3.   PROPOSED REGIONAL ROLE IN HOUSING

COMMITTEE RECOMMENDATIONS

That Council approve:

1.   That the Region continue to advocate strongly for renewed federal and provincial funding for social housing and to express serious concerns to the Province with regard to future funding liabilities for the existing stock of social housing.

2.   That, in addition to preparing for the transfer of social housing administration, the Region adopt a role in housing which consists of the following key functions to create more affordable housing, as outlined in this report:
- **Leadership and Advocacy**
- **Financial or in-kind Support for Affordable Housing**
- **Planning and Policy Development**
- **Program Delivery**

3.   That initial priority in creating additional social housing be given to the homeless and those at risk of homelessness.

DOCUMENTATION:

1.   Special Advisor, Social Housing report dated 31 May 99 is immediately attached.

REGION OF OTTAWA-CARLETON   REPORT

RÉGION D'OTTAWA-CARLETON   RAPPORT

Our File/N/Réf.   05-99-0016
Your File/V/Réf.

DATE   31 May 99

TO/DEST.   Co-ordinator, Community Services Committee

FROM/EXP.   Special Advisor on Social Housing

SUBJECT/OBJET   **PROPOSED REGIONAL ROLE IN HOUSING**

DEPARTMENTAL RECOMMENDATIONS

That the Community Services Committee recommend Council approve the following:

1. **The Region continue to advocate strongly for renewed federal and provincial funding for social housing and to express serious concerns to the Province with regard to future funding liabilities for the existing stock of social housing.**

2. **In addition to preparing for the transfer of social housing administration, the Region adopt a role in housing which consists of the following key functions to create more affordable housing, as outlined in this report:**
   - **Leadership and Advocacy**
   - **Financial or in-kind Support for Affordable Housing**
   - **Planning and Policy Development**
   - **Program Delivery**

3. **Initial priority in creating additional social housing be given to the homeless and those at risk of homelessness.**

PURPOSE

The purpose of this report is to propose a mandate for the Region in housing which will guide actions in the short term (approximately two years pending decisions by the Province on reform of the social housing system) and position the Region to assume the transfer of social housing administration. This mandate will then provide a basis for organizational modelling of the delivery of housing services within the Region.

INTRODUCTION

In 1998, the Region was given funding responsibility for Social Housing as one component of provincial-municipal service re-alignment. The process for completing the full transfer of responsibility will be lengthy. The Province continues to talk about a two-year time frame to reform existing programs, finalize a federal-provincial agreement and ultimately transfer administrative responsibility to municipalities.

At the same time, there continues to be a growing need for affordable housing in Ottawa-Carleton, both to deal with the crisis of homelessness and the longer-term issue of households having to wait up to ten years to access subsidized housing. The Region, along with other municipalities in the country, is being called upon to take action to deal with these issues, and to some extent, to take a leadership role in addressing the housing needs of our community in the absence of continued housing involvement from senior levels of government.

The Region traditionally has not played a direct role as a developer or manager of social housing. However, there are a number of regional programs which are closely tied to the provision of affordable housing in our community. Furthermore, regardless of jurisdictional considerations, the absence of affordable housing has a direct impact on the quality of life and economic viability of our Region, two areas which call for actions on the part of regional government.

As a result of these considerations, while the actual transfer of social housing administration will not likely occur until at least the year 2001, it is appropriate at this time for Regional Council to consider the nature of the role which the Region should play in housing. As well, it is important that work be undertaken to integrate housing into the regional organizational structure, so that regional actions in this regard are co-ordinated and so that there is continuity as the Region assumes its longer-term housing responsibility.

PUTTING AFFORDABLE HOUSING INTO CONTEXT

Historically, housing has often been seen as bricks and mortar and as a mechanism for economic generation. However, housing is much more than just a roof over someone's head. Housing is a multifaceted entity that has a broad impact on social well-being, health, the environment, urban safety, education and economic prosperity. The negative impacts on children of the lack of a stable, healthy home environment will result in problems for future generations.

Increasing homelessness is the most visible demonstration that the basic housing needs of the very poor and vulnerable populations are unmet. Yet the need for housing assistance goes beyond those who are living on the streets or in shelters. Thousands of households in the Region, both those on social assistance and the working poor, as well as the elderly and disabled struggle to afford the rent in their current accommodation or live in inadequate or overcrowded dwellings. Governments can help the community to meet its housing needs and should promote self-sufficiency in housing solutions among residents and a range of housing providers. For those families and individuals with multiple needs, additional assistance will be required to combine housing with more extensive support services.

RECENT CHANGES

In the last several years, numerous events have had a significant impact on housing and the Region:

Cancellation of Federal and Provincial housing programs: For close to fifty years, the federal and provincial governments have had housing programs in place in order to respond to the needs of low and moderate income Canadians. In 1993, the federal government stopped funding additional social housing and in 1996 announced a plan to devolve administrative responsibilities for the existing stock of social housing to the provinces. In 1995, the Province of Ontario followed suit by cancelling all funding for additional social housing.

Provincial Downloading: In January 1997, the Province of Ontario announced major shifts in responsibilities between the provincial and municipal governments. What was labelled Local Services Realignment became known as the "Megaweek" proclamations. Included in the package was the download of responsibility for funding and administering social housing to upper-tier municipalities and municipal service managers. Transfer of the funding responsibility was effective January 1, 1998.

Supportive Housing: Adjustments were made by the Province in June 1998 to exclude specified dedicated supportive housing projects from the download. These projects will be transferred to other provincial ministries for funding and administration. Nevertheless, approximately 60 percent of the supportive housing in the Region is included in municipal downloading and poses special challenges in terms of funding services and the co-ordination of service delivery.

EMERGING DIRECTIONS

Homelessness: In the past few months there has been increasing political and media interest in homelessness largely due to the impact of the report prepared by Anne Golden for the Toronto Mayor's Task Force on Homelessness. The federal government has responded by increasing monies available through RRAP (the Residential Rehabilitation Assistance Program) for renovating housing for low-income single persons and the homeless and also appointed a Minister for Homelessness. The Province recently announced a series of funding and administrative changes to increase the availability of housing and supports for homeless people. The Region may be able to utilize some of these new or expanded initiatives to deliver services locally. As well, the Region is undertaking its own consultation on solutions to homelessness, of which the creation of more affordable housing is a critical part.

Social Housing Reform: The transfer of the program administration responsibility for social housing will not occur until the Province completes reform of the existing social housing system currently under provincial administration. A Social Housing Committee, established by the Minister of Municipal Affairs and Housing, submitted its final report to the Province in November 1998, but there has been no visible action taken since. Until decisions are made in these areas, municipalities do not know exactly what will be downloaded, what administration will be required

and what options may be provided for a direct municipal role in ownership and management of the existing stock of social housing.

Federal/Provincial Agreement: Transfer of administrative responsibility also requires federal government approval. The federal government announced in 1996 that it would be devolving administrative responsibility for most housing programs to the provinces and has since signed agreements with seven provinces and territories to enact this devolution. In Ontario, the federal government wanted assurance that all stakeholders were supportive of the reform proposals before signing a new Federal/Provincial (F/P) agreement.   However, it now appears that finalization of a federal-provincial agreement may occur prior to the reform process being completed. There is a danger that the reform process may be derailed entirely once the agreement is signed and then municipalities would be faced with the prospect of having to administer all the existing programs which are very complex and involve different administrative systems and processes.

Consolidated Municipal Service Management: Inherent in the province's realignment of provincial and municipal services is a commitment to achieve consolidation of municipal service management amongst municipalities and within municipalities.   The former led to the establishment of 47 Consolidated Municipal Service Managers (CMSMs) in the province. The latter led to pressure for municipalities to consolidate some municipal services internally. The Consolidation Planning Framework issued by the province in January 1998 states: "Service system management responsibilities will be carried out by the same municipal service managers that will be responsible for Ontario Works and child care. How this consolidation will be implemented, and the extent of integration with these other programs, will be examined by the province and municipalities as service delivery models for social housing are developed."

Mental Health Reform: The Province is engaged in a process to reform the mental health system in Ontario, which along with hospital re-structuring, involves a greater focus on the treatment of mental illness in the community. The re-designed role of the Royal Ottawa Hospital, along with the closure of the Brockville Psychiatric Hospital, will create pressure in the Region for housing which can be combined with mental health support services in order to respond to this new direction. At the same time, there may be opportunities for organizations in the Region to benefit from funding from the Ministry of Health to provide supportive housing.

Municipal Restructuring: This report has been prepared within the context of the existing local government structures in the Region. Changes in the structure of the Region and/or lower-tier governments would change the nature of the proposals in this report. In the meantime, consideration should be given to the desirability and feasibility of transferring some lower-tier functions such as the delivery of RRAP (the Residential Rehabilitation Assistance Program) to the Region. As a minimum, the Region needs to ensure that lower-tier policies are consistent with regional housing objectives.

Regional Development Charges: New Provincial legislation requires municipalities to revise their development charges by-laws by August, 1999. Development charges represent a significant cost factor in new house construction and can pose a barrier to the creation of affordable housing. The process for reviewing development charges is well underway in this Region.

REGIONAL/MUNICIPAL ROLES - HISTORICAL CONTEXT

In contrast to some other regional governments in Ontario (Durham, Halton, Peel, Toronto, Waterloo and York), this Region did not establish a municipal non-profit housing corporation to develop social housing. Nine of the eleven lower-tier municipalities did however, the largest being the City of Ottawa's City Living. Some lower-tier municipalities (again, notably the City of Ottawa) have had quite active housing departments in addition to the delivery of social housing. However, with reductions to senior government housing programs that were delivered by lower-tier municipalities, and other more political or organizational influences, there has been a shift in relative responsibility from the lower tier to the Region. Nevertheless, until municipal restructuring takes place, certain responsibilities will logically remain with the lower tier due to legislative or functional requirements.

HOUSING NEEDS IN OTTAWA-CARLETON

The predominant housing problem in Ottawa-Carleton is affordability and impacts mainly rental tenants. Some 50,000 renters or 41% of renter households pay in excess of 30% of their income for shelter and just over 40,000 of these have incomes of less than $25,000 indicating that low income is a key part of the problem. Over 24,000 or 20% pay an excessive burden of more than 50% of their incomes on shelter. The number of renter households with affordability problems has increased markedly from 1991. Households paying more than 30% of their income for shelter have increased from 36,000 households in 1991 to 50,000 in 1996; those paying more than 50% increased from 16,000 to 24,000 households.

Meanwhile just over 11,000 renter households – about 10% of all rental dwellings – live in properties in need of major repair. Just under half of these households also spend more than 30% of their income on housing. However, the need for repair is not exclusively in the low-rent units occupied by low-income households – in fact it is relatively evenly distributed across the income spectrum.

With strengthening in the Ontario and regional economy, vacancy rates in the rental sector have tightened significantly – from well over 4% in October 1997 to approximately 2% in October 1998. Lower vacancies will lead to upward pressure on rents. This will be exacerbated by changes to the Tenant Protection Act, which provide a more lenient environment for landlords to increase rents, which have already moved upward after remaining relatively stable for the past 5 years.

Rental production peaked in 1992 when 2300 completions comprised 36% of all development. By contrast, private rental production has generated less than 300 units in the past 5 years while social housing construction was curtailed in 1995. Meanwhile demolition and conversions from rental to ownership tenure have resulted in a net loss of over 1700 units in the rental stock, far outstripping these starts. A strengthening rental market may result in some construction of rental units (118 starts in 1998) but only at upper level rents – this is unlikely to generate any new affordable housing for which there is a growing need.

The Registry's waiting list for social housing now has over 15,000 households, of whom 1400 families or individuals are homeless. The Registry has had over 5500 applications in the past year.

CURRENT REGIONAL HOUSING FUNCTIONS

In 1998, the Chief Administrative Officer established a small unit under the direction of a Special Advisor on Social Housing, to plan for the assumption of the responsibility for the social housing programs being downloaded from the Provincial Government. This unit works closely with other departments through an inter-departmental Social Housing Transition Team. A Regional Social Housing Working Group consisting of regional councillors, staff, social housing providers and residents provides a forum for consideration of issues pertaining to the new role for the Region in Social Housing.

The Social Housing Unit's current functions include:
- tracking and monitoring the impact of Regional funding of social housing;
- analyzing the impact of reform proposals and providing input to the province;
- monitoring and influencing federal/provincial negotiations;
- developing proposals for Regional action in housing, particularly affordable housing development; and
- analyzing alternate governance and delivery models for social housing services.

In addition to the Social Housing unit, the Region's involvement in housing includes:
- subdivision and condominium approvals (PDA);
- development and implementation of Regional Official Plan policies and approval of local Official Plans and amendments (PDA);
- monitoring trends and development activity; preparing population, household and dwelling unit projections; preparing annual reports (Annual Housing Review, Vacant Residential Land Survey, etc.) (PDA);
- land bank for social housing (dormant since cancellation of social housing programs) (PDA);
- property services - management of residential properties in RMOC ownership, purchase and sale of properties (PDA);
- funding and/or operation of Long Term Residential Care facilities (domiciliary hostels), transient hostels, emergency family shelters (Social Services);
- purchase of service contracts for community houses, Housing Help and Action logement (Social Services);
- community liaison on homelessness (Social Services, Health); and
- operation of Homes for the Aged .

FEDERAL AND PROVINCIAL ROLES

At the present time, neither the federal nor the provincial government is providing funding for new social housing development. There are still substantial subsidies flowing to existing non-profit housing (public, municipal, private and co-operative) and rent supplements from the federal government (about $40 million annually in Ottawa-Carleton). However, these funds, along with regional subsidies, only assist those households currently living in social housing in the Region (approximately 23,400 in total managed by over 80 housing providers). No funding is being made available to assist with the backlog of more than 15,000 households on the waiting list.

Recently, there have been some modest steps towards new funding, primarily in response to the homelessness crisis, such as the federal government's extra RRAP (Residential Rehabilitation Assistance Program) money and the province's announcement of various initiatives to reallocate $100 million as a response to the Golden Report on Homelessness in Toronto. Regional Council has taken the position that the federal and provincial governments should remain involved in the funding and sponsoring of housing programs. This position has been communicated to the senior levels of government and will continue to be a major theme in future intergovernmental discussions.

The Federation of Canadian Municipalities has established a working group to develop a National Housing Policy, presented to the FCM Conference in June, 1999. The Special Advisor on Social Housing for the Region has been a member of this group, which is comprised of individuals from municipalities across the country. The major themes of the Policy paper are that all levels of government need to take action to deal with housing and homelessness. In particular, the paper proposes that the federal government take action in the following areas:

- Providing capital for new affordable rental supply;
- Funding housing rehabilitation;
- Providing block funding for housing combined with other health and community interventions;
- Using tax incentives and other policies to encourage private housing responses; and
- Cost-sharing on-going housing subsidies.

A complete copy of the FCM policy paper is available, should Councillors wish to review it.

FUTURE REGIONAL ROLE IN HOUSING

The unilateral decision by the Province to download social housing has necessitated a response by the Region to firstly, prepare to handle the financial responsibility and secondly, to consider organizational alternatives to take on the administration when it is transferred. Given, however, the massive restructuring that is occurring as a result of provincial downloading decisions, it provides an opportunity to consider the absorption of the social housing responsibility within the broader scope of the existing and potential municipal/regional roles in housing.

On 27 January 1999, Regional Council approved the RMOC Principles for Social Housing which had been developed by the Region's Social Housing Working Group in June 1998. These principles have been considered in developing the proposed Regional roles and are attached as Annex A.

Potential new roles for the Region can be considered in two broad categories:

- Dealing with the existing portfolio of social housing
- Further enabling affordable housing

1. Existing Portfolio

Currently the Region is responsible for funding social housing. Ultimately, there will be a mandatory Regional role to assume responsibility for administration of existing housing programs. This will include, as a minimum, the following functions:

- negotiation of new operating agreements with providers (based on program reform);
- determination and distribution of subsidies;
- monitoring performance and addressing potential problems of projects;
- reporting to the Province (as mandated in the federal/provincial agreement and program reform); and
- ensuring co-ordinated access systems are in place.

Downloading of administration does not automatically involve a Regional role in owning or managing individual projects or portfolios. With respect to Public Housing (Ottawa-Carleton Housing Authority), current reform proposals would require the Region to undertake with the Province a joint analysis of ownership alternatives. The Region may then choose to negotiate the transfer of ownership with the province or leave ownership in provincial hands. A number of options for day-to-day management of this housing stock may also be considered. The Region could convert the Local Housing Authority to a non-profit corporation and retain it as a delivery agent, ask an existing non-profit or co-operative housing corporation to assume responsibility for this housing, administer the housing directly, or leave management with the Local Housing Authority. Given that the Province's decisions with respect to program reform will have a major bearing on options open to the Region, the Region should await the final outcome of program reform prior to making judgements with respect to these options.

However, analysis of alternative models will commence as soon as there is clearer indication from the province as to whether or not it intends to maintain ownership of the stock.

The provincial program reform process is not proposing any change in ownership or management of municipal non-profit corporations. The Social Housing Committee report indicated that "the structure of municipal non-profits could change. This will be determined within the individual CMSMs." Nevertheless, at the current time, there is no opportunity to modify the ownership or management of municipal housing corporations, other than on a voluntary basis. The Region has no legal authority to change ownership or management structures in municipal housing corporations. The Provincial government would be required to amend existing legislation governing Social Housing or amend the Regional Municipalities Act to grant power to make such changes at the regional level. However, consultation will be undertaken during the next two years with the Regional Office of the Ministry of Municipal Affairs and Housing (MMAH) and providers to assess options for improved delivery systems including the potential costs and benefits of amalgamation and/or purchase of service arrangements.

2. Enabling affordable housing

Given the magnitude of need for affordable housing in the Region, it is proposed that the Region expand its housing role to facilitate the provision of additional affordable housing. It is apparent in this Region, and throughout the country, that municipalities will not be able to fund new large-scale social housing projects as previously were financed and subsidized by the federal and provincial governments. However, there are a number of things which the Region could do to assist the community in resolving housing problems. Action in this area would support the policies of Housing Section (3.3) of the Official Plan, particularly Policies 3.3.2.6 and 3.3.2.7:

- Support programs, pilot projects and innovative housing developments to build and renovate housing units affordable to the lowest-income groups ; and
- Work with stakeholders to protect the existing social housing stock.

It is proposed that the Region undertake the following functions to support the development of more affordable housing. These are listed with specific examples of tasks which could be undertaken or are currently underway but could be expanded:

- **Leadership and Advocacy**
  - identify mechanisms to reduce the cost of housing - for private market and for non-profit housing which would be affordable for low and moderate income households
  - facilitate existing groups that are trying to develop affordable housing without senior government programs; consider partnership arrangements involving the Region
  - develop options for the more cost-effective use of emergency shelter funding through the creation of permanent housing options.
- **Financial or "In-Kind" Support**
  - sponsor demonstration projects by issuing requests for proposals for affordable housing
  - examine regional taxation and development charge policies to identify ways to promote affordable housing
  - reactivate the policy adopted by Council in June 1990 to give priority to non-profit housing in the disposal of any surplus Regional property and update it as required

- develop options for selling or leasing regional lands to non-profit groups for the development of affordable housing
- establish liaison with Canada Lands Corporation and provincial government regarding use of surplus land or property for affordable housing.
- **Planning and Policy Development**
  - undertake a thorough assessment of the need for affordable (rent-geared-to-income) housing, including supportive housing
  - develop Regional Housing Strategies to implement goals and targets for preservation and development of affordable housing and supportive housing
  - develop strategies to address the needs of the homeless
  - provide input to policy and decision making at the provincial and federal levels
  - participate with the Federation of Canadian Municipalities in the development of a National Housing Policy Options Paper and pursue other follow-up initiatives that may arise.
- **Program Delivery**
  - assess the cost-effectiveness of the Region assuming delivery of the RRAP program
  - develop a plan to deliver the rent supplement program and other initiatives arising from the province's recent announcement of $100 million for housing programs in response to the homelessness crisis.

FINANCIAL IMPLICATIONS

There are future funding liabilities and risks associated with funding the on-going administration of the existing stock of social housing. These include potentially higher subsidy costs associated with the Province's program reform model, inadequate replacement reserves for capital repairs and improvements, costs associated with mortgage default or other financial problems, mortgage interest rate fluctuations and administrative costs. Therefore, funds should be set aside to provide for potential cost increases to the Region once responsibility for social housing administration is assumed. Due to the uncertainty of future housing subsidy requirements, staff will be recommending to Council that steps be taken to mitigate potential risks to the Region.

At the same time, on an annual basis, there may be opportunities to achieve savings in social housing which could be used to offset these future costs re-directed to the functions identified in this report for the creation of more affordable housing. The Finance Commissioner will address this issue in the Results of 1998 Operations report.

Any specific initiatives to implement a regional role in developing more affordable housing which have costs associated with them would be brought back to Council for approval of funding in the context of the overall regional budget.

PUBLIC CONSULTATION

This report was reviewed in draft form and endorsed by the Social Housing Working Group, which includes a range of housing providers and tenants, as well as Regional Councillors and staff. The Working Group supports the Region taking a leadership role in housing, while actively promoting greater involvement of the federal and provincial governments in social housing funding.

CONCLUSION

Given the range of housing problems in our community and their impact on the quality of life of residents, the Region now has the opportunity to consider undertaking a regional housing role which is not just about administering downloaded programs. Such a role could comprise a more holistic and integrated approach, complementing other related regional functions. In the absence of large-scale federal and provincial funding programs, there is a need for greater innovation and creativity in identifying new approaches and new partners to meet the persisting need for affordable housing. At the same time, the magnitude of housing problems in Ottawa-Carleton and throughout the country make it imperative that the federal and provincial governments re-instate their leadership role in funding additional social housing.

The opportunity which is created by the Region assuming responsibility for social housing administration is to better integrate the continuum of services which can be provided. By moving social housing to the regional level, it will be possible to avoid the "silo" approach to dealing with health, social services, planning and social housing programs, many of which require better co-ordination in order to be effective in meeting the needs of the community.

It is desirable to locate a permanent "home" for the Region's new responsibilities in housing, so that the appropriate staff begin to become familiar with these new responsibilities and are involved in preparing the structure and resources needed to implement this role. This paper has proposed a role for the Region in housing which would guide the actions of staff over the next two years until full responsibility for social housing administration is assumed. Once a housing mandate is determined, staff will develop organizational options with respect to the Region's new role in housing, administration of social housing, potential ownership and management of public housing, and possible options for improved delivery of social housing generally. In addition, staff will implement functions to create more affordable housing, within the existing social housing budget. As outlined in the accompanying report on Homelessness in Ottawa-Carleton, immediate priority for funding additional social housing should be given to those who are homeless or at risk of homelessness. Specific proposals which require funding authority will be brought to Council for approval.

Approved by
Joyce M. Potter,

RMOC PRINCIPLES FOR SOCIAL HOUSING
(approved by Regional Council January 27, 1999)

Principles Related to Housing Policy

- To ensure the population of Ottawa-Carleton is adequately and affordably housed (Goal 5 of the Regional Official Plan).
- To promote and support social housing developments as stable communities.
- To meet the needs of residents eligible for social housing.
- To promote a diversity of social housing options to enable choice for applicants and to sustain healthy communities.
- To integrate housing needs in planning for long-term human service requirements along with other social and community health services.
- To ensure security of tenure of existing social housing residents.

Principles Related to Program Funding

- To ensure public accountability for social housing funding.
- To ensure that program administration and policy setting responsibilities are consistent with the Region's financial responsibility.
- To optimize efficiencies in system administration and delivery through a process of evaluation.
- To ensure that savings found within the social housing system remain within the social housing funding envelope.
- To ensure adequate funding levels for social housing delivery to meet the needs of residents who may require enhanced services not available in private market housing.
- To ensure full disclosure of the condition of the social housing stock prior to transfer, and where substandard conditions exist, ensure the Province provides sufficient funds to bring the housing up to Regional standards.

Principles Related to Program Administration

- When designing administrative and service delivery models, to make the best use of existing resources within the Corporation (RMOC) and within the community of social housing providers and service agencies.
- To ensure equitable access to social housing in RMOC.
- To promote fair treatment of all social housing residents and involve them in decisions about their housing.
- To maximize quality customer services for social housing residents and applicants in the RMOC.
- To respect the history and evolution of different housing providers and to consult with them on an ongoing basis.