



**Now is the time for Liberals to
honour their promise to re-build
Ontario's housing programs**

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Legislative Assembly's Standing Committee on Finance and
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Key messages

The Toronto Disaster Relief Committee has two key messages for the Standing Committee on Finance and Economic Affairs on the 2005 Ontario budget:

- **HONOUR THE PROMISE TO RE-BUILD ONTARIO'S HOUSING PROGRAMS:** Ontario's housing strategy since 1995 has been to cut hundreds of millions in funding, cancel tens of thousands of units approved for construction, download the cost and administration of housing programs to municipalities and then hope that the private sector will build new units. This policy has failed. Ontario has suffered a net loss in private and not-for-profit rental supply since 1995. Rents in existing units increased rapidly, often at double the rate of inflation. A growing number of working families, seniors, youth and others are caught in the downward spiral to homelessness. Provincial policies have been de-housing Ontarians. Voters in October of 2003 decisively rejected this agenda in favour of a promise by the Liberals to re-build public services. In their policy document, "Growing Strong Communities", the Liberals said: "The Harris-Eves government abandoned families in need of affordable housing. In seven years, they did not built a single unit. They gutted rent controls, dumped responsibility for social housing onto municipalities that could not afford it and refused to commit adequate resources to a joint federal-provincial housing program. We believe the provincial government has a responsibility to help provide affordable housing."
- **THERE ARE PRACTICAL, AFFORDABLE SOLUTIONS:** There are practical, simple and affordable solutions to increase the supply of truly affordable housing and ensure no one is left to die from homelessness. We call this the One Percent Solution and it includes more affordable units, more rent supplements to keep rents affordable, more funding for emergency relief (such as homeless shelters) and an increase in social assistance payments. The current Ontario government was elected on a platform that included extensive commitments to re-build and renew the province's devastated housing policies and programs. The government needs to commit the funds necessary to meet its commitments and to take additional steps to meet the housing needs of all Ontarians. Dalton McGuinty has made specific commitments that need to be funded and implemented immediately: "I will provide leadership to ensure that more Ontario families have affordable housing".

The Toronto Disaster Relief Committee

The Toronto Disaster Relief Committee is a group of social policy, health care and housing experts, academics, business people, community health workers, social workers, AIDS activists, anti-poverty activists, people with homelessness experience and members of the faith community. We have worked with homeless people, studied homelessness, served on numerous committees and task forces and have watched the homeless crisis worsen daily. We have bandaged the injuries caused by being homeless and have attended the funerals of many people. Our work grows out of our experience on the streets, in the homeless shelters and in housing projects in Toronto. We work closely with the Housing and Homelessness Network of Ontario, which includes groups in Ottawa, Kingston, North Bay, Sudbury, Sault Ste. Marie, Guelph, Peterborough, Belleville, Kitchener-Waterloo, Hamilton, St. Catharines, London and Windsor.

We work closely with the National Housing and Homelessness Network and our partners from Vancouver to St. John's, Newfoundland and Labrador.

The state of the crisis

GROWING HOMELESSNESS: Homelessness is rising throughout Ontario. Working families are crowding homeless shelters because they cannot find affordable housing. A growing number of seniors are becoming homeless (an estimated 400 seniors in Toronto shelters every night). There are an estimated 300 pregnant women homeless in Toronto. Throughout Ontario, shelters are full and people are forced to sleep on mats on the floor. Far too many are outside in the deadly cold of winter and the equally deadly heat of summer.

HOMELESSNESS IS DEADLY: A number of shelters, forced to crowd growing numbers of people into limited spaces, are unsafe and unhealthy. Tuberculosis, Norwalk-like virus and other infectious diseases are killing homeless people and making them sick. There is an outbreak of bedbugs that has persisted for several years in Toronto shelters. At our most recent monthly memorial in Toronto on January 11 we added the names of five homeless people who died in the past month to the more than 350 names already on the list.

PROVINCIAL HOUSING POLICIES ARE DE-HOUSING ONTARIANS: Since 1995, the Ontario government has had a three-part de-housing strategy:

- First, slash social housing and other affordable housing programs. About 17,000 social housing units were cancelled in 1995. About 3,000 rent-geared-to-income social housing units and an estimated 3,300 rent supplement units in privately-owned buildings have been cancelled. The province stopped funding new social housing in 1995, triggering a cumulative loss of 52,500 social housing units – and counting. The policy objective was to squeeze co-op and non-profit housing in order to encourage construction of new private rental housing.
- Second, gut rent control and tenant protection laws to allow rents to rise to their “natural levels”. Rents in most parts of the province are climbing faster than the rate of inflation – sometimes double or even higher – even though renter household incomes are stagnant or declining. In 2002, Ontario's average apartment rent rose by 2.3% to \$836. Tenants paid \$154 million more to their landlords in 2002 than in 2001. The policy objective was to give more money to private landlords in the hope that some would be invested in new housing.
- Third, offer public subsidies to private landlords – including direct grants, tax preferences and rent supplements. Private developers are not taking these handouts. In fact, the province has failed to allocate at least 1,000 rent supplements first offered in December of 1999. But the Ontario Housing Supply Working Group, packed with private sector lobbyists, is calling for even richer public subsidies for private landlords. The government's policy objective was to encourage new private development with rich subsidies, but the government-appointed housing group admits “none of [these] measures. . . would be sufficient to result in new rental projects which are affordable to tenants with very low incomes.”

ONTARIO HAS LOST MORE THAN 72,000 RENTAL UNITS: Ontario Minister of Municipal Affairs and Housing Al Leach promised in December of 1995, that his government's housing strategy would encourage private developers to build 20,000 new rental units in Toronto alone. He was wrong. The province has lost 13,258 private rental units since 1995. Add to this

the 58,800 subsidized units cut by the province, and the total adds up to more than 72,000 units since 1995 – enough to provide homes for almost 200,000 Ontarians. No wonder the province-wide housing crisis and homelessness disaster is so severe.

UNAFFORDABLE RENTS: A recent survey from Statistics Canada shows that half of renter households in Ontario have annual incomes of \$23,215 or less. Based on the standard calculation of 30%, about 900,000 renter households can only afford rents of \$580 a month or less – yet average rents are much higher. Low, moderate or middle-income renter households can't afford Ontario's rents. Hundreds of thousands on social housing waiting lists cannot afford Ontario's rents. The tens of thousands of homeless Ontarians cannot afford the rents.

RISING VACANCIES OFFER LITTLE RELIEF: The overall rental vacancy rate in the conventional rental market has risen slightly in recent years, but that has provided little relief for low-income renter households and the homeless. Rents are so high that tenants have literally been priced out of the private rental market.

AFFORDABLE HOUSING PROGRAM: The Ontario government signed the Affordable Housing Framework Agreement with the federal government in November of 2001. Under the terms of that deal, Ontario agreed to match federal housing dollars for new housing that was supposed to be affordable to low and moderate-income households. The Harris government, taking advantage of a loophole in the original agreement, refused to cost-share and instead required municipalities to pay most of the so-called provincial share. The McGuinty Liberals promised to fully match the federal dollars, but have instead followed the Harris lead and forced most of the costs onto municipalities and third parties.

Under the first phase of AHP, the federal government has promised \$245 million for new affordable housing in Ontario, as long as the province matches that funding. Under the second phase of AHP (announced in February of 2003), the federal government announced an additional \$113 million. While Quebec and British Columbia have signed an agreement with the federal government to start the flow of phase two AHP funding, Ontario is still stuck at the beginning of phase one – more than three years after signing the original agreement with the federal government.

The Liberals promised to match the federal dollars, but have failed to do so. Low-income households desperately need new affordable homes. The Liberals must honour their promise.

Adding up the Liberal housing promises

PROMISE TO RE-BUILD ONTARIO'S PUBLIC SERVICES: The provincial Liberals, who now form the government in Ontario, campaigned in 2003 on a promise to re-build Ontario's public services. The Liberal's housing commitments that have a significant financial cost (with quotes from various policy documents and estimates provided by the Liberal Party) include:

- “almost 20,000 new housing units for needy families” (cost – \$245 million over four years),
- “a housing allowance for low-income families [to] provide direct, immediate housing relief for 35,000 families” (cost – \$100 million annually),

- “a provincial rent bank to help tenants with short-term arrears so that they can keep their homes” (cost – \$10 million annually),
- a “priority to the development of affordable housing on Ontario government-owned lands”,
- the creation of a new “Ontario Mortgage and Housing Partnership to provide competitive financing rates for non-profit, co-operative and commercial developers who want to build rental housing in Ontario”, and,
- a “significant increase [to] supportive housing options for those suffering from mental illness” (no cost estimate, but Liberals promised 6,600 units, so cost could be \$100 million over four years).

Total cost of Liberal housing promises: at least \$272 million annually.

OTHER HOUSING PROMISES: The McGuinty Liberals also made other significant housing promises that don’t have a significant financial impact. These include commitments to:

- “repeal the misnamed *Tenant Protection Act* and replace it with an effective tenant protection law. Our law will protect tenants by making unfair rent increases illegal”,
- “encourage the construction of more rental units to reduce upward pressure on rents”,
- “ensure that municipalities with low vacancy rates have the right to protect existing rental housing from unreasonable demolition or conversion to condominiums”,
- plus specific promises to reform or repeal regulations used by the Ontario Rental Housing Tribunal, which under the Harris / Eves government was a “fast-track eviction factory”.

RESTORE OPERATING FUNDING TO PROVINCIAL HOUSING PROGRAMS: To meet this second set of promises, the government must ensure sufficient funding is restored to provincial housing programs (currently divided among several ministries). From 1995 to 2003, the provincial government cut an estimated \$879.1 million from housing programs. Funding needs to be restored, and staff added, to assist in the re-building of Ontario housing programs. The promises of more funding for desperately-needed housing, better tenant protection laws and other initiatives are a welcome first step to re-building provincial housing and homelessness programs that were decimated by the previous government. But they fall far short of the need.

The One Percent Solution

RESTORING BRUTAL PROVINCIAL CUTS: Since 1998, the Toronto Disaster Relief Committee has been calling on all levels of government to adopt the One Percent Solution. In the mid-1990s, federal, provincial, territorial and municipal governments spent about one percent of their overall budgets on housing. We are asking governments to double housing spending by adding an additional one percent. Before Ontario can meet this goal, it must restore hundreds of millions that it cut in the 1990s, along with hundreds of millions it downloaded to municipalities. Ontario’s housing cuts are continuing. The 2002-2003 spending estimates shows a \$536 million spending cut for housing programs, going from \$1.3 billion in 2001-2002 to \$738 million in 2002-2003. Take away the \$398 million that the province is receiving from the federal government, and total provincial housing spending shrinks even lower.

ONE PERCENT SOLUTION: The Toronto Disaster Relief Committee makes the following recommendations. These proposals, also adopted by the Ontario Alternative Budget, are not only necessary to fund desperately-needed new homes, but are practical and affordable:

1. New Ontario social housing supply program (13,000 units) \$650 million
2. Full provincial matching share
 - Affordable Housing Program (2,000 units) \$49 million
3. Province to reassume funding for existing social housing \$850 million
4. Rent supplements for new housing (10,000 units) \$50 million
5. New rent supplements for existing units (27,200 units) \$136 million

INCREASE SHELTER PER DIEMS: The province should increase per diems paid to municipalities for homeless shelters by the Ministry of Community and Social Services. Toronto needs 200 new hostel beds. Other communities need additional beds. An increase in the per diems would allow shelter operators to meet proper standards. The exact amount of the increase should be set in consultation with municipalities, shelter operators and community-based groups.

LOW-INCOME ENERGY AND CONSERVATION POLICY: The Toronto Disaster Relief Committee is an active participant in the Low Income Energy Network. We join with LIEN in calling on the Ontario government to adopt a comprehensive energy poverty and conservation policy for low-income households in Ontario.

All of which is respectfully submitted by:

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on behalf of the Toronto Disaster Relief Committee.