the composition of social housing communities today:

- The deinstitutionalization of mental health patients that started in 1978
- The provision of province-wide priority access for social housing to victims of abuse in 2000
- Continuing immigration, particularly in larger urban centres
- The balance of ‘shallow’ and ‘deep’ core need residents has shifted in favour of poorer, more disadvantaged deep core need residents, who rely on social assistance

The net result is that today social housing households are poorer, less employed, sicker and more vulnerable than they were in the 1970s and 1980s and compared to the population at large.

The bulk of social housing in Ontario was built between 1945 and 1990.

Since 1995, government program funding has been devoted primarily to the development of affordable rental housing with some assistance going to meet the needs of households with very low incomes through limited rent supplements. The expectation was that the private sector would step in to help construct new rental housing. Before the last round of substantial government programs for housing was cut in the mid-90s, rental starts hovered around 21% of total starts. This fell to just two per cent from 1997 to 1999 before rising to about six percent from 2003 to 2012. This low level of rental production is unprecedented in any period since 1950. (Source: ONPHA, 2013). Since virtually no new social housing has been built in 20 years, long-term mortgages are now maturing and federal funding is expiring, there is a need to reimagine what the role of social housing should be in Ontario. Although there were 158,000 households waiting for social housing in 2013, it raises the question about what other measures, programs or resources may be needed to address housing needs in the future.

With aging housing stock, building conditions are becoming an increasingly important area for concern. But because municipalities and the capital reserves of housing providers cannot fully finance the costs of repairs, essential capital repairs are not being systematically completed. This poses significant risks for housing providers in terms of resident safety, legal liability and budgets that rely on the property tax base.
Shifting demographics

The retirement of baby boomers and the ‘war for talent’ is affecting social housing in Ontario even more than other job sectors.

Nearly 90% of the social housing sector’s senior-level workforce is over the age of 40, with nearly half over 55; approximately 45% plan to retire within the next 3 years. This presents significant challenges for the day-to-day operation, administration and maintenance of buildings as well as for volunteer housing provider boards, who are losing business management capacity. In addition, the attraction and retention of new talent is particularly a problem when it comes to smaller social housing providers due to their lower than average salaries, lack of job security and professional growth opportunities.

“We are used to thinking of affordable housing as both a social and a health issue... However, working to find solutions to the problem of affordable housing is also smart economic policy. An inadequate supply of housing can be a major impediment to business investment and growth, and can influence immigrants’ choices of where to locate.”

TD Bank Financial Group, 2003
Myths and Realities

The facts on common misconceptions about social and affordable housing

**Myth**
Social and affordable housing is just for people on welfare.

**Reality**
- Originally, government-funded housing program in Ontario was for World War 2 veterans
- 1970s-1990s: mixed-income community model (market and rent-garred to income residents), over 70,000 units built
- 1978: de-institutionalization of mental health patients creates new stream of residents
- 2000: Social Housing Reform Act gives priority to victims of abuse across Ontario
- Today, residents include seniors on pensions, the working poor, people with physical and mental health issues, victims of abuse and newcomers to Canada. Between 20 and 30 percent are on some form of social assistance

**Myth**
The private sector can create affordable housing based on market demand without government interference.

**Reality**
- Most private rental stock is built with some form of government assistance (e.g. low interest rates or capital grants)
- In spite of strong demand, most new private housing built today is for ownership by middle- and high-income earners

**Myth**
Rent supplements are the most viable way to deliver affordable housing.

**Reality**
Rent supplements are used when rental supply both in private and social housing is low and with other forms of housing assistance because:
- Landlords tend to enter agreements when vacancy rates are high and cancel them when vacancy rates are low
- Communities with fluctuating populations (like those that depend on resource-based industries like mining) have rental markets that quickly contract or expand, so relying on supplements can be costly
- Private rental housing landlords do not offer supports for people with special needs, like those with mental illnesses or the disabled
- By feeding housing demand, supplements can contribute to rising rents overall

While rent supplements are a useful extension to social and affordable housing in areas that have private rental stock, the nature of the market does not make them economically and socially viable as a standalone solution.
Emerging Challenges

**Access to financing for repair, replacement and regeneration**
Social housing is facing critical issues related to its capital needs.

The oldest buildings ("public housing") are between 35 and 50 years old. There is an immediate need to make decisions about repair, replacement or regeneration as many building components have exceeded their useful life. Other buildings ("non-profit and co-op housing") are between 18 and 40 years old. Most will have a capital repair need within 5 years although some buildings have prematurely aged and need financial help now. Units are being removed from service due to a lack of capital dollars and this places further pressures on governments managing long waiting lists and the costs associated with homelessness.

The sector’s minimal financial requirement to repair, replace and or regenerate is estimated to be $1.5 billion. Existing capital reserves are not sufficient to meet this need.

Local councils and elected officials can play a key role in addressing the need for financing by ensuring that housing providers have access to sustainable long term funding. That funding can enable housing providers to undertake needed cost-intensive repairs by supporting adequate levels of repayable debt.

**Energy management**
Utility costs are the single largest, controllable expense in social housing.

Facing the rising cost of utilities, providers are concerned about how this will affect their budgets. And both providers and community advocates are concerned about how this will affect low-income residents who pay for their own utilities.

Some first steps for services managers and providers are encouraging conservation and taking advantage of incentive programs. Studies show that monitoring, targeting and reporting on building energy performance can achieve savings of between 5 to 15%. Add targeted energy-efficient building systems and retrofits and providers can reduce consumption by 30 to 50%

To help manage increasing energy costs and become more sustainable in the long-term Service Managers and providers can play a leadership role by undertaking benchmarking and analysis, upgrades and repairs, and by engaging with residents and building staff and encouraging them to become agents of change in their own communities.
Human Services Integration proposes a single view of a customer.

This helps to avoid services operating in silos, with vulnerable clients falling between the layers of the system, and unnecessary waste of resources. Districts and municipalities can play a key role in championing HSI locally, thereby ensuring that economically vulnerable social housing residents are not trapped between systems.

The goal of Human Services Integration is to coordinate the planning, delivery and evaluation of programs across municipal/district service areas so that interrelated services respond to the “whole person” and help them better contribute to their community. In 2013, the province combined funding from former separate housing and homelessness programs into a single flexible program allowing service managers to make choices for citizens in their area. The provincial requirement for service managers to complete 10-year housing and homelessness plans by January 2014 also aims to ensure that individuals and families have access to locally relevant programs, services, and supports that are coordinated and address identified needs.

Resident engagement

A central goal of the Province’s Long-Term Affordable Housing Strategy (LTAHS) is “Putting People First.”

One way of doing this is through greater involvement of residents in decision-making and planning. Engaging residents on issues that effect their buildings and communities is mutually beneficial, helping housing providers improve their service facilities and giving residents a say in shaping their homes.

Community engagement programs, like HSC’s Community Champion program, support energy conservation by educating energy users (residents and staff) on responsible practices while promoting greater social cohesion within low-income communities.

Social enterprises can also play a role in resident engagement, enabling people to achieve self-sufficiency by creating businesses that support their community in some way. Social enterprises are organizations that apply market-based strategies to achieve a social purpose. Some housing providers in Ontario have already created or encouraged social enterprises to achieve positive community outcomes.
New Partnerships

In a time when the housing sector can no longer rely on steady, long-term government funding and assistance – resources and innovation need to come from new places and new people.

When developing new communities, and regenerating older buildings, providers and service managers are increasingly turning to new partnerships with other industries and the private sector.

One example is Toronto Community Housing’s Regent Park Revitalization, a 15-20 year partnership with private development partners to transform aging housing infrastructure into a successful, mixed income, mixed-use neighbourhood.

HSC and Infrastructure Ontario have also partnered to offer the Green Loan Program to help Ontario’s social housing providers manage the high up-front costs and financial payback risks of implementing upgrades and retrofits.

HSC has also partnered with leading education and membership services provider, the Chartered Institute of Housing (CIH) in the UK to create CIH Canada. To address the need to attract new talent to the housing sector, CIH Canada delivers membership, education services across the country and accreditation for housing professionals.
Appendix A: The Affordable Housing Spectrum in Ontario

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<th>Housing Type &amp; Purpose</th>
<th>Residents</th>
<th>Ownership, Administration &amp; Management</th>
<th>Operational Funding</th>
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| **Emergency Housing**  | • Temporarily displaced  
  • Victims of abuse or violence  
  • Homeless men, women and families | • Varies – can include charitable organizations; non-profit housing providers; supportive housing providers; local municipalities | • Municipal – via Service Managers  
  • Provincial – via Ministry of Community Social Services  
  • Federal  
  • Some charitable housing exclusively self-funded (e.g. Salvation Army, United Way) |
| **Transitional Housing** | • Homeless or at-risk of homelessness individuals  
  • Families that receive case managed support services  
  • Ex-offenders leaving the prison system | • Varies – can include charitable organizations; non-profit housing providers; supportive housing providers; local municipalities | • Provincial – via Ministry of Community Social Services; Ministry of Children & Youth Services;  
  • Federal - Correctional Service of Canada contributes to correctional halfway houses  
  • Some charitable housing exclusively self-funded (e.g. Salvation Army, United Way) |
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| **Supportive Housing** | • Frail/cognitively impaired elderly  
• People with mental illness/developmental/physical disabilities | • Supportive housing is a form of non-profit housing and administered and managed by these providers | • Provincial – via the Ministry of Community Social Services and/or Ministry of Health and Long-Term Care  
• Charitable  
• Resident rents |
| **Special Needs Housing** | • Hard to house (e.g. substance abusers, mentally ill, hoarders)  
• Homeless  
• People with disabilities (physical, sensory or mental health), but capable of independent living  
• The elderly | • Varies – can include charitable organizations; non-profit housing providers; local municipalities | • Municipal – via Service Managers  
• Charitable |
| **Local Housing Corporations**  
(formerly known as public housing) | • Low to moderate-income families, seniors, singles, couples  
• Due to the shortage of supportive housing, many people with special needs reside in these units | • Wholly owned by municipalities but some are operated as independent corporations (e.g. Ottawa Community Housing, Toronto Community Housing)  
• In the largest cities, municipal non-profit housing providers were merged or ‘amalgamated’ with LHCs. | • Municipal – via Service Managers  
• Federal block funding via the province to municipalities for social housing to 2037  
• Resident rents |
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| **Non-profit Housing** | • Low to moderate-income families, seniors, singles, couples; a percentage of non-profit housing residents pay rents geared to their incomes and the remaining pay market rents  
• People with disabilities  
• Due to the shortage of supportive housing, many people with special needs reside in these units | • Managed and administered by community-based associations (e.g. churches or service clubs). These same groups also run emergency, transitional, special needs and supportive housing non-profits via third party agreements with support service providers such as the Association of Community Living and the Canadian Mental Health Association, to whom they allocate units  
• Some municipal corporations also operate Municipal Non-Profits – ones that were not merged with Local Housing Corporations because they are outside of geographical municipal boundaries | • Municipal – via Service Managers  
• Federal block funding via the province to municipalities for social housing to 2037  
• Resident rents |
| **Cooperative Housing** | • Low to moderate-income families, seniors, singles, couples  
• Percentage of non-profit housing residents pay rents geared to their incomes and the remaining pay market rents  
• People with disabilities | • Owned by resident-members and managed by resident-member board of directors | • Municipal – via Service Managers  
• Certain co-ops receive direct federal funding  
• Federal block funding to municipalities for social housing to 2037  
• Resident rents |
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| **Private Market Rental Housing** | • Varies based on market demand, location, condition of buildings/units  
• A small portion of low- and moderate-income households can access rent-governed-to-income subsidies via the waiting list system; some landlords have entered into rent supplement or housing allowance agreements with the service manager  
• This stock generally lacks supports required by the most vulnerable unless the individual resident is receiving help from a local community agency | • Private landlords and property management  
• Rental condominium units are a growing part of Ontario’s rental housing sector currently comprising about 4% of Ontario rental housing and is largely concentrated in the GTA and Ottawa | • Market rents  
• Service managers develop and fund rental supplement and housing allowance agreements that assist low-income residents; these numbers are low and primarily located in areas with substantial rental housing stock |
| **Homeownership** | • Qualified based on income, according to rules established by lenders  
• Qualified based on income, according to rules established by affordable homeownership programs | • Owner and condominium management | • A household’s income pays for mortgage payments if the household has a mortgage on the property  
• If a household is housed under an affordable homeownership program, the cost of the property may be reduced by government incentives or grants |

- Bulk of Ontario’s rental stock
- Profit driven; no obligation to provide affordable housing or allocate affordable units
- Housing stock extremely varied in quality and condition
- Responsibilities to residents governed by provincial legislation, the Residential Tenancies Act

- Purchase prices driven by market
- Housing stock extremely varied
- Affordable homeownership programs are available from some service managers and are dependent on local decisions
- Some non-profits and charities focus on affordable ownership (e.g., Habitat for Humanity, Options for Homes, Trillium Housing)
Key Stakeholder Organizations

Housing Services Corporation (HSC)
HSC (formerly Social Housing Services Corporation) is a non-profit organization created under the Housing Services Act, 2011 that is committed to ensuring that Ontario residents have access to safe and affordable housing that improves their quality of life. We support this by focusing on the long-term health and sustainability of Ontario’s social housing asset. HSC was originally created to deliver mandated programs in insurance, capital reserves pooling, bulk purchasing, research and best practices – including training & education – to Service Managers, Local Housing Corporations, prescribed non-profits and co-operative housing.
For more information, visit www.hscorp.ca

Ontario Non-Profit Housing Association (ONPHA)
Ontario Non-Profit Housing Association is an advocacy organization for non-profit housing providers and delivers training programs, research and a ‘best deals’ program for its members.
For more information, visit www.onpha.on.ca
Similar non-profit advocacy organizations exist in Nova Scotia, New Brunswick, Quebec, Manitoba, Alberta and British Columbia.

Association of Municipalities of Ontario (AMO)
AMO works to make municipal governments stronger and more effective. Through AMO, Ontario’s 444 municipalities work together to achieve shared goals and meet common challenges. It promotes the value of the municipal level of government as a vital and essential component of Ontario and Canada’s political system.
For more information, visit www.amo.on.ca

Co-operative Housing Federation of Canada – Ontario Division
Co-operative Housing Federation of Canada – Ontario Division is an advocacy organization for the co-operative housing movement in Ontario, which consists of housing co-operatives (both occupied or under development), the people who live and work in them and the organizations and individuals that support and serve them. It delivers training programs, research and group buying programs for its members.
For more information, visit www.chfcanada.coop

Ontario Municipal Social Services Association (OMSSA)
Ontario Municipal Social Services Association represents social and community services staff at the municipal level in Ontario. It promotes policy development and program delivery in the areas of children’s services, affordable housing and homelessness prevention and social assistance.
For more information, visit www.omssa.com

The Chartered Institute of Housing (CIH) Canada is part of an international network that exists to maximize the contribution that housing professionals make to the well-being of communities. CIH Canada offers a range of educational and networking opportunities, including accreditation programs through which members can achieve professional designations in housing management and administration.
For more information, visit www.cih/org/canada