



**Township of Southgate  
Affordable Attainable Housing Committee**

**February 22, 2022**

**7:00 PM**

**Electronic Participation**

**Pages**

**1. Electronic Access Information**

If you wish to listen to the Southgate Affordable-Attainable Housing Committee meeting electronically please wait until the start time of the meeting, then dial in with your phone using the following information:

Phone Number: **1 (647) 497-9373**

Access Code: **523-831-101**

**2. Call to Order**

**3. Confirmation of Agenda**

**Be it resolved that** the Committee confirm the agenda as presented.

**4. Declaration of Pecuniary Interest**

**5. Delegations & Presentations**

**5.1. Anne Marie Shaw - Director of Housing Grey Bruce**

**Be it resolved that** the Committee receive Anne Marie Shaw's delegation as information.

**6. Adoption of Minutes**

1 - 4

**Be it resolved that** the Committee approve the minutes from the January 25, 2022 Affordable-Attainable Housing Committee meeting as presented.

**7. Staff Updates**

**7.1. Local Housing Projects**

5 - 120

**8. New Business**

**9. Correspondence**

**Be it resolved that** the Committee received the items of correspondence (save and except item \_\_\_\_\_) as information.

**9.1. Report of the Ontario Housing Affordability Task Force**

121 - 153

**10. Next Meeting**

Tuesday March 22, 2022 at 7:00PM.

**11. Adjournment**

**Be it resolved that** the Committee adjourn the meeting at [TIME].



**Township of Southgate**  
**Minutes of the**  
**Affordable-Attainable Housing Committee**

January 25, 2022  
7:00 PM  
Electronic Participation

Members Present: Mayor John Woodbury, Ex Officio  
Councillor Martin Shipston  
Councillor Michael Sherson  
Member Muriel Scott  
Member Gerry McNalty  
Member Jennifer DeJong  
Member Morgan McCannell

Members Absent: Member Janice Powell

Staff Present: Dave Milliner, Chief Administrative Officer  
Lindsey Green, Clerk  
Clinton Stredwick, Planner  
Jim Ellis, Public Works Manager  
Terri Murphy, Economic Development Officer  
Holly Malynyk, Recording Secretary

**1. Electronic Access Information**

Affordable-Attainable Housing Committee recordings will be available on the Township of Southgate [YouTube Channel](#) following the meeting.

**2. Call to Order**

Chair Martin Shipston called the meeting to order at 7:00PM.

**3. Confirmation of Agenda**

**Moved By** Mayor Woodbury

**Seconded By** Muriel Scott

**Be it resolved that** the Committee confirm the agenda as amended to include a revised presentation from MHBC Planning.

**Carried**

**4. Declaration of Pecuniary Interest**

None.

**5. Delegations & Presentations**

**5.1 FLATO Developments Inc - Ministry Zoning Order Presentation**

**Moved By** Gerry McNalty

**Seconded By** Morgan McCannell

**Be it resolved that** the Committee receive the amended FLATO Developments Inc Ministry Zoning Order presentation as information.

**Carried**

**6. Adoption of Minutes**

**Moved By** Councillor Sherson

**Seconded By** Gerry McNalty

**Be it resolved that** the Committee approve the minutes from the November 23, 2021 Affordable-Attainable Housing Committee meeting as presented.

**Carried**

**7. Staff Updates**

**7.1 Southgate Affordable-Attainable Housing Committee - Recommendations**

The CAO reported on the Southgate Affordable-Attainable Housing Committee Recommendations document, which the Committee is hoping to use as a working document that can be updated as the Committee makes progress. Muriel Scott recommended that community input should be prioritized first, so that they can hear from the members of the Community to help steer the recommendations that the Committee makes. The Committee discussed that they would come up with questions that they would want sent out in a survey for public input. Members discussed ideas such as Community Land Trust, Housing Mortgage Companies, and other options they would like to explore that could assist with Affordable and Attainable Housing in the Township of Southgate. Members discussed who they would like to invite to future meetings.

## **8. New Business**

Vice Chair McNalty noted that the South East Grey Community Support Services will be meeting with the Dundalk Lions Clubs and that the CAO will be present to discuss the future of the current Dundalk Medical Centre.

## **9. Correspondence**

**Moved By** Councillor Sherson

**Seconded By** Gerry McNalty

**Be it resolved** that the Affordable-Attainable Housing Committee receive the items on the Correspondence agenda dated January 25, 2022 as information.

**Carried**

### **9.1 MMAH - Ontario to Host a Provincial-Municipal Housing Summit - received November 25, 2021**

## **10. Next Meeting**

Tuesday, February 22, 2022 at 7:00PM.

## **11. Adjournment**

The Committee adjourned the meeting at 8:19PM.

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Chair Martin Shipston

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Recording Secretary Holly Malynyk

# Fixing the Housing Affordability Crisis

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## Municipal Recommendations for Housing in Ontario

14 August 2019

*The Association of Municipalities of Ontario (AMO) is a non-partisan, non-profit representing almost all of Ontario's 444 municipal governments. Working together, the municipal order of government can achieve shared goals and address common challenges.*

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## A Message from AMO President and Chair of AMO's Affordable Housing and Homelessness Task Force

Housing affordability is top of mind for people in Ontario.

Housing is in short supply. Home ownership is out of reach for many. Rents are too high relative to incomes and Ontario's homeless desperately need a roof over their heads. The lack of suitable affordable housing in Ontario is a significant problem that all orders of government must work together to address in partnership with the private, non-profit, and co-operative housing sectors.

The federal and provincial governments have recognized the severe housing challenges facing Ontario families and have come together recently with various strategies, plans, and funding programs to address the issue. While these initiatives are welcome, more must be done to meet the housing challenges faced by the people of this province. Despite recent measures, many of AMO's outstanding recommendations to address the housing supply and affordability crisis remain relevant.

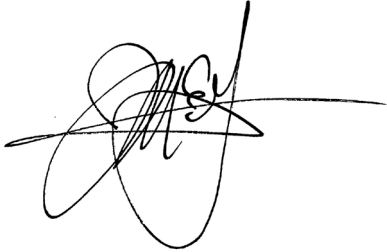
Finding solutions to address the housing crisis is a priority for AMO's Board and AMO's Affordable Housing and Homelessness Task Force. The task force is comprised of municipal elected officials and senior staff involved in housing from across Ontario. The task force also includes representatives from key organizations on the front lines of housing and homelessness prevention, namely the Ontario Municipal Social Services Association (OMSSA), the Northern Ontario Service Deliverers' Association (NOSDA), the Ontario Non-Profit Housing Association (ONPHA), and the Co-operative Housing Federation of Canada - Ontario Region (CHF-ON). Advice from the Housing Services Corporation (HSC) and the Ontario Federation of Indigenous Friendship Centres (OFIFC) also informs AMO's work on housing and homelessness issues. The task force has also benefited from regular collaboration with the Ministry of Municipal Affairs and Housing (MMAH) on housing and homelessness matters. Members of AMO's Planning Task Force also worked jointly with the Housing Task Force, especially on considerations to increase private market housing supply in Ontario.

This paper consolidates the numerous recommendations developed by the housing task force and approved by AMO's Board of Directors in recent years that have yet to be taken up the provincial government. They reflect perspectives from municipal governments and District Social Service Administration Boards (DSSABs) working on Ontario's front lines. Their timely implementation would realize efficiencies in Ontario's housing system and deliver real outcomes for Ontarians. The recommendations suggest actions by all orders of government, as well as housing developers, which would both preserve existing stock and expand the supply of affordable housing options. The recommendations also address homelessness.

Solutions to address the housing crisis are, and will continue to be, an AMO priority in the years ahead. The goal of this paper is to advance a conversation beyond the existing initiatives on how to comprehensively address the housing crisis in Ontario and support healthy and prosperous local communities.

We look forward to discussions with all housing partners. We must take advantage of the current opportunity to address these housing challenges.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. McGarvey', with a long horizontal line extending to the right.

Jamie McGarvey  
AMO President  
Mayor of Parry Sound

## Executive Summary

The housing and homelessness crisis in Ontario is serious and widespread, cutting across all four corners of the province and hitting everyone from the middle class to our most vulnerable residents. At its core, it reflects a shortage of affordable housing supply right across Ontario. Both the provincial government and the federal government have taken action through Ontario's release of the Community Housing Renewal Strategy and the Housing Supply Action Plan, and the federal government's National Housing Strategy. However, more needs to be done and municipal governments have a number of outstanding recommendations to help address the housing challenges facing Ontario families.

Municipal governments are on the front lines of a multi-faceted crisis. This crisis includes a lack of affordable homeownership and rent. Municipalities use local planning and financial tools to create responsible, appropriate, and affordable housing development that contributes to strong communities. They need flexibility and provincial support to bring more housing on stream more quickly, without compromising oversight and due diligence.

As well, there is aging, underfunded, and inadequate amounts of Community Housing to meet demand. Municipal governments struggle to deliver costly community housing, crushed by a backlog in capital repairs. Ontario is the only province in Canada where community housing is a municipal responsibility. This burden was never intended to be carried by the property tax base. It is critical to have a sustainable model for funding operations and capital repairs, including permanent and predictable funding for housing supports.

Chronic homelessness persists amidst a lack of supportive housing for people with complex health needs, including mental health and addictions. Municipal governments are primary providers of shelters and services for the homeless. The pressure on these services is worsened by the crisis in community housing. Many emergency shelters are at capacity and homelessness touches municipalities of all sizes, across all of Ontario. A more focused effort to address chronic homelessness is needed.

The federal and provincial governments have recognized the need for action and it is critical that all three orders of government work together to create more affordable housing that meets Ontarians' needs. The National Housing Strategy creates a platform for the federal, provincial, and municipal governments to come together to talk about how best to improve housing outcomes for the people of Ontario. The AMO-Ontario Memorandum of Understanding (MOU) Table should continue to help facilitate municipal-provincial discussions on the housing file. An all-of-government approach is needed.

This discussion paper consolidates AMO's existing housing and homelessness prevention policy positions that have yet to be taken up by the provincial government. The paper focuses on five key municipal priorities for housing in local communities:

- 1) increasing the supply of affordable market housing for families**
- 2) creating a financially sustainable model for community housing**
- 3) expanding affordable housing options**
- 4) ending homelessness; and**
- 5) supporting people with their health care needs for successful tenancies.**

Given the municipal role in housing, municipal governments and DSSABs are well positioned to provide advice on what is needed to address the housing affordability and supply crisis that is compromising quality of life for many and putting many others at risk. While the Housing Supply Action Plan makes some important steps, more needs to be done.

Shelter is one of the most fundamental human needs. AMO looks forward to continuing to work together with the federal and provincial governments, along with private developers and housing providers, to tackle the crisis and bring about comprehensive change for Ontarians.

## Introduction

Too many people in Ontario struggle to find housing that makes sense for their needs and for their pocketbooks. Homeownership is increasingly out of reach, rental prices are skyrocketing, and our population is changing faster than the market can adapt to provide the right housing mix. This housing crisis is widespread and points to an affordable housing supply shortage across the province.

The construction of new housing infrastructure is not keeping pace with demand. This affects both people looking for housing and their communities. The access and availability of affordable stock directly relates to the ability to retain and attract workers into the labour force. As well, there is an economic return on investment, as housing development creates jobs in construction and other sectors.

Existing community (i.e. social) housing also faces significant sustainability challenges.<sup>1</sup> Many emergency shelters are at capacity and homelessness is prevalent in municipalities of all shapes, sizes, and geographies. The goal of eliminating chronic homelessness across Ontario is becoming harder to achieve.

Conditions in the private housing market make challenges in community housing and homelessness prevention even worse. Unable to find affordable housing on their own, many people turn to community housing to find shelter. What they find is a long waitlist. In some parts of the province the waitlist is growing at an unprecedented speed. Meanwhile, some community housing units sit empty because they are in a state of disrepair. Across the province, people are couch surfing and sleeping in abandoned barns and tents throughout the cold winter months. Our population is also aging with increasingly complex health needs, including mental health, addictions, and trauma-related needs. There are not enough supportive housing units to address demand and housing people in need of support with private landlords can be challenging.

The housing affordability and supply challenges facing Ontario are real and pressing. Both the federal and provincial governments recognized this with the release of recent plans and strategies. This includes the provincial Community Housing Renewal Strategy and Housing Supply Action Plan, and the National Housing Strategy. For these initiatives to succeed, all orders of government must work together to advance transformational change. An “all-of-government” approach to the housing crisis must also involve meaningful partnerships with the private and community sectors. Government cannot do it alone.

This discussion paper moves the conversation on housing solutions forward by consolidating AMO’s outstanding housing and homelessness prevention related policy positions that have yet to be taken up by other orders of government. If implemented, these recommendations can bring about meaningful change while complementing existing provincial and federal initiatives.

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<sup>1</sup> Social housing is now referred to as Community Housing by the Province of Ontario. This paper reflects this change in terminology.

The paper begins by outlining principles to guide an all-of-government response to the housing crisis. It then provides a breakdown of roles and jurisdiction in housing and finishes by proposing action items for consideration by each order of government and housing developers. The paper focuses on five key municipal priorities for housing in local communities:

- 1) increasing the supply of affordable market housing for families**
- 2) creating a financially sustainable model for community housing**
- 3) expanding affordable housing options**
- 4) ending homelessness; and**
- 5) supporting people with their health care needs for successful tenancies.**

We have a unique opportunity to collectively identify and implement affordable and community-based housing solutions for Ontarians. All three orders of government are at the table. As local front line leaders, municipal governments have their sleeves rolled up and are ready to continue the work.

## Principles to Guide an All-of-Government Approach

A principled approach is necessary to identify meaningful housing solutions that work for all Ontario families. AMO puts forward the following principles to guide an all-of-government approach to housing in Ontario:

1. All orders of government should work together to ensure that the people of Ontario have access to safe, suitable, and affordable housing options. They should dedicate adequate resources to the full range of housing, including homeless shelters, community housing, supportive housing, rental housing, and home ownership. Special attention should be paid to housing solutions for those most in need and for middle-income households.
2. All orders of government should foster 'complete communities' with a diverse range and mix of housing options, densities, and tenures developed through sound planning processes.
3. Municipal governments and District Social Service Administration Boards are closest to the people and best positioned to plan and manage housing and homelessness prevention services in their communities. Municipal autonomy is necessary to protect the public interest and meet local needs.
4. Where municipal governments are the primary funders of services in Ontario, they should be the principal policy maker, with input from local communities and housing stakeholders. Provincial legislation, regulations, and policies should give flexibility to meet local needs rather than direct how services are to be delivered. Municipal Service System Managers should be treated as equal partners to co-design housing and homelessness prevention systems in Ontario.
5. Housing and homelessness prevention programs are essentially a means for income redistribution. As such, they should not be funded primarily through property tax revenue. It is unsustainable and at odds with basic principles of good public and fiscal policy.
6. All orders of government should work in partnership with Indigenous communities to advance co-developed, Indigenous-driven housing solutions that meet the needs of Indigenous people.

## Roles and Jurisdiction in Housing

Each order of government has a role to play in addressing the housing supply and affordability crisis. Municipal governments as local planning authorities and service system managers; the Province as a steward of the land use planning and community housing systems; and, the federal government as a system enabler.

The federal and provincial governments also play a role in funding and in the development of frameworks to implement housing approaches. When it comes to strategizing and implementing solutions on the ground, the federal and provincial governments should defer to the expertise of municipal governments and service system managers on the front lines.

### Ontario's Municipal Order of Government

Housing pressures are most keenly felt as a local issue. As the order of government closest to the people, municipal governments and District Social Service Administration Boards (DSSABs) do the heavy lifting in tackling the crisis on the ground.

The municipal interest in housing can be broken down into two general categories. On one hand, municipal governments are responsible for local planning and the implementation of the Ontario Building Code. Municipal governments also pride themselves in being stewards of complete communities that provide a wide range of housing options for residents. Complete communities are places where homes, jobs, schools, community services, parks, and recreation facilities are easily accessible.<sup>1</sup> A well-designed built environment also promotes resident quality of life and population health.

On the other hand, some municipal governments administer the community housing system locally. Ontario's 47 Consolidated Municipal Service System Managers (CMSMs) and DSSABs co-fund, manage, plan, and administer community housing. They also develop affordable housing stock and deliver homelessness prevention programs. Collectively, the 47 are known as Service System Managers.<sup>2</sup> CMSMs are upper tier (i.e. county, region) and single-tier governments located in southern Ontario, except for Sudbury in the north which is also a CMSM. DSSABs perform the function of service system manager for social services in northern Ontario, including for housing and homelessness prevention services.

Ontario is the only Canadian province or territory where municipal governments are responsible for the funding and delivery of community housing. In 2017, property taxpayers contributed over \$1.77 billion towards community housing.<sup>2</sup> This significant investment by municipal governments is a result of the provincial downloading of community housing to service system managers in 2001 – 2002. This amount is just for community housing. It does

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<sup>2</sup> According to Ontario's Housing Policy Statement: "Service Managers occupy a unique position as system managers and service providers in the areas of housing assistance, homelessness prevention and support services, income support programs, early learning and child care services. There are also opportunities for Service Managers to work with other related service systems - such as health, community services, children and youth, child welfare, corrections - to enable people to access the housing and supports that they need. The province is promoting coordination efforts across service systems to help maintain housing stability, prevent homelessness and improve outcomes for people."



not include the full range of spending by municipal governments for housing-related supports, homelessness prevention programs, or financial incentives that they provide to facilitate affordable housing development. Due to limitations in provincial data collection, a figure representing the full picture is challenging to pull together.

Service system managers work in partnership with co-operative, non-profit, and Indigenous community housing providers. They also consult with community members to address the housing needs of vulnerable, low-income Ontarians. The *Housing Services Act, 2011* requires service system managers to develop ten-year housing and homelessness plans. These plans are based on local needs and guide local actions to address homelessness and housing in line with provincial and local priorities. The Act also sets service level standards such as the minimum level of assistance that must be provided by service system managers. Eligibility for rent-geared-to-income (RGI) assistance is also legislated by the Act and its regulations. As well, municipal governments provide housing benefits and rent supplements.

All municipal governments, regardless of whether or not they are designated Service System Managers, play a critical role in facilitating affordable housing. They have several planning and financial tools at their disposal. For example, municipalities can implement community improvement plans, waive or defer development charges, and designate housing providers as municipal capital facilities to provide financial assistance. Many do so to the extent that fiscal circumstances allow and community priorities dictate. It works best where there is close collaboration between service system managers and other municipalities to achieve mutual goals.<sup>3</sup>

## The Government of Ontario

The Government of Ontario has a multifaceted role to play in the search for 'made in Ontario' housing solutions. More recently, it has taken a keen focus in addressing the housing crisis with the release of its Housing Supply Action Plan and related legislation.

[\*More Homes, More Choices: Ontario's Housing Supply Action Plan\*](#) aims to make it easier to build new housing, and suggests changes to planning, heritage, environmental assessments, endangered species, and conservation-related policy. As well, the Action Plan promises to help renters by making it easier to build new rental properties and to develop secondary suites in existing homes. Many of these provincial proposals have already been addressed with the royal assent of [\*Bill 108, the More Homes, More Choices Act, 2019\*](#).

On the planning front, the Province regulates the municipal planning function through legislation like the *Planning Act*. It is also responsible for numerous provincial directives including the Provincial Policy Statement (PPS), the Greenbelt Plan, and various regional growth plans. This overarching planning framework sets requirements for municipal

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<sup>3</sup> For more information on what is in the municipal toolbox, see the guide "Municipal Tools for Affordable Housing" produced by the Ministry of Municipal Affairs and Housing on their website <http://www.mah.gov.on.ca/AssetFactory.aspx%3Fdid%3D9270>

planning activities, including notifications, public meetings, consultation with third parties, and timelines.

Ontario is also responsible for numerous processes that may affect timelines in the municipal development approval process. This includes the Local Planning Appeal Tribunal (LPAT), provincial environmental assessments, Ontario's land registry, and more. The Government of Ontario also provides citizen guides to help developers and homeowners navigate the land use planning process.

When it comes to community housing, the Ontario government is the steward of the housing system, creating legislation and establishing service requirements for Service System Managers. The Province regulates community housing through the *Housing Services Act, 2011* and sets guidelines for local Housing and Homelessness Plans through the [Ontario Policy Statement: Service Manager Housing and Homelessness Plans](#) and through various housing strategies. A new [Community Housing Renewal Strategy](#) was released by the provincial government in April 2019 to sustain, repair, and grow the community housing system.

Ontario also has several funding programs to help people find homes. Municipal governments and DSSABs manage service delivery through these provincial funding programs, including the Community Homelessness Prevention Initiative (CHPI), the Strong Communities Rent Supplement, Home for Good, the Canada-Ontario Community Housing Initiative (COCHI) and the Ontario Priorities Housing Initiative (OPHI). This is the successor program to the former Investment in Affordable Housing (IAH) program. Additionally, provincial programs provide funding to: support affordable housing construction; facilitate homeownership and renovations; advance homelessness prevention; increase access to low-cost financing; and, provide rent supplements and housing allowances, amongst other objectives. Some of these programs, like the OPHI and COCHI programs, are co-funded with the federal government. They all have specific mandates and targets with time-limited funding. The provincial government is also the primary funder of supportive housing in Ontario.

For more information on Ontario's housing programs and initiatives, see the MMAH [website](#).

## The Federal Government

The federal government functions as a system enabler when it comes to housing policy and funding. Leveraging its fiscal capacity, Canada can help make community housing financially viable across the country, promote the expansion of more affordable housing options, and help prevent homelessness.

The first full federal community housing program in Ontario began in the 1950s. Many units were built under this federal leadership. From 1986 to 1992, the federal government's role in housing slowly diminished until funding for new community housing came to a complete halt in 1993. The federal government then transferred administrative responsibility for its community housing stock to the province through a 1999 agreement with Ontario. These

administrative functions were further passed on to municipal governments with the enactment of the *Social Housing Reform Act* in 2000.

In the years that followed, the federal government slowly began taking tentative steps towards reclaiming its prior role. It returned in force beginning in 2016 with consultations for a new National Housing Strategy. As part of the strategy, several remaining federal housing programs will be replaced by successor initiatives.

The National Housing Strategy announced in 2017 is a Canada-wide \$40 billion, 10-year plan. A bilateral agreement on the National Housing Strategy was signed between Canada and Ontario in 2018. Work is ongoing to finalize the design and implementation of the strategy in the Ontario context. Notably, a Trilateral Coordination Forum has been created with representatives from the federal, provincial, and municipal orders of government to advance the strategy in Ontario. Key highlights of the agreement are:

- investments of approximately \$4 billion over 9 years to protect, renew, and expand community housing — this funding will also support Ontario's priorities related to housing repair, construction, and affordability;
- a new Canada Housing Benefit in Ontario; and
- long-term, predictable funding to preserve existing community housing units beginning April 1, 2019.

Funding opportunities are also available outside of the bilateral agreement through the National Co-Investment Fund and other initiatives. Other federal housing supports include seed funding programs, funding to preserve community housing, support for innovative financing opportunities, various loan insurance programs, and other investments in affordable housing. In addition, the federal government is creating a Technical Resource Centre called the Community Housing Transformation Centre. The purpose of this Centre is to help community housing providers build capacity to become more effective and sustainable.

AMO is pleased to see federal-provincial co-operation under the National Housing Strategy and the willingness to work with service system managers. Both the provincial and municipal governments are providing significant funding to cost match the federal dollars and leverage investments in Ontario. The 2019 Ontario Budget confirmed the provincial investment in the strategy. It also indicated next steps in negotiating and co-designing the Canada-Ontario Housing Benefit with the Canada Mortgage and Housing Corporation (CMHC). This proposed housing benefit will help address housing affordability.

While the 2019 Federal Budget did not include further new investments for community housing, it did include initiatives targeting private market housing. This includes assistance for new home buyers and an increase in funding for new rental construction. The federal budget also includes funding to support urban Indigenous service providers. As well, the federal government introduced legislation that would require future governments to maintain an ongoing National Housing Strategy. This is significant. Some, nonetheless, feel the government is not going far enough to establish an enshrined right to housing.

For more information on the National Housing Strategy, see AMO's submission to the 2016 National Housing Strategy consultation process [here](#). Information on the strategy and

federal housing programs is also available from the [federal government](#) and from the [Canada Mortgage and Housing Corporation](#). The Canada-Ontario bilateral agreement can also be found on the CMHC [website](#).

## Action Plan for an All-of-Government Approach

### 1) Increasing the Supply of Affordable Market Housing for Families

The cost of market housing — both homeownership and rental — is increasingly out of reach for everyday people. According to the CMHC, the cost of the average new single-detached home in Ontario was \$1,003,516 in February 2019. The median was around \$750,000.<sup>3</sup> When resales are incorporated, the province-wide average for February 2019 was \$580,019.<sup>4</sup>

In the rental market, the average price of a three-bedroom apartment is around \$1,500.<sup>5</sup> Prices are even higher in the GTHA for both home sales and rental prices. This impacts the overall figures for Ontario. Given relatively stagnant wage growth, the cost of homeownership, and high rents, it now takes potential buyers around 12 years to save for a down payment.<sup>6</sup>

The proportion of renters and homeowners in core housing need, defined as people paying more than 30% of their income on housing, is increasing. According to the 2016 census, Ontario was the province with the highest proportion of households in core housing need. This situation is not limited to one region or municipalities of a certain size. There are many different housing markets in the province, all with their unique needs.

Another key challenge relates to low vacancy rates and the amount of new rental stock entering the housing market. Across Ontario, the vacancy rate for rental housing is at a meagre 1.8%.<sup>7</sup> This means that renters have limited options when it comes to upgrading to a new apartment or downsizing to save costs. New housing stock is also taking too long to get to market for a range of reasons, many of which are outside of municipal control. Estimates suggest that Ontario is already short 29,000 affordable rental homes. This means that 13,700 new rental homes must come online each year for the next ten years to accommodate population growth.<sup>8</sup> Meanwhile, over 100,000 new proposed housing units across Ontario are waiting for development appeal proceedings due to an under-resourced Local Planning Appeal Tribunal (LPAT).<sup>9</sup>

The factors leading to an unaffordable housing market are complex. They include a combination of low vacancy rates, inadequate supply, high commodity and investment interests, but also modest employment and labour markets. Many buyers and renters do not make enough money to truly afford housing available on the market.

While housing affordability is a challenge province-wide, some problems are unique to Ontario's north and rural areas. Given stable or declining population levels, homeownership is relatively accessible in most of Northern Ontario. Rents are also 20-30% below the province-wide average. Instead, in the north, the key challenge is the state of existing housing. A short construction season and a limited supply of skilled trade workers mean that new housing is harder and more expensive to build. This means that families have no place

to move or ability to renovate when their existing homes become older and increasingly obsolete. For this reason, much of the housing stock needs to be renovated.<sup>10</sup>

Throughout the consultation on Ontario's Housing Supply Action Plan, AMO identified actions that all orders of government and developers could take to improve Ontario's housing supply and affordability. AMO emphasized that many delays in the planning approval process were due to incomplete applications, third-party reviews and provincial processes, and due to decision timelines. AMO also emphasized that growth should continue to pay for growth.

Bill 108, the *More Homes, More Choices Act, 2019* took several actions to advance the Province's Housing Supply Action Plan, including: reforming development charges for hard services; introducing a new community benefit charge framework for soft services; and, reforming the LPAT process. Changes were also made to shorten legislated planning approval timelines.

The government effort to find solutions to the problems at hand are laudable. However, there are still some details to be worked on to achieve key goals. Bill 108 received mixed reviews from [AMO](#) and municipal governments. Ontario's municipal governments are nonetheless committed to continuing to work with the province to advance housing in local communities. While there are positive elements, there are some areas of concern such as the return to *de novo* hearings at the LPAT and the potential limiting of municipal ability to recover the costs of growth and plan effectively for the good of their communities.

At the time of writing, several regulations related to the new community benefits framework and development charge reforms are open for public consultation on the regulatory registry. It is important that the finalized regulations reflect municipal input and do not have a negative fiscal impact on municipal governments. There is also an important consultation underway on changes to the Provincial Policy Statement, including measures to support housing development.

While AMO is pleased that the government is prioritizing housing supply with the release of the Housing Supply Action Plan, more needs to be done. All orders of government and the development community must strive for continuous improvement to address the housing supply and affordability crisis. In its initial submission to the Housing Supply Action Plan, AMO made numerous recommendations for all three orders of governments and developers to help address the issue. Many of these recommendations remain relevant now that Ontario's plan has been released. AMO appreciates that the provincial government has signalled that its work to increase housing supply will continue. Therefore, the following recommendations should be considered for the future. Ontario's municipal governments are on the front line and ready to work with all government and community partners to find and implement housing solutions that make sense for Ontario families.

While addressing market housing is important, it must be said that measures to improve market housing alone will not solve the housing crisis in Ontario. Co-ops and government-funded community housing also require attention. The private market is nonetheless a critical contributor with an important role to play.

## ✓ **Streamline to Speed up the Approval Process by Addressing Implementation Challenges**

Speed is an important factor in bringing new housing supply to market. One of the key measures introduced through Bill 108 was shortening the timelines for municipal governments to make planning decisions related to official plans from 210 to 120 days and from 150 days to 90 days for zoning by-law amendments. As well, plans of subdivision applications are now sheltered from third-party appeals.

When it comes to planning, municipal governments look for good processes and due diligence to safeguard the public interest, ensure local standards are met, and to make sure that communities are designed using sound planning principles. All involved parties can make changes that would speed up the development approval process. A key challenge for many municipal governments is that developers will submit incomplete or inadequate applications that are not detailed enough, causing delays in the planning approval process. Improving the quality of applications submitted to municipal governments would speed up approvals. As well, many delays in the planning process are due to delays in agency or provincial approval processes and requirements.

It is unclear how legislative changes related to the LPAT will speed up the construction of housing. Although Ontario has committed to increasing the number of LPAT adjudicators to clear the backlog, appeal proceeding timelines will likely increase in the near future once the LPAT returns to old *de novo* hearing rules.

The *Planning Act* had previously empowered municipal councils to make the decision on planning matters based on a test of the application's conformity to the municipality's official plan, provincial plans, and the Provincial Policy Statement. With the passing of Bill 108, adjudicators will rule based on what they perceive to be the best planning outcome. The reinstated rules also allow planning applicants to introduce new evidence during the hearing process not previously shared with the municipality in the initial application. Historically, drawn out *de novo* hearings have delayed construction. This raises concerns that the return to these rules will result in further delays. AMO urges the government to monitor and evaluate the impacts of these changes.

There remain a number of implementation challenges to speeding up new housing development. All parties involved, whether it be municipal governments, the provincial government or developers, can take steps to help. AMO understands that the government will continue its efforts to increase housing supply. The following recommendations are presented for further consideration by all.

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*Recommendation #1:* That municipal governments continue to work to ensure that zoning by laws are up to date with official plans.

*Recommendation #2:* That municipal governments pursue and move towards e-permitting if they have the resources.

*Recommendation #3:* That municipal governments consider the benefit of third-party coordinating engineers as a potential option.

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*Recommendation #4:* That municipal governments explore the benefits of offering one-window ‘concierge services’ to fast track priority proposals.

*Recommendation #5:* That municipal governments consider whether adopting a Community Planning Permit System would meet the needs of their local communities.

*Recommendation #6:* That municipal governments consider succession management strategies to ensure that they can continue to employ well-qualified building inspectors.

*Recommendation #7:* That the provincial government modernize notice provisions.

*Recommendation #8:* That the provincial government continue to document and disseminate Best Management Practices (BMPs) and provide data support to municipal governments to foster learning, resulting in continuous improvement.

*Recommendation #9:* That the provincial government provide support to housing developers including sharing of BMPs.

*Recommendation #10:* That the provincial government provide training to help municipal governments increase the supply of building inspectors.

*Recommendation #11:* That housing developers take steps to ensure they submit complete, quality applications to reduce timelines and reduce the number of resubmissions.

*Recommendation #12:* That housing developers take good care to prepare comprehensive site plans.

*Recommendation #13:* That housing developers diligently and completely fulfill contractual Clearing Conditions in a timely manner.

*Recommendation #14:* That housing developers ensure timely building inspections to keep projects on track and on schedule.

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## ✓ **Promote a Mix of Housing and Missing Middle Housing**

AMO believes in fostering complete communities with a diverse range and mix of housing options, densities and tenures to meet needs as required by the PPS. This is essential if municipal governments are to meet affordability targets.

In many areas, there is a lack of what is known as ‘missing middle’ housing. This term means different things to different people. Generally, it refers to a missing range of middle density housing options. This is housing that can adapt to different lifestyles – such as

intergenerational living, new families, and seniors aging in place. This could include row houses, semi-detached homes, townhouses, or other options. For many, 'missing middle' housing can also refer to housing affordable to middle income earners.

In many cases, not enough housing for both families and seniors is being built near transit, schools, workplaces and amenities. For example, families need family-sized housing and rental accommodations. In other situations, over-housed seniors may need options to downsize their living accommodations and/or seek shared housing arrangements. Potential solutions to address these challenges require innovative thinking. Secondary suites, flex housing, and the construction of homes that can be easily outfitted with accessibility features later on should be part of the equation.

Municipal governments have a range of tools under provincial legislation to facilitate affordable housing development. One promising tool is inclusionary zoning as it requires a share of affordable housing in new developments. However, Bill 108 limits municipal governments' ability to effectively leverage this tool. Inclusionary zoning is now limited to protected major transit station and development permit system areas. This means that inclusionary zoning will not be possible in areas that lack major transit stations. There are also barriers to creating development permit systems that will limit the number of units built leveraging inclusionary zoning in these areas. Inclusionary zoning has been successful in other jurisdictions, primarily in the United States. It can help fill in the gap in 'missing middle' income housing if provincial rules allow it to be used in broader situations.

It is also important for all three orders of government to work together to increase the supply of rental units. The lack of new builds has had a negative impact on affordability in the rental market. Increasing the number of rentals will help maximize the mix of housing in Ontario's municipalities.

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*Recommendation #15:* That the provincial government provide further information and promote awareness among municipal governments of their ability to enact inclusionary zoning by-laws, including on the new rules following the Royal Assent of Bill 108.

*Recommendation #16:* That municipal governments revisit zoning to explore zero-lot-line housing, tiny homes, laneway housing, flex housing, shared housing, and other types of housing that reduce land costs and increase density.

*Recommendation #17:* That the provincial government consider financial incentives for developers to encourage missing middle-type housing for moderate-income families.

*Recommendation #18:* That the provincial government support growth of new housing supply with corresponding investments in infrastructure including schools, hospitals, transit, and transportation.

*Recommendation #19:* That the provincial government work in partnership with municipal governments to change public attitudes opposed to



intensification by making the public more aware of the negative impact of sprawl on the environment, traffic congestion, and on the costs of municipal services.

*Recommendation #20:* That the provincial government ensure there is enough flexibility and supports for municipal governments to look at underused and strategically located employment lands for mixed-uses, including housing.

*Recommendation #21:* That developers consider a menu of finishes so that more modest options are available.

*Recommendation #22:* That developers consider the potential for expandable/reducible units (i.e. time-share units often have the option of combining adjoining units for larger floor plans or closing off access for small units).

*Recommendation #23:* That developers design buildings in a way that allows for the future installation of accessible features.

## ✓ **Support the Cost of New Housing Supply Through Existing Tools**

Some have pointed to municipally imposed charges and fees as contributing to the high cost of housing. However, fees like development charges are not the root cause of the housing supply and affordability crisis nor would reducing them solve the problem. Rather it will create new ones. Municipal governments and the Province must work together to dispel myths about development charges, property taxes, and user fees by promoting how they are critical to creating livable homes and communities.

Growth must pay for itself. Development charges are not a revenue source for municipal governments. Rather, they are cost recovery for expensive but necessary infrastructure to connect new builds to existing municipal services, including water, sewage, roads, and electricity. A house cannot be occupied without access to these vital municipal services. The infrastructure cannot pay for itself nor is it fair to increase neighbours' property taxes or reduce existing municipal services to finance expensive infrastructure for new developments.

Despite the importance of development charges as a cost recovery tool for municipal governments, the Province introduced reforms as part of Bill 108 against municipal advice. Now, only select municipal 'hard' services are eligible for development charges as a matter of legislation. As well, in many cases, development charges are payable over 6 years rather than being payable to the municipality up front. This increases administrative burden and cost for municipal governments. It was however positive that the province added in new expenses into the development charges calculation including paramedic services and waste diversion.

Bill 108 also introduced a new Community Benefits charge framework to replace height and density bonusing under Section 37 of the *Planning Act*. The Community Benefits charge

framework will create a mechanism for municipal governments to finance the development of soft services now ineligible for development charges. A risk for municipal governments is that these changes will impact the ability for growth to pay for growth. By listening to municipal advice, the Province can minimize negative impact as it develops regulations.

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*Recommendation #24:* Municipal governments should continue to exercise the ability to voluntarily provide financial incentives when they are able, and at their sole discretion, to facilitate the targeted development of new affordable housing in line with local municipal objectives.

*Recommendation #25:* The provincial government should ensure development charges and community benefits charges are calculated in a way that ensures growth pays for growth.

*Recommendation #26:* The provincial government should consider allocating revenues generated from the land transfer tax and the non-resident speculation tax to affordable housing and for financial incentives to encourage housing solutions for moderate-income households.

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For more information on development charges and their importance to the fiscal health of our municipal governments, click [here](#).

### ✓ **Explore Innovative Housing Solutions**

We must encourage innovative solutions to address the housing supply and affordability crisis. Promising practices from other jurisdictions in Canada and abroad should be identified and considered. Any innovative housing policy options identified through this exercise must balance the needs of communities while ensuring public safety.

Not in My Back Yardism (NIMBYism) often contributes to local opposition to new housing developments. NIMBYism can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the Province to play to support municipal governments in gaining public acceptance for new housing developments. Public education can change the culture around NIMBYism and facilitate new developments.

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*Recommendation #27:* That municipal governments continue to work with developers to encourage innovative housing while still conforming to the standards of the Ontario Building Code.

*Recommendation #28:* That the provincial government research and disseminate promising practices from other jurisdictions about how to facilitate innovative housing supply.

*Recommendation #29:* That the provincial and federal governments ensure that municipal governments continue to have the discretion to offer home ownership programs and renovation support programs with funding from

federal-provincial housing programs available under the National Housing Strategy.

*Recommendation #30:* That the provincial government explore and pilot new innovative home ownership programs with municipal governments for low- and moderate-income people, with a special focus on first-time homebuyers, including shared-equity schemes and rent-to-own approaches.

*Recommendation #31:* That the provincial government advocate to the federal government for more robust home ownership programs.

*Recommendation #32:* That the provincial government research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase the supply of housing (e.g. matchmaker services that facilitate shared living arrangements between seniors in “over-housed” situations and renters, including students).

*Recommendation #33:* That the provincial government consider a “Yes in My Backyard” initiative to address NIMBYism and change public attitudes against new ‘missing middle’ and community housing developments.

## ✓ **Protecting Tenants while Balancing Landlord Rights**

Facilitating new rental housing that is safe, secure and suitable for renters requires special attention. There is a widespread shortage of rental housing in the province appropriate for low- and moderate-income people including seniors and families. Very few purpose-built rentals have been constructed in recent years. Changes in this area may benefit landlords by making it easier to create rental units and may help tenants by ensuring housing stability.

It is important to recognize that increasing the supply of rental housing will not necessarily increase affordability. Rents in new builds have been largely unaffordable for low-income households. Although there is a demand for affordable rental accommodations, there is a gap between what households can afford and the revenue that is required to support new rental development.

A balance must be struck between landlord and tenant rights and obligations to encourage new rental units and to preserve existing ones. With proper encouragement, secondary suites can also be part of the solution.

*Recommendation #34:* The provincial government should consider input from the public, including landlord and tenant organizations, to find the appropriate balance between landlord and tenant rights and obligations.

*Recommendation #35:* The provincial government should provide more public education to both landlords and tenants on their rights and obligations.

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*Recommendation #36:* The provincial government should provide investments and incentives for purpose-built rental housing.

*Recommendation #37:* The provincial government should explore ways to speed up the landlord and tenant board process, including by addressing the adjudicator shortage.

*Recommendation #38:* The provincial government should promote awareness and provide information to municipal governments about ways to effectively facilitate legal second suites and new rentals in a manner that meets the needs of communities.

*Recommendation #39:* Municipal governments should exercise their ability under the *Planning Act* to facilitate the creation of legal second suites and new rentals in a manner that meets the needs of communities, conforms appropriately to municipal by-laws, and advances public safety.

*Recommendation #40:* The provincial government should provide low cost loans to homeowners who wish to renovate to create new legal second units in accordance with local municipal bylaws.

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## 2) Creating a Financially Sustainable Model for Community Housing

The Auditor General's recent report on "Social and Affordable Housing" found that there were 185,000 households representing almost 481,000 people on the community housing waitlist.<sup>11</sup> The 2016 census results also indicate that 15.3% of Ontario households are in core housing need. This means that people are living in unsuitable, inadequate or unaffordable housing, and do not have access to better options in their community.<sup>12</sup> About 20% of Ontario's renters rely on community housing. This is a significant proportion.

In many cases, service system managers are struggling to afford providing community housing and to keep the existing stock in a good state of capital repair. The long-term fiscal sustainability challenges facing community housing must be addressed for service system managers to continue finding homes for low-income Ontario families. There is much that can be done to improve the flow of funding and to increase flexibility to get the job done more effectively. AMO is looking forward to the solutions proposed in the provincial Community Housing Renewal Strategy, released in 2019. The strategy responds to municipal asks. It is a good foundation. Still, AMO has further recommendations and AMO will continue to work collaboratively with MMAH to strengthen the community housing sector.

For more information about the provincial strategy, see the Ministry [website](#).

## ✓ **Review and Improve Funding Arrangements to Secure Permanent, Predictable Funding for Housing Supports**

Service System Managers face funding shortfalls when it comes to community housing. A number of challenges contribute to the fiscal pressure facing the community housing system including:

- the capital repair backlog;
- the end of operating agreements;
- uncertainty around the end of mortgages;
- the cost of creating and maintaining new and existing units;
- the phasing out of time-limited programs; and
- the cost of services for people who need additional supports.

To effectively plan over the long-term, service system managers require predictable funding sources for housing programs. While the National Housing Strategy commits funding over the period of a decade, service system managers plan on longer term horizons, over 20 to 30 years out.

Of immediate concern is the growing backlog of capital repairs in the community housing portfolio. Service system managers cannot address this backlog alone. Preserving community housing is important because much of the stock is 40 to 60 years old. Despite long waiting lists, some community-housing units are unoccupied because there is no funding for major capital repairs. The federal and provincial governments have the greatest fiscal capacity to fund the significant capital needs of community housing.

These problems date back to 2000 and 2001 when community housing was first downloaded to municipal governments by Ontario. This transfer of responsibility was done without a corresponding transfer of adequate financial reserves to address both current and future forecasted capital needs. Of all the community housing units in Ontario, 70 percent are estimated to have capital reserve shortfalls, with a total capital repair backlog amounting to an estimated \$1.5 billion as of 2016.<sup>13</sup> This figure has likely risen in recent years due to an insufficient amount of dedicated federal and provincial funding. The Ontario Non-Profit Housing Association (ONPHA) estimates the figure could be as high as \$2.6 billion and that it would cost \$65 billion to fully replace all existing community housing units.<sup>14, 15</sup>

Deferred maintenance must be dealt with to ensure that community housing remains viable. Maintaining the existing community housing portfolio is the most efficient and cost-effective way to immediately provide affordable housing to those in need. It is critical that units remain in good condition. A plan with enough funding from all orders of government will help ensure a sustainable supply of safe, adequate, and well-maintained community housing units. While federal and provincial funding under the National Housing Strategy will help with the situation, the problem exceeds the funding committed to Ontario. A good next step would see the three orders of government collaborate to fully identify the magnitude of the capital repair backlog. This will help determine what is needed to address the situation.

Perhaps the most serious challenge when it comes to community housing is the looming end of operating agreements, as housing providers pay off their mortgages. The federal

subsidies associated with these agreements are gradually phasing out and ending within the next decade, with a significant decrease of funding in the next five years. The problem is twofold. As mortgages end, agreements expire and funding ceases, some housing providers may no longer be financially viable and may cease to operate unless provided additional financial assistance from service system managers.<sup>4</sup> It is promising that the federal government has committed to keeping the baseline funding from the operating agreements in the system.

In other cases, without an operating agreement or funding, existing housing providers may choose to sell their units or convert them to market rentals. This would affect the housing stability of tenants and decrease the overall supply of community housing stock. At the same time, service system managers are still obligated under provincial legislation to provide the same amount of assistance to continue to meet the Service Level Standards as prescribed under the *Housing Services Act, 2011* and regulations. If housing providers take units out of the system, service system managers will be left scrambling to replace them. They may also have to provide alternate housing benefits to affected households so they can continue to afford their housing, and to prevent possible economic evictions.

The end of operating agreements threatens to chip away at the supply and preservation of community housing. Municipal governments and other Service System Managers have been assessing the problem and finding solutions.<sup>5</sup> The government is set to issue legislation to address the matter. For a transitional period, housing providers would continue to operate with a community housing mandate, unless exempted from the *Housing Services Act* by the Minister. While a welcome move, it is a short-term solution. Ongoing discussions are necessary to find a long-term solution for this complex issue. It is promising to see the attention paid by MMAH to working with both Service System Managers and housing providers to find solutions that work for all involved, including tenants to maintain their housing stability.

Another issue affecting sustainability relates to the Ontario Works (OW) and the Ontario Disability Support Program (ODSP) and the shifting of costs to service system managers. The issue is that the provincial government has set historically low rent scales for community housing tenants living in RGI units who receive OW or ODSP as their sole source of income. These rent scales have not been adjusted for decades. Under provincial rules, tenants receiving OW or ODSP benefits receive much lower amounts for shelter if they live in community housing when compared to what they would receive if they were paying rent to landlords in private buildings. This means that community housing providers receive lower rental income and require greater subsidy from service system managers to cover their operating costs. This differential is often several hundred dollars per month per rental unit, costing service system managers millions of dollars each year in additional RGI subsidy funding.

<sup>4</sup> AMO and the Housing Services Corporation examined the issue of viability in a post-operating agreement environment. For further information see: <https://share.hscorp.ca/files/208-social-housing-end-dates-in-ontario-2012-2/>

<sup>5</sup> Housing Services Corporation has developed a resource toolkit to assist Service System Managers, see: <https://share.hscorp.ca/post-slider/evaluating-projects-reaching-expiry-the-service-manager-eoa-toolkit/>



In effect, low and inadequate rent scales result in a hidden municipal subsidy of provincial income support programs paid for with property tax dollars. There is also no clear rationale to explain why household rent and associated shelter allowance amounts paid to community housing providers for OW and ODSP households in receipt of RGI are less than what is paid to private landlords. There should be parity. Addressing this issue will place community housing on a more sustainable footing. In 2012, the Commission for the Review of Social Assistance for Ontario calculated the fiscal impact of outdated rent scales to service system managers at \$200 million annually.<sup>16</sup> These funds could be used to address capital repairs and to improve quality of life for tenants.

Another issue relates to energy efficiency. The previous provincial government introduced capital retrofit programs to reduce green house gas emissions and create more energy efficient community housing. These programs demonstrated an immediate impact reducing operating costs for buildings. Now that the provincial cap and trade initiative has wound down, there is no more dedicated provincial funding for community housing energy retrofits. These investments improved building performance and enhanced the quality of life for tenants while reducing greenhouse gas emissions. In doing so, the phased-out program filled an important need in community housing because most of Ontario's community housing buildings were built at a time when little attention was paid to energy-efficient design. Retrofits benefited vulnerable tenants by reducing the cost of their utility bills. Given the value of energy retrofit programs, Ontario's municipal governments would support the introduction of an alternative provincial funding envelope to finance energy efficiency retrofit supports in community housing.

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*Recommendation #41:* That the provincial and federal governments commit to permanent, predictable, and sustainable base funding that supports both asset management and the renewal of community housing.

*Recommendation #42:* That the provincial and federal governments provide sufficient and ongoing funding to help eliminate the current community housing capital repair backlog in Ontario to achieve and maintain a good state of repair.

*Recommendation #43:* That the provincial government work with Service System Managers to assess the impact of the end of federal operating agreements and the separate issue of end of mortgages on their community housing portfolios.

*Recommendation #44:* That the provincial government provide clarity and certainty regarding the obligations of community housing providers and Service System Managers upon the expiry of federal operating agreements and the end of mortgages to ensure that housing stability is maintained for existing tenants.

*Recommendation #45:* That the provincial government end municipal subsidy of social assistance recipients in community housing by addressing the antiquated rent scales.

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*Recommendation #46: That the provincial and federal governments promote environmental sustainability in community housing with dedicated funding for energy efficient retrofits that bring down energy costs and improve housing provider sustainability over the long-term.*

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### ✓ **Reduce Administrative Burden to Help Service System Managers Do Their Jobs**

Various measures could be taken to reduce administrative burden and costs for Service System Managers and community housing providers.

Top of mind are the complexities of the wait list system, which is costly and burdensome to administer. The provincial government has committed to reforming wait list administration as part of its Community Housing Renewal Strategy and has engaged with Service System Managers as it contemplates reforms. This is a positive step forward. A new, more flexible approach would allow for better management of community housing waitlists in a way that is effective and cost efficient.

Simplifying Rent-Geared-to-Income (RGI) will also help service system managers, housing providers and tenants. The current system is costly and burdensome to administer. It is also complex and confusing for tenants. Reform as initially proposed by the government in the Community Housing Renewal Strategy should serve to bring down cost-prohibitive administration costs while making life easier for those who live in community housing if implemented appropriately. A new system that leverages the Canada Revenue Agency's Income Tax Verification System would help streamline the process. Simplification should not make any tenant materially worse off than before, nor should it increase costs for service system managers. Addressing the rent scales issue should be viewed as a complimentary exercise to RGI simplification.

The reporting burden is another challenge for service system managers. While collecting data to gauge performance and make evidence-based decisions is critical, too many resources are being shifted away from front line services for administrative purposes because of intensive reporting requirements. Currently Service System Managers submit the Service Manager Annual Information Return (SMAIR). This is done in part by using data collected from individual housing providers' Annual Information Return (AIR). The SMAIR and the AIR are based on the reporting requirements set out in the Canada-Ontario Social Housing Agreement, 1999 (SHA). Separate reporting requirements for housing programs further add to the administrative burden. AMO acknowledges the importance of complying with federal funding transfer reporting requirements. However, as the programs are only part of the overall portfolio, statistical data collection and analysis is often done manually by many service system managers. The value of this information is often unclear when it comes to evaluation and policy development.

AMO appreciates MMAH's efforts to streamline reporting. We look forward to the results of this provincial initiative. Federal reporting requirements under the National Housing Strategy (NHS) is a live conversation. While some reporting will be necessary to monitor and evaluate NHS initiatives, the federal government should keep in line with Ontario's shift towards reducing the reporting burden. To keep administration costs down, only necessary



data should be collected. Reporting should happen at reasonable intervals and in a transparent manner.

Data that is collected on a province-wide basis should be shared with service system managers to support continuous improvement and better local service system planning. For example, it would be helpful if the Province used the 10-Year Housing and Homelessness Plans submitted by each service system manager to identify common themes, activities, beneficial practices, and proposed outcomes. This information and related data should inform the growing repository of evidence-based practices.

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*Recommendation #47: That the provincial government simplify the administration of the RGI system for Service System Managers, community housing providers, and tenants of community housing, including addressing rent and utility scales at the same time.*

*Recommendation #48: That the provincial and federal governments update community housing-related reporting requirements to better support evidence-based policy decisions while reducing administrative burden and cost. Technological innovation should be leveraged to facilitate reporting and to improve data collection and analysis as well as service delivery.*

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### ✓ **Increase Flexibility for Municipal Governments and Service System Managers**

To encourage Service System Managers to succeed and to increase the delivery of provincial and local municipal priorities, it is strongly recommended that those delivering housing services be given greater flexibility, authority, and reduced 'red tape'. In particular, Service System Managers should have maximum flexibility to identify and address local priorities based on the municipal context. It is appreciated that the federal-provincial funding programs under the National Housing Strategy reflect and afford a great deal of flexibility.

Two areas that would benefit from more flexibility is the application of subsidies and the management of the waiting list. Both are complex and administratively burdensome in their current form and AMO hopes waitlist administration will improve pending the implementation of reforms under the Community Housing Renewal Strategy.

It is challenging to implement provincial priorities ahead of local priorities. The province-wide priorities may not always speak to the greatest need locally. It might be best if provincial priorities were guidelines for service system managers to consider. No two municipal geographies in Ontario are the same, meaning that more locally flexible and less prescriptive requirements are important. 'One-size-fits all' approaches generally do not work well where local situations vary and different housing markets exist.

As it currently stands, the community housing system is designed for RGI subsidies and Portable Housing Benefits as the primary means of housing assistance. However, municipal governments are innovating with new forms of housing assistance to better match applicants with housing options and to make better use of waiting list resources. The problem is that this innovation with housing assistance is not officially recognized in the *Housing Services Act, 2011* and its regulations. As a result, some innovative housing supports do not count

towards Service System Managers' legislated Service Level Standards. Innovative approaches require a business case for the Minister to approve on case-by-case basis.

Just as the *Housing Services Act, 2011* was amended to recently allow housing benefits to be accepted as a legitimate form of housing assistance, other forms of housing support should also be recognized. For example, condominiums are sometimes purchased and rented out to tenants at below-market rents. This kind of activity should be recognized as housing assistance. A change in this area would not cost the Province anything to implement. It would also provide added flexibility to support innovation at the local level. A good start would be for the provincial government to review the outcomes of these service system manager initiatives with the goal of identifying best practices and modernizing the service level standards.

Greater flexibility is also needed for capital housing infrastructure programs. Take, for example, the 'use it or lose it' approach, which refers to the inability to carry over funds from one fiscal year to the next. This funding approach makes it prohibitive to build larger housing projects in communities and is especially problematic for smaller Service System Managers. Federal-provincial capital housing programs should operate with the same flexibility as other federal and provincial infrastructure programs that allow carry-over from one fiscal year to the next. This would allow for proper planning and implementation for the best long-term housing outcomes.

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*Recommendation #49:* The provincial government should increase local flexibility and support innovation by broadening the provincial approach to Service Level Standards to include all types of housing subsidy assistance administered by Service System Managers.

*Recommendation #50:* That the provincial government work with the federal government to make housing capital programs more effective by eliminating the 'use it or lose it' approach to funding and allow Service System Managers to carry over funding between fiscal years similar to other federal and provincial infrastructure programs.

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### 3) Expanding Affordable Housing Options

Steps should be taken to further facilitate the expansion of other affordable housing options in Ontario, including non-profit, co-operative and private sector projects. This will ease pressure on subsidized rental housing and fill in the gap where the private market fails to provide suitable housing for low- and moderate-income people.

One challenge is that an increasing share of federal-provincial funding programs under the National Housing Strategy will be going towards financing portable housing benefits instead of the construction of new units or the repair of community housing.<sup>6</sup> While these benefits

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<sup>6</sup> A Portable Housing Benefit is a form of financial assistance (i.e. cash allowance) provided to eligible low-income individuals and family units on municipal community housing waiting lists to help pay their rents. It is a portable benefit not tied to a particular building or landlord. With this benefit, individuals and families can

to help low-income families pay their rent are a longstanding municipal ask and a welcome tool in the municipal tool kit, funding for portable benefits cannot replace funding to build and maintain affordable housing units. This is especially important given current vacancy rates in some areas across the province.

Although the recipients' ability to exercise choice in deciding where they will live in the private market is beneficial, portable housing benefits only work well in places with higher vacancy rates and ample supply of affordable, purpose-built rental. They also work well to help individuals in immediate need of housing support, such as people experiencing homelessness or survivors of domestic violence and human trafficking. Federal-provincial funding programs need to strike a balance so that these initiatives can support the use of portable benefits while also contributing to the development of new housing supply. Discussion is needed to ensure that portable housing benefit-related program design provides local flexibility. Any portable housing benefit must be calculated in a way that ensures the benefit amount is enough to cover actual costs in local housing markets.

Currently, survivors of domestic violence and human trafficking receive special priority on community housing waiting lists for RGI subsidies. Over the years, the Special Priority Policy (SPP) has received mixed reviews when it comes to its' effectiveness in supporting survivors. It is not always the preferred option for women, men, and families fleeing abuse. A dedicated provincially-funded portable housing allowance program specific to these survivors is the better policy option. The existing Portable Housing Benefit – Special Priority Policy program should therefore continue and be enhanced. In addition, funding should be provided to establish and maintain much needed community supports for these households.

The Strong Communities Rent Supplement Program is an important housing option that is at risk. It enables service system managers to fund RGI rent supplement agreements in their communities. The program's 20-year funding commitment ends in 2022/23. The end of this program will take \$50 million a year from Ontario's community housing system, reducing access to affordable housing. It will also place more vulnerable households at risk. Funding for this program must continue beyond 2023. If funding is not renewed, then a transitional funding plan will be necessary to protect tenants currently using the program.

Another funding program with potential to expand housing options is the National Co-Investment Fund administered by the CMHC. AMO is pleased to see the federal government move forward with this housing infrastructure initiative. While there have been positive efforts to consult with service system managers, there are some concerns about the onerous application process and administrative and reporting burdens associated with the potential funding. The challenge, especially for smaller rural, northern and Indigenous housing providers, is that the scoring criteria reduces the chances that their projects will be approved. Many applicants have found it challenging to meet the environmental and accessibility targets while staying focused on affordability.

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exercise choice in the housing marketplace to choose their place of living, either in a non-profit, co-operative or private rental accommodation. It is considered an alternative form of housing assistance to traditional RGI units in community housing.

In addition, supporting documentation and professional opinions and studies currently required for the application can be both cost and resource prohibitive. AMO acknowledges that this is a new program and appreciates that the CMHC is actively learning through the process and making improvements as they go. It is essential that feedback through the National Housing Strategy Trilateral Coordination Forum and other mechanisms foster continuous improvement to ensure that housing projects are successfully approved and implemented as per the federal government's plan.

Affordable housing development requires stable funding with an ability to stage and plan developments over longer time periods. This allows for work with both private and non-profit developers. Municipal governments and DSSABs need to be able to engage private developers as partners in affordable development. Allowing stacking of housing funding with other government capital development programs and incentives, including through Infrastructure Ontario (IO), would help. Land is a major cost. Municipal governments provide land for affordable housing development where they can. Contributions of land from both the provincial and federal governments will also help and are needed.

Access to low-rate financing would renew and expand affordable housing infrastructure. Low-rate financing can come from a broad range of sources, including both government and the private sector. On the government side, there is financing available from the CMHC and provincially from Infrastructure Ontario (IO). However, DSSABs are not able to access financing from IO. A legislative change is needed to permit this.

Private sector financing is available and has great potential. However, private sector lenders are not always well versed with the realities of community and affordable housing. Therefore, the establishment of a dedicated housing lender is welcome. The [Housing Investment Corporation \(HIC\)](#), which raises financing from private capital markets, is a welcome value-added addition to the housing sector.

Like community housing, many affordable housing buildings that received upfront government funding but no ongoing funding face sustainability challenges of their own. This includes capital repair backlogs as the buildings age. Providing occasional assistance for these projects is worth exploring, whether it be grants or low-cost loans.

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*Recommendation #51:* That the provincial and federal governments accompany the increasing use of Portable Housing Benefits with efforts to increase the supply of rental housing including private, non-profit, and co-operative housing.

*Recommendation #52:* That the provincial government continue to address the housing affordability needs of survivors of domestic violence and human trafficking through dedicated community supports and an enhanced portable housing benefit program.

*Recommendation #53:* That the provincial government develop a strategy for the expiration of the time-limited Strong Communities Rent Supplement program to either sustain the program or manage its transition so that it doesn't cause housing instability for existing tenants.

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*Recommendation #54:* The provincial and federal government should provide surplus or under-used crown lands to municipal governments and Service System Managers contingent on building affordable and/or 'missing middle' housing solutions.

*Recommendation #55:* That the provincial and federal governments move expeditiously to develop their housing strategies in consultation with Indigenous communities and service providers and provide adequate resources for implementation.

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## 4) Ending Homelessness

Every Ontarian deserves a place to call home. On any given night, there are approximately 9,600 Ontarians experiencing 'visible' homelessness. Around 90,000 Ontarians experience this type of homelessness a year.<sup>17</sup> On the other hand, estimates suggest that as many as 80% of Ontario's homeless population experience 'hidden homelessness.'<sup>18</sup> This means that they are couch surfing, sleeping in abandoned farmhouses, or camping in remote locations. These Ontarians are difficult to track – their experiences are not captured by homeless enumeration counts and statistics.

All Ontarians experiencing homelessness need immediate access to permanent housing alongside services and supports that will help them get back on their feet. Investing in Housing First approaches and supports will generate savings in the long run — homeless Ontarians are more frequent users of costly services such as ambulances, hospitals, and correctional facilities. According to the Homelessness Hub, a single-shelter bed costs Canadian provinces about \$1,932 a month. A provincial jail cell costs \$4,333 a month and a hospital bed costs \$10,900.<sup>19</sup> Given these costs, it is significantly cheaper to provide these Ontarians with stable housing and the supports they need to stay off the streets.

An all-of-government approach is the best way to address homelessness in Ontario. To end chronic homelessness, we must break down silos across government and leverage positive working relationships between the province and the 47 Service System Managers on the front lines. Predictable, stable, and enhanced funding streams from both the provincial and federal governments are needed to improve and expand homelessness prevention programs across the province. With this in place, Service System Managers can work on the ground to eliminate chronic homelessness by 2025.

Indigenous people are currently overrepresented in the homeless population. The reasons are complex and specific housing interventions are necessary. Indigenous communities and Indigenous service providers should be engaged to determine what is needed to address the unique housing challenges facing Indigenous people. The federal government should examine and modify existing approaches to address Indigenous homelessness.

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*Recommendation #56:* That the provincial, federal, and municipal governments use an all-of-government approach to break down silos between ministries, departments, divisions and agencies, and make

commitments beyond current programs (e.g. health, income security) to address the affordable housing and homelessness crisis.

*Recommendation #57:* That the provincial government renew a commitment to end chronic homelessness by 2025 and work with Service System Managers on a province-wide plan to accomplish this goal.

*Recommendation #58:* That the provincial government sustain and increase funding for homelessness prevention and housing programs to help achieve the goal of eliminating chronic homelessness by 2025.

*Recommendation #59:* That the federal government enhance funding for homelessness prevention programs with a goal of expanding funding to all 47 service management areas in Ontario.

*Recommendation #60:* That the federal and provincial governments accelerate development of specific housing and homelessness prevention initiatives for Indigenous people in consultation with Indigenous communities and service providers.

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## 5) Supporting People with their Health Care Needs for Successful Tenancies

Access to supportive housing promotes independent living for people with complex health needs including mental health, addictions, and trauma. It allows them to stay in their communities for as long as possible and enjoy the highest quality of life available. Supportive housing assistance typically includes services like access to personal support workers, light housekeeping, meal preparation, wellness, and health promotion. People in supportive housing may also be matched with caseworkers and receive counselling, income support and life-skills training, amongst other supports. These services are necessary given the diverse health needs of people in need of housing solutions.

Through Budget 2019, the provincial government committed to do a comprehensive review to identify opportunities to streamline the more than 20 supportive housing programs in Ontario with the goal of improving coordination. To better serve people with housing and health care needs, AMO encourages the province to move forward with the goal of creating 30,000 new supportive housing units in Ontario with rent subsidies.

Another challenge is that in many instances community housing has become 'de facto' supportive housing. This is due to the supply shortage and a lack of health service funding. Some tenants require intensive supports to maintain successful tenancies including home care, mental health, and addictions support. Community housing providers typically do not have the professional staff resources or funds to provide these critical services. Providing this type of service is not the intent of community housing. A gap results because provincially funded community services can be difficult for tenants to access.



For these reasons, we need to start conversations on how funding from the Ministry of Health can be better used to provide more support to help people maintain stable community housing. The 2019 Ontario Budget committed an investment of \$3.8 billion for mental health, addictions and housing supports over 10 years, beginning with building a mental health and addictions system. As well, a Cabinet shuffle in June 2019 created a new Associate Minister of Mental Health and Addictions dedicated to addressing mental health needs in local communities. Service System Managers are in the best position to inform how the new system can help tenants as well as those experiencing homelessness. Stronger, more collaborative relationships between the Province, health institutions, and Service System Managers will be key moving forward.

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*Recommendation #61:* That the provincial government work towards a goal of establishing and maintaining 30,000 supportive housing units in the province.

*Recommendation #62:* That the provincial government ensure systemic collaboration between the new Ontario Health Teams and Service System Managers to ensure that people in community housing and those experiencing homelessness receive the support they need to access housing, maintain stable tenancies and meet their health needs.

*Recommendation #63:* That the provincial government direct local health teams under the new health care system to provide supports to tenants residing in community housing that have health needs.

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## Conclusion — Looking Forward and Next Steps

In Ontario, the municipal role in housing and homelessness prevention cannot be understated. We are critical players on the front lines and make a meaningful difference for our communities with support from the provincial and federal governments. Given this role in housing, municipal governments and DSSABs are well-positioned to provide advice going forward on what is necessary to address the housing affordability and supply crisis negatively affecting our communities.

The recommendations in this paper should serve as the foundation for ongoing conversations with both the provincial and federal governments. In particular, the National Housing Strategy framework creates a platform for the federal, provincial, and municipal orders of government to come together to talk about how best to improve housing outcomes for the people of Ontario. The AMO-Ontario Memorandum of Understanding political table and staff working groups should continue to help facilitate municipal-provincial discussions on the housing file.

Municipal governments are on the front lines. We are ready to co-design frameworks and programs with our provincial and federal partners. Working together, we can make a meaningful difference for people in need of housing supports and fix the housing crisis.



## Appendix A: AMO Affordable Housing and Homelessness Task Force Membership (2015 to 2018)

Jamie McGarvey, **Chair**, AMO President and Mayor, Town of Parry Sound

Darryl Wolk, Manager, Policy Development & Public Affairs, Ontario Municipal Social Service Association (OMSSA)

Douglas Bartholomew-Saunders, Commissioner of Community Services, Region of Waterloo

Eddie Alton, Director of Social Services, County of Wellington

Elaine Brunn Shaw, Director of Planning, City of Cambridge

Eric Duncan, Warden, United Counties of Stormont, Dundas & Glengarry, and Chair, Eastern Ontario Warden Caucus

Helen Harris, Coordinator, Policy & Research, Ontario Non-Profit Housing Association (ONPHA)

Henry Wall, Chief Administrative Officer, Kenora District Services Board

John Taylor, Councillor, Regional Municipality of York

Mabel Watt, Manager, Policy Integration (CAO's Office) , Region of Halton

Mark Taylor, Deputy Mayor, City of Ottawa

Pam Sayne, Councillor, Township of Minden Hills

Sean Gadon, Director, Affordable Housing Office, City of Toronto

Sharad Kerur, Executive Director, Ontario Non-Profit Housing Association (ONPHA)

Simone Swail, Manager, Government Relations, Ontario Region, Co-operative Housing Federation of Canada

Michael Jacek, Senior Advisor, Association of Municipalities of Ontario (AMO)

Jessica Schmidt, Policy Advisor, Association of Municipalities of Ontario (AMO)

Leslie Muñoz, Policy Advisor, Association of Municipalities of Ontario (AMO)

## Appendix B: Summary of Recommendations

### Increasing the Supply of Affordable Market Housing for Families

#### ✓ **Streamline to Speed Up the Approval Process by Addressing Implementation Challenges**

*Recommendation #1:* That municipal governments continue to work to ensure that zoning by-laws are up to date with official plans.

*Recommendation #2:* That municipal governments pursue and move towards e-permitting if they have the resources.

*Recommendation #3:* That municipal governments consider the benefit of third-party coordinating engineers as a potential option.

*Recommendation #4:* That municipal governments explore the benefits of offering one-window 'concierge services' to fast track priority proposals.

*Recommendation #5:* That municipal governments consider whether adopting a Community Planning Permit System would meet the needs of their local communities.

*Recommendation #6:* That municipal governments consider succession management strategies to ensure that they can continue to employ well-qualified building inspectors.

*Recommendation #7:* That the provincial government modernize notice provisions.

*Recommendation #8:* That the provincial government continue to document and disseminate Best Management Practices (BMPs) and provide data support to municipal governments to foster learning, resulting in continuous improvement.

*Recommendation #9:* That the provincial government provide support to housing developers including sharing of BMPs.

*Recommendation #10:* That the provincial government provide training to help municipal governments increase the supply of building inspectors.

*Recommendation #11:* That housing developers take steps to ensure they submit complete, quality applications to reduce timelines and reduce the number of resubmissions.

*Recommendation #12:* That housing developers take good care to prepare comprehensive site plans.

*Recommendation #13:* That housing developers diligently and completely fulfill contractual Clearing Conditions in a timely manner.

*Recommendation #14:* That housing developers ensure timely building inspections to keep projects on track and on schedule.

### ✓ **Promote a Mix of Housing and Missing Middle Housing**

*Recommendation #15:* That the provincial government provide further information and promote awareness among municipal governments of their ability to enact inclusionary zoning by-laws, including on the new rules following the Royal Assent of Bill 108.

*Recommendation #16:* That municipal governments revisit zoning to explore zero-lot- line housing, tiny homes, laneway housing, flex housing, shared housing and other types of housing that reduce land costs and increase density.

*Recommendation #17:* That the provincial government consider financial incentives for developers to encourage missing middle-type housing for moderate-income families.

*Recommendation #18:* That the provincial government support growth of new housing supply with corresponding investments in infrastructure including schools, hospitals, transit, and transportation.

*Recommendation #19:* That the provincial government work in partnership with municipal governments to change public attitudes opposed to intensification by making the public more aware of the negative impact of sprawl on the environment, traffic congestion, and on the costs of municipal services.

*Recommendation #20:* That the provincial government ensure there is enough flexibility and supports for municipal governments to look at underused and strategically located employment lands for mixed-uses, including housing.

*Recommendation #21:* That developers consider a menu of finishes so that more modest options are available.

*Recommendation #22:* That developers consider the potential for expandable/reducible units (i.e. time-share units often have the option of combining adjoining units for larger floor plans or closing off access for small units).

*Recommendation #23:* That developers design buildings in a way that allows for the future installation of accessible features.

### ✓ **Support the Cost of New Housing Supply through Existing Tools**

*Recommendation #24:* Municipal governments should continue to exercise the ability to voluntarily provide financial incentives when they are able, and at their sole discretion, to facilitate the targeted development of new affordable housing in line with local municipal objectives.

*Recommendation #25:* The provincial government should ensure development charges and community benefits charges are calculated in a way that ensures growth pays for growth.

*Recommendation #26:* The provincial government should consider allocating revenues generated from the land transfer tax and the non-resident speculation tax to affordable housing and for financial incentives to encourage housing solutions for moderate-income households.

### ✓ **Explore Innovative Housing Solutions**

*Recommendation #27:* That municipal governments continue to work with developers to encourage innovative housing while still conforming to the standards of the Ontario Building Code.

*Recommendation #28:* That the provincial government research and disseminate promising practices from other jurisdictions about how to facilitate innovative housing supply.

*Recommendation #29:* That the provincial and federal governments ensure that municipal governments continue to have the discretion to offer home ownership programs and renovation support programs with funding from federal-provincial housing programs available under the National Housing Strategy.

*Recommendation #30:* That the provincial government explore and pilot new innovative home ownership programs with municipal governments for low- and moderate-income people, with a special focus on first-time homebuyers, including shared-equity schemes and rent-to-own approaches.

*Recommendation #31:* That the provincial government advocate to the federal government for more robust home ownership programs.

*Recommendation #32:* That the provincial government research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase the supply of housing (e.g. matchmaker services that facilitate shared living arrangements between seniors in “over-housed” situations and renters, including students).

*Recommendation #33:* That the provincial government consider a “Yes in My Backyard” initiative to address NIMBYism and change public attitudes against new ‘missing middle’ and community housing developments.

### ✓ **Protecting Tenants while Balancing Landlord Rights**

*Recommendation #34:* The provincial government should consider input from the public, including landlord and tenant organizations, to find the appropriate balance between landlord and tenant rights and obligations.

*Recommendation #35:* The provincial government should provide more public education to both landlords and tenants on their rights and obligations.

*Recommendation #36:* The provincial government should provide investment and incentives for purpose-built rental housing.

*Recommendation #37:* The provincial government should explore ways to speed up the landlord and tenant board process, including by addressing the adjudicator shortage.

*Recommendation #38:* The provincial government should promote awareness and provide information to municipal governments about ways to effectively facilitate legal second suites and new rentals in a manner that meets the needs of communities.

*Recommendation #39:* Municipal governments should exercise their ability under the Planning Act to facilitate the creation of legal second suites and new rentals in a manner that meets the needs of communities, conforms appropriately to municipal by-laws, and advances public safety.

*Recommendation #40:* The provincial government should provide low cost loans to homeowners who wish to renovate to create new legal second units in accordance with local municipal by-laws.

## Creating a Financially Sustainable Model for Community Housing

### ✓ **Review and Improve Funding Arrangements to Secure Permanent, Predictable Funding for Housing Supports**

*Recommendation #41:* That the provincial and federal governments commit to permanent, predictable, and sustainable base funding that supports both asset management and the renewal of community housing.

*Recommendation #42:* That the provincial and federal governments provide sufficient and ongoing funding to help eliminate the current community housing capital repair backlog in Ontario to achieve and maintain a good state of repair.

*Recommendation #43:* That the provincial government work with Service System Managers to assess the impact of the end of federal operating agreements and the separate issue of end of mortgages on their community housing portfolios.

*Recommendation #44:* That the provincial government provide clarity and certainty regarding the obligations of community housing providers and Service System Managers upon the expiry of federal operating agreements and the end of mortgages to ensure that housing stability is maintained for existing tenants.

*Recommendation #45:* That the provincial government end municipal subsidy of social assistance recipients in community housing by addressing the antiquated rent scales.

*Recommendation #46:* That the provincial and federal governments promote environmental sustainability in community housing with dedicated funding for energy efficient retrofits that bring down energy costs and improve housing provider sustainability over the long-term.

✓ **Reduce Administrative Burden to Help Service System Managers Do Their Jobs**

*Recommendation #47:* That the provincial government simplify the administration of the RGI system for Service System Managers, community housing providers, and tenants of community housing, including addressing rent and utility scales at the same time.

*Recommendation #48:* That the provincial and federal governments update community housing-related reporting requirements to better support evidence-based policy decisions while reducing administrative burden and cost. Technological innovation should be leveraged to facilitate reporting and to improve data collection and analysis as well as service delivery.

✓ **Increase Flexibility for Municipal Governments and Service System Managers**

*Recommendation #49:* The provincial government should increase local flexibility and support innovation by broadening the provincial approach to Service Level Standards to include all types of housing subsidy assistance administered by Service System Managers.

*Recommendation #50:* That the provincial government work with the federal government to make housing capital programs more effective by eliminating the 'use it or lose it' approach to funding and allow Service System Managers to carry over funding between fiscal years similar to other federal and provincial infrastructure programs.

### Expanding Affordable Housing Options

*Recommendation #51:* That the provincial and federal governments accompany the increasing use of Portable Housing Benefits with efforts to increase the supply of rental housing including private, non-profit, and co-operative housing.

*Recommendation #52:* That the provincial government continue to address the housing affordability needs of survivors of domestic violence and human trafficking through dedicated community supports and an enhanced portable housing benefit program.

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*Recommendation #56:* That the provincial, federal, and municipal governments use an all-of-government approach to break down silos between ministries, departments, divisions and agencies, and make commitments beyond current programs (e.g. health, income security) to address the affordable housing and homelessness crisis.

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## Supporting People with their Health Care Needs for Successful Tenancies

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## End Notes

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- <sup>3</sup> Canada Mortgage and Housing Corporation. “Overview: Ontario” *Housing Market Information Portal*. Accessed January 2019. <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/35/2/Ontario>
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- <sup>12</sup> Statistics Canada. “Core housing need, 2016 Census.” 15 November 2017. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>
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- <sup>15</sup> Ontario Non-Profit Housing Corporation and Co-operative Housing Federation of Canada (Ontario Region), 2018.



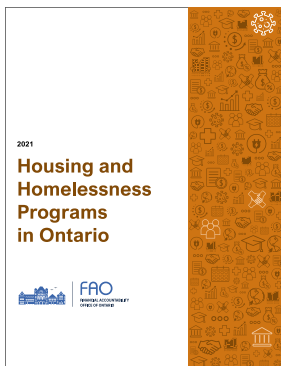
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MAR 4, 2021

# Housing and Homelessness Programs in Ontario

Posted in: [Government Spending](#), [Social Programs](#), [COVID-19](#), [Demographics](#)

## 1 | Summary

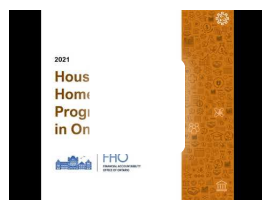
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Open: [Briefing Deck](#)

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This report reviews the Government of Ontario's (the Province's) housing and homelessness programs, identifies recent program and spending changes, and projects the impact of the Province's housing and homelessness programs on core housing need<sup>[1]</sup> and chronic homelessness.<sup>[2]</sup>

## Provincial Housing Programs

- The Province's housing programs provide subsidized housing to eligible low- and moderate-income households in Ontario. These programs fall under two main categories: social housing and affordable housing.
  - Social housing units are operated by municipal organizations, housing co-operatives and non-profit organizations. These organizations primarily offer housing units where tenants pay rent-geared-to-income (RGI), meaning that rent is limited to 30 per cent of the household's gross income.



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- Affordable housing programs provide construction grants to developers who, in return, create affordable (i.e., below-market rent) housing units in their buildings. Affordable housing programs also provide rent supplements, offer homeownership assistance that provides households with forgivable down payment loans, and fund home and rental repairs.
  - In 2018-19, approximately 297,200 households received support through the Province's housing programs. 189,000 households lived in RGI housing, 93,600 households lived in below-market rent housing units, 7,200 households received rent supplements and 7,300 households benefited from homeownership assistance.
- The Province's housing programs are jointly funded with the federal government through agreements that commit both federal and provincial funding. In total, from 2013-14 to 2018-19, the Province spent \$5.0 billion on its housing programs, of which the federal government funded \$3.3 billion, or 67 per cent. The Province contributed the remaining \$1.7 billion, or 33 per cent.[\[3\]](#)
  - In 2018-19, the Province spent \$701 million on its housing programs. This is in line with historical spending levels between 2013-14 and 2015-16 but significantly lower than housing programs spending in 2016-17 (\$1.2 billion) and 2017-18 (\$1.0 billion) due to time-limited programs (e.g., the Social Infrastructure Fund) and programs that were introduced in 2016-17 but cancelled by 2018-19 (e.g., the Social Housing Apartment Improvement Program funded through the cap and trade program).
- The level of support offered to households under the Province's housing programs varies depending on the type of housing support provided and reflects differences in program design.

- In 2018, households in RGI housing units received an average annual subsidy of \$6,300, while households in below-market rent housing units received an average annual subsidy of \$3,800 and rent supplements provided households with an average of \$4,500.
- In comparison, the FAO estimates that the average core housing need affordability gap was approximately \$4,000 in 2018. This represents the average amount of before-tax income needed to remove a household from core housing need.
- Consequently, RGI units and rent supplements were sufficient, on average, to eliminate the affordability gap and remove a household from core housing need. On the other hand, the average subsidy provided by below-market rent units (\$3,800) was less than the average core housing need affordability gap (\$4,000), implying that the average household living in a below-market rent unit was not removed from core housing need. Overall, the FAO found that in 2018, 31 per cent of renters who received support from the Province's housing programs were still in core housing need.
- Since 2011, the number of Ontario households in core housing need has increased while the number of households receiving housing support from provincial programs has decreased.
  - Between 2011 and 2018, the number of households in core housing need grew from 616,900 to 735,000, an increase of 118,100 households, or 19.1 per cent.
  - Over the same period, the number of households receiving housing support declined by 12,300 or 4.0 per cent, from 309,500 to 297,200 households.
  - The increase in the number of households in core housing need, combined with a decline in

households receiving housing support, led to an increase in the wait list for social housing. The Province's social housing wait list increased by 27 per cent over this time period,<sup>[4]</sup> with many households waiting over 10 years for a placement in social housing.

## Outlook for the Province's Housing Programs

- Between 2018-19 and 2027-28, over 80 per cent of committed federal-provincial funding for the Province's housing programs will expire and be replaced by three new programs<sup>[5]</sup> created under the federal-provincial National Housing Strategy (NHS).
  - Under the NHS, the Province and federal government have committed to spend \$4.0 billion through the Province's housing programs from 2019-20 to 2027-28.<sup>[6]</sup> This consists of \$2.9 billion of federal support and \$1.1 billion of provincial spending.
- After accounting for expiring funding and the new NHS commitments, the FAO projects that the Province's annual spending on housing programs will be lower than 2018-19 levels until 2024-25, as new funding from NHS programs will not make up for lost funding under expiring agreements.
  - From 2019-20 to 2027-28, annual spending on the Province's housing programs will average \$696 million. This is significantly lower than average annual spending by the Province from 2014-15 to 2018-19, at \$856 million per year.
- The FAO projects that the number of households supported by the Province's housing programs will reach 352,500 in 2027-28, an increase of 55,300 from 2018-19.<sup>[7]</sup> This represents the net increase in housing support from the NHS programs.
- The FAO estimates that the total number of households in core housing need will increase to 815,500

households in 2027, an increase of 80,500 households from 2018.[\[8\]](#)

- Population growth and higher housing costs will more than offset household income growth and the incremental support provided by provincial housing programs through the NHS.
- Only half (or 27,100) of the 55,300 additional households that will receive support under the Province's housing programs in 2027-28 are expected to be removed from core housing need. This is largely due to the new Canada-Ontario Housing Benefit (COHB) portable rent supplement program under the NHS. Although this program is designed to target vulnerable populations,[\[9\]](#) the FAO estimates that the level of support provided will not be sufficient to remove most recipients from core housing need.

## Homelessness Programs Overview

- The FAO estimates that over 16,000 Ontarians are homeless on any given night, of which between 40 and 60 per cent are experiencing chronic homelessness.[\[10\]](#)
- The Province's homelessness programs centre on the commitment to end chronic homelessness by the end of 2025.[\[11\]](#)
  - The Province administers three homelessness programs, which focus on two primary objectives: that people experiencing homelessness can obtain and retain housing and that people at risk of homelessness are able to remain in their housing.
  - In addition, the Province's housing programs play a role in addressing homelessness by helping households experiencing or at risk of homelessness access affordable housing.[\[12\]](#)
- From 2013-14 to 2020-21, provincial spending on base homelessness programs[\[13\]](#) has grown at an annual

average rate of 8.0 per cent due to new spending commitments to address chronic homelessness. The number of households supported by homelessness programs also grew by approximately five per cent per year between 2014-15 and 2018-19.

## Will the Province End Chronic Homelessness by 2025?

The FAO concluded that it is unlikely that the Province will achieve its goal of ending chronic homelessness in Ontario by 2025 without new policy measures for the following reasons:

- The municipalities of Ottawa and Toronto both report increased shelter usage since 2014, driven primarily by growth in the number of families using shelters and increases in the length of time individuals are staying in shelters. This reflects the growing difficulty for homeless individuals and families to acquire housing and exit homelessness.
- Over the next three years, the FAO projects that the Province's base homelessness programs spending will grow at an annual average of 3.4 per cent, increasing from \$403 million in 2019-20 to \$446 million in 2022-23. This spending growth is significantly lower than the 8.0 per cent spending growth from 2013-14 to 2020-21.
- The Province's 2020-2025 Poverty Reduction Strategy does not commit any additional homelessness programs spending (beyond the 3.4 per cent average annual growth noted above<sup>[14]</sup>) or address the Province's commitment to end chronic homelessness. However, the new poverty reduction strategy does note that increasing the supply of affordable housing under the NHS is a key measure to support people at risk of or experiencing homelessness.
- The FAO has identified two key indicators to measure the impact of the Province's housing programs on homelessness in Ontario.

- The first indicator relates to the ability of individuals experiencing homelessness to exit homelessness through access to housing programs support. From 2011-12 to 2018-19, the number of households that received provincial housing programs support decreased by 4.0 per cent. This contributed to an increase in the number of households in core housing need of 19 per cent and a 27 per cent increase in the wait list for social housing.
  - Looking forward, the FAO is projecting that the number of households in core housing need will increase from 735,000 households in 2018 to 815,500 households in 2027. The projected growth in core housing need will lead to increased demand for housing programs support, leading to an even longer wait list by 2027. Therefore, the Province's ability to reduce chronic homelessness by providing individuals experiencing homelessness with access to affordable housing through housing programs support will be limited.
- The second indicator relates to housing need among households at risk of homelessness. This is measured by the number of households living in poverty that spend 50 per cent or more of their income on shelter costs. These 'high housing need' households are at an elevated risk of losing their housing and experiencing homelessness.
  - Overall, the FAO projects that the number of households in 'high housing need' will decrease by approximately 19,600 households from 2018 to 2025, primarily due to the COHB program, which prioritizes higher need households. [\[15\]](#) However, by 2025, there will still be an estimated 159,800 'high housing



need' households in Ontario that are at an elevated risk of losing their housing and experiencing homelessness.

## 2 | Introduction

### Housing Need in Ontario

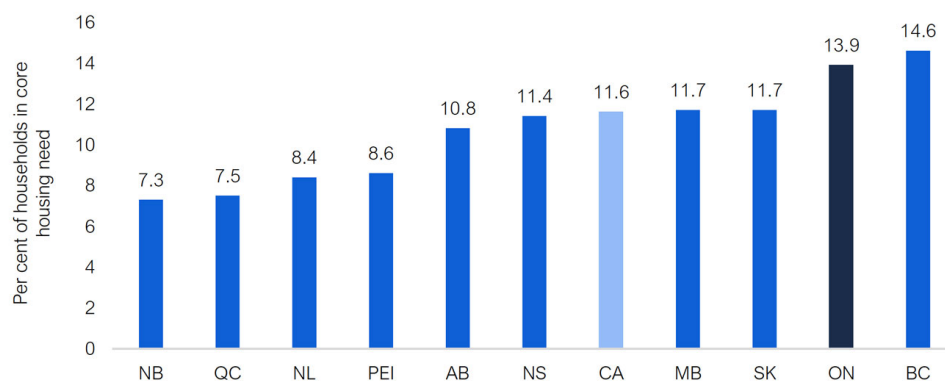
In 2019, the Government of Canada recognized access to adequate housing as a fundamental human right. In its *National Housing Strategy Act*, the federal government affirmed that housing is “essential to the inherent dignity and well-being” of a person and recognized the impact of access to affordable housing on social, economic, health and environmental outcomes.<sup>[16]</sup> Households that are unable to afford adequate housing must often choose between being unable to afford other necessities or living in housing that is inadequate for their needs. An inability to access affordable housing also places households at risk of becoming homeless and prevents people that are homeless from acquiring housing.

Core housing need is an indicator developed by the Canada Mortgage and Housing Corporation (CMHC) to identify households who need housing-related financial assistance. A household is in core housing need if it does not live in acceptable housing and its before-tax income is not sufficient to access acceptable housing. Housing is considered acceptable when the total cost of housing is equal to or less than 30 per cent of a household's before-tax income, there are enough bedrooms to accommodate the size of the household and the housing is not in need of major repairs.

Between 2011 and 2018, the number of households in core housing need in Ontario increased from 616,900<sup>[17]</sup> to 735,000.<sup>[18]</sup> This increase resulted from growth in home resale prices and market rents, which significantly outpaced income growth,<sup>[19]</sup> but also from demographic changes

and a reduction in housing support under the Province's housing programs. Overall, in 2018, 13.9 per cent of households in Ontario were in core housing need, which was higher than the Canadian average of 11.6 per cent and was the second highest rate among all provinces.<sup>[20]</sup> The high rate of core housing need in Ontario is largely driven by housing unaffordability, with over 90 per cent of core need households living in residences that are considered unaffordable based on their income.<sup>[21]</sup>

**Figure 2-1: Ontario has the second highest rate of core housing need in Canada (%), 2018**



Source: Canadian Housing Survey, 2018 and FAO.

[Accessible version](#)

High housing costs relative to incomes also place households at risk of becoming homeless and prevent people that are homeless from acquiring housing. The FAO estimates that in 2018, over 179,000 high need<sup>[22]</sup> households in Ontario lived in housing that was “deeply unaffordable.” These households live in poverty and spend more than half their income on the cost of shelter. ‘High housing need’ households are considered to be at risk of homelessness because they do not have the income to acquire acceptable market housing.

Housing unaffordability also prevents homeless individuals and families from acquiring acceptable housing. In 2018,

Ontario municipalities reported that there were over 16,000 Ontarians experiencing homelessness on any given night. [23] Most of these Ontarians stay in municipally run shelters and treatment facilities, but also live outdoors. Further, as housing becomes more unaffordable, Ontario households are living in homeless provisional accommodation, such as emergency shelters, for longer periods of time. [24] Nearly all homeless individuals and families in Ontario report that they want stable, permanent housing, and many cite a lack of access to affordable housing as the key barrier preventing them from exiting homelessness. [25]

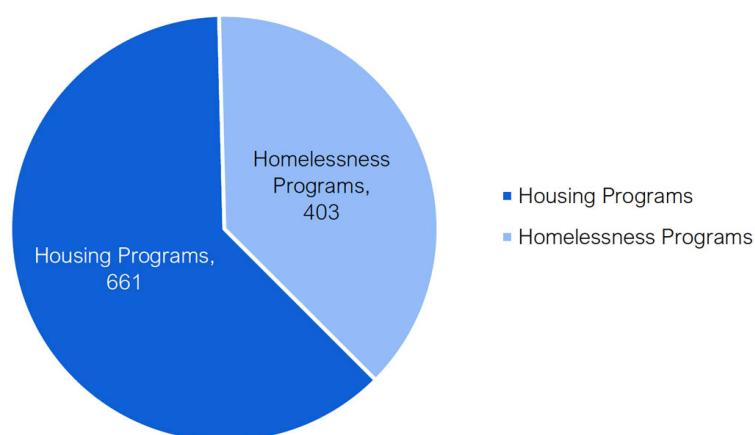
## Provincial Housing and Homelessness Programs

To address housing need in Ontario, the Government of Ontario (the Province), through the Ministry of Municipal Affairs and Housing (MMAH), delivers housing and homelessness programs in collaboration with the federal government and municipalities. [26] MMAH's housing programs provide assistance to low- and moderate-income households and households in core housing need through direct subsidies for rent, home and rental repairs, funding the construction of below-market rent units, and providing forgivable homeownership loans.

The ministry's homelessness programs assist households that are experiencing homelessness or are at risk of homelessness. These programs provide funding for emergency shelters and transitional and supportive housing to assist people experiencing homelessness, and financial aid and other services to prevent people at risk of homelessness from losing their homes.

In 2019-20, the ministry spent \$661 million on housing programs and \$403 million on homelessness programs for a total of \$1.1 billion.

**Figure 2-2: The Province spent \$1.1 billion on housing and homelessness programs in 2019-20 (\$ millions)**



Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

## Recent Developments

The Province's housing programs are partly funded through a series of agreements with the Government of Canada. Between 2018-19 and 2027-28, over 80 per cent of committed federal-provincial funding for the Province's housing programs was set to expire. However, on April 30, 2018, the Province and the federal government signed a new 10-year bilateral agreement that will replace the expiring funding for Ontario housing programs while also increasing overall support. This agreement is part of the federal government's National Housing Strategy (NHS) and commits \$4.0 billion of federal-provincial spending on housing programs in Ontario over the 10-year period.

The Province's homelessness programs centre on its commitment to end chronic homelessness by the end of 2025. This commitment resulted from a recommendation from the Expert Advisory Panel on Homelessness in 2015 and formed a centrepiece of the Province's 2016 Long-Term Affordable Housing Strategy (LTAHS).<sup>[27]</sup> Although the commitment to end chronic homelessness by 2025 was

made prior to the June 2018 provincial election and the change in government, MMAH confirmed with the FAO that the commitment to end chronic homelessness by the end of 2025 remains government policy.

## Purpose and Structure of this Report

The purpose of this report is to review the Province's housing and homelessness programs, identify recent program and spending changes, and project the impact of the Province's housing and homelessness programs on core housing need and chronic homelessness. The report first looks at existing housing programs spending and how the number of households supported by provincial programs has changed over time. The report then discusses recent program changes and the transition in funding from legacy housing programs to new programs under the NHS. Next, the report presents the FAO's housing programs spending forecast and analyzes the impact of the Province's housing programs on the supply of subsidized housing and core housing need. The report concludes with an analysis of the Province's homelessness programs and the commitment to end chronic homelessness.

- Chapter 3 provides an overview of the Province's housing programs, provincial spending on housing programs from 2013-14 to 2018-19, the number of households that received support and the implications for core housing need in Ontario.
- Chapter 4 discusses recent changes to the Province's housing programs, including the impact of expiring federal-provincial funding agreements and the Province's objectives under the NHS.
- Chapter 5 projects housing programs spending through 2027-28 and forecasts how the Province's housing programs under the NHS will affect housing supply and core housing need in Ontario.

- Chapter 6 reviews the Province's commitment to end chronic homelessness in Ontario by 2025 and discusses the potential impact of the NHS on this commitment.

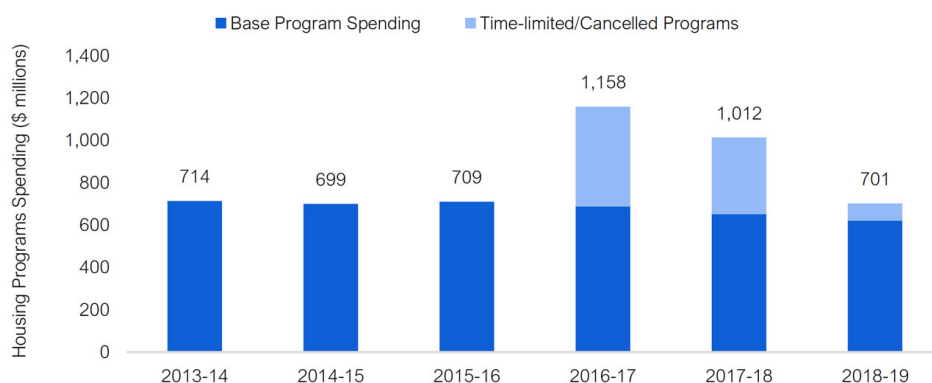
Appendix B provides more information on the development of this report, including an overview of the FAO's methodology and assumptions.

## 3 | Housing Programs Overview

### Housing Programs Spending from 2013-14 to 2018-19

In 2018-19, the Province spent \$701 million on housing programs. This is in line with historical spending levels between 2013-14 and 2015-16 but significantly lower than housing programs spending in 2016-17 and 2017-18. Housing programs spending reached \$1.2 billion and \$1.0 billion in 2016-17 and 2017-18, respectively, due to time-limited programs, and programs that were introduced in 2016-17 but cancelled by 2018-19. These included programs created through the Province's Climate Change Action Plan that were cancelled in 2018 and the federal government's Social Infrastructure Fund (SIF), which was in place from 2016-17 to 2018-19.

**Figure 3-1: Ontario housing programs spending, 2013-14 to 2018-19 (\$ millions)**



Source: FAO analysis of information provided by MMAH.

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[Accessible version](#)

In total, time-limited and cancelled programs increased housing spending by \$914 million from 2016-17 to 2018-19, including \$397 million of temporary funding for existing housing programs under the SIF. The remaining \$517 million was capital spending on 'green programs' to repair and improve the energy efficiency of subsidized housing units.

The 'green programs' funding included \$200 million in one-time federal funding under the SIF for repairs and retrofits to subsidized housing units in 2016-17. The remaining \$317 million in spending was connected to the Province's Climate Change Action Plan. This included \$92 million through Green Investment Fund (GIF) programs in 2016-17. In 2017-18, the GIF programs were replaced by the Social Housing Apartment Improvement Program (SHAIP) using proceeds from the Province's cap and trade program. The Province spent \$225 million on retrofits to subsidized housing units through SHAIP in 2017-18, before the cancellation of the cap and trade program in 2018.

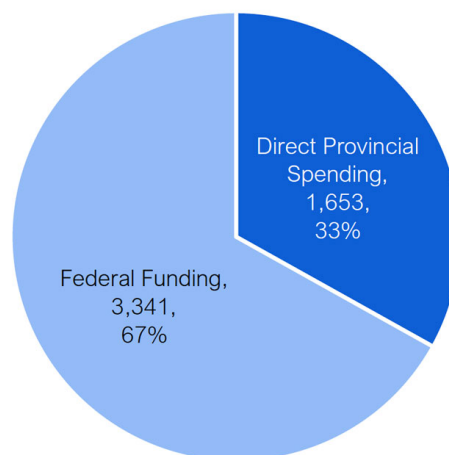
## Federal Contribution to Provincial Housing Programs Spending

From 2013-14 to 2018-19, the federal government contributed two-thirds of the funding for the Province's housing programs. Over this period, the Province spent \$5.0 billion on housing programs, of which the federal government provided \$3.3 billion, or 67 per cent. The Province contributed the remaining \$1.7 billion, or 33 per cent.

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**Figure 3-2: The federal government funded two-thirds of the cost of the Province's housing programs from 2013-14 to 2018-19 (\$ millions)**





Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

## Municipal Contribution to Housing Programs

In addition to contributions from the federal government, each year municipalities spend approximately \$1 billion in connection with the Province's housing programs.<sup>[28]</sup> Spending by municipalities is in addition to federal and provincial contributions and, unlike the federal government's contribution, is not recorded as spending by the Province. Overall, municipalities contributed \$6.2 billion towards the Province's housing programs from 2013-14 to 2018-19, bringing total housing programs spending to \$11.2 billion over the six-year period.

## Overview of the Province's Housing Programs

The Province's housing programs provide subsidized housing to eligible low- and moderate-income households in Ontario. These programs fall under two main categories: social housing and affordable housing.

Social housing refers to government-subsidized housing that was created between the 1940s and 1990s. Social housing units are operated by municipal organizations,

housing co-operatives and non-profit organizations. These organizations primarily offer housing units where tenants pay rent-geared-to-income (RGI), meaning that rent is limited to 30 per cent of the household’s gross income.[\[29\]](#) Housing providers receive a subsidy equal to the difference between the cost to operate the unit and the rent paid by the tenants. Approximately 70 per cent of the cost of social housing is funded by municipal spending while the remaining 30 per cent is funded by the Province, mostly through federal transfers.

Affordable housing refers to federal-provincial cost shared housing programs created since 2002. Affordable housing programs provide construction grants to developers who, in return, create affordable (i.e., below-market rent) housing units in their buildings. The units are required to remain affordable for a minimum of 20 years, after which they can convert to market-rate rental units. The weighted average rent for units financed through affordable housing programs cannot exceed 80 per cent of market rent. Affordable housing programs also provide rent supplements[\[30\]](#) that are direct rent subsidies paid to either housing providers or households. A key distinction between social and affordable housing is that affordable housing programs do not offer RGI assistance, which sets rent based on a household’s income.[\[31\]](#) Another distinction is that affordable housing programs offer homeownership assistance that provides households with forgivable down payment loans.

Household eligibility criteria for social and affordable housing programs are set by the municipal service managers that operate the programs, and the *Housing Services Act, 2011* and associated regulations. Eligibility is determined primarily by household income, which cannot exceed limits that vary by municipality, household size and type of support.[\[32\]](#)

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**Table 3-1: Differences between the Province’s social housing and affordable housing programs**

Creation of Programs	1940s to 1990s	2002 to present
Eligibility	Determined by municipal service managers and legislation	Determined by municipal service managers and legislation
Type of Support	Primarily RGI housing units*	Below-market rent housing units Rent supplements Homeownership assistance
Level of Support	Most tenants pay RGI*	Average rent cannot exceed 80% of market rent**
Largest Funding Source	Municipalities	Cost-matched by Province and federal government

## Notes:

\* Most households pay RGI; however, some social housing recipients reside in below-market rent housing units or receive rent supplements.

\*\* Excludes rent supplements and homeownership assistance.

Source: FAO.

## Households Supported under the Province's Housing Programs

In 2018-19, approximately 297,200 households received support under the Province's housing programs,<sup>[33]</sup> including 250,300 recipients of social housing support and 46,900 recipients of support through affordable housing programs. Housing programs support can also be broken down by the type of support provided. In 2018-19, 189,000 households lived in RGI housing, 93,600 households lived in below-market rent housing units, 7,200 households received rent supplements and 7,300 households benefited from homeownership assistance. The figure below demonstrates the relationship between the Province's housing programs and the types of housing support.

**Figure 3-3: Households supported by program and type of support, 2018-19**

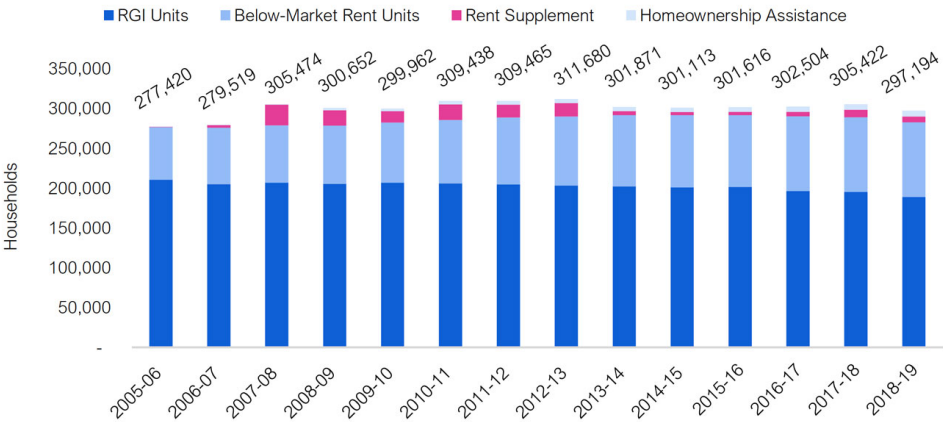


Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

The FAO estimates the number of households served by the Province’s housing programs increased from 277,400 in 2005-06 to a peak of 311,700 in 2012-13 before declining to 297,200 in 2018-19.

**Figure 3-4: Households supported under the Province’s housing programs, 2005-06 to 2018-19**



Source: FAO analysis of information provided by MMAH.

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From 2005-06 to 2018-19, there was an overall increase of 19,800 households that received support under the Province’s housing programs. This increase was due to

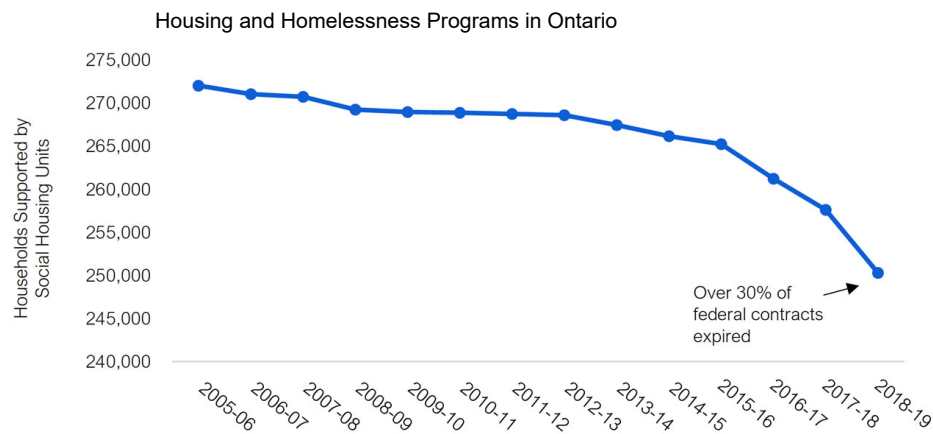
growth in the number of below-market rent units (increase of 27,900 units) and the introduction of rent supplements and homeownership assistance, which supported 14,500 households in 2018-19. This was partially offset by a reduction of 21,600 households that no longer lived in RGI units in 2018-19 compared to 2005-06.

Despite this overall increase in households that received support from 2005-06 to 2018-19, the number of households supported peaked at approximately 310,000 per year from 2010-11 to 2012-13 before declining to 297,200 by 2018-19. The higher level of support provided between 2010-11 and 2012-13 was in part due to rent supplements under the Rental Opportunities for Ontario Families (ROOF) program and the Short-term Rent Supplement Program, which both ended in 2012-13.

The reduction in RGI units from 2005-06 to 2018-19 largely reflects the expiration of social housing funding contracts with the federal government. Although Ontario's *Housing Services Act, 2011* mandates that municipalities must maintain most of the social housing units previously funded by the federal government,<sup>[34]</sup> approximately 83,000 predominantly RGI housing units are at risk of being converted to market-rate rent units as funding contracts with the federal government expire.<sup>[35]</sup> As of 2018-19, over 30 per cent of federal social housing funding contracts had expired, resulting in the loss of 21,600 social housing units.

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**Figure 3-5: 21,600 reduction in social housing units by 2018-19 as federal-provincial social housing funding contracts expire**



Source: FAO analysis of information provided by MMAH and Auditor General of Ontario, "Social and Affordable Housing," 2017.

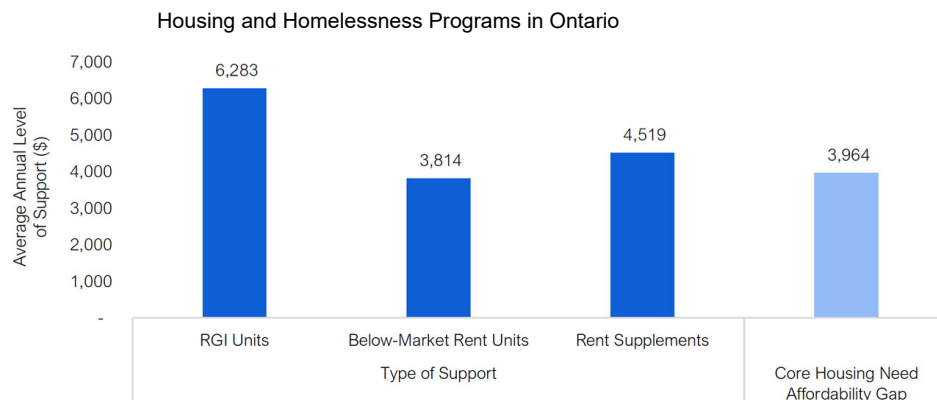
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## Level of Support

The level of support offered to households under the Province's housing programs varies depending on the type of housing support provided and reflects differences in program design. This is important when considering the ability of housing supports to remove households from core housing need. In 2018, households in RGI housing units received an average annual subsidy of \$6,300, while households in below-market rent housing units received an average annual subsidy of \$3,800 and rent supplements provided households with an average subsidy of \$4,500. [\[36\]](#)

In comparison, the FAO estimates that the average core housing need affordability gap was approximately \$4,000 in 2018. This represents the average amount of before-tax income needed to raise a household out of core housing need.

**Figure 3-6: Comparison of housing support levels and the core housing need affordability gap in 2018**



Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

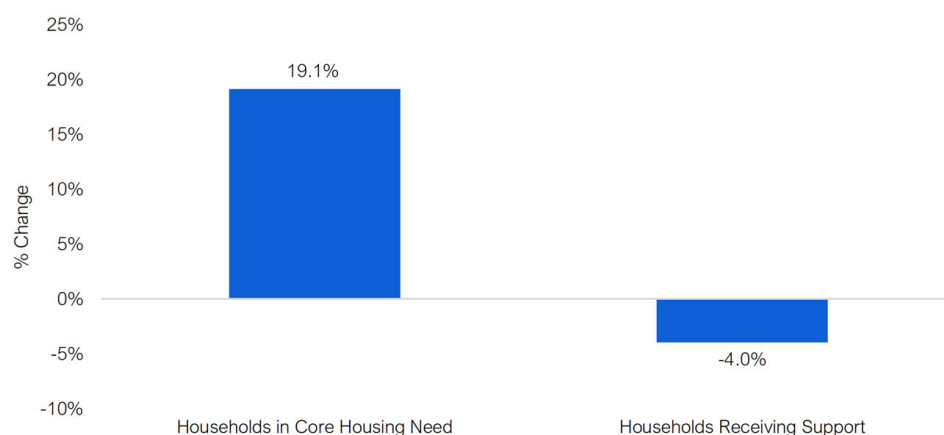
Overall, RGI units provided a higher level of support, on average, than either below-market rent units or rent supplements. However, both RGI units and rent supplements were sufficient, on average, to eliminate the affordability gap and remove a household from core housing need. On the other hand, the average subsidy provided by below-market rent units was below the average core housing need affordability gap, implying that the average household under this type of support was not removed from core housing need. As a result, the FAO estimates that in 2018, 31 per cent of renters who received support from the Province's housing programs were still in core housing need.<sup>[37]</sup>

## Implications for Core Housing Need, 2011 to 2018

Since 2011, the number of households in core housing need has increased while the number of households receiving housing support from provincial programs has decreased. Between 2011 and 2018, the number of households in core housing need grew from 616,900 to 735,000, an increase of 118,100 households, or 19.1 per cent. Over the same period, the number of households receiving housing support declined by 12,300 or 4.0 per cent, from 309,500 to 297,200 households.



**Figure 3-7: Change in households in core housing need and households receiving housing support, 2011 to 2018 (%)**



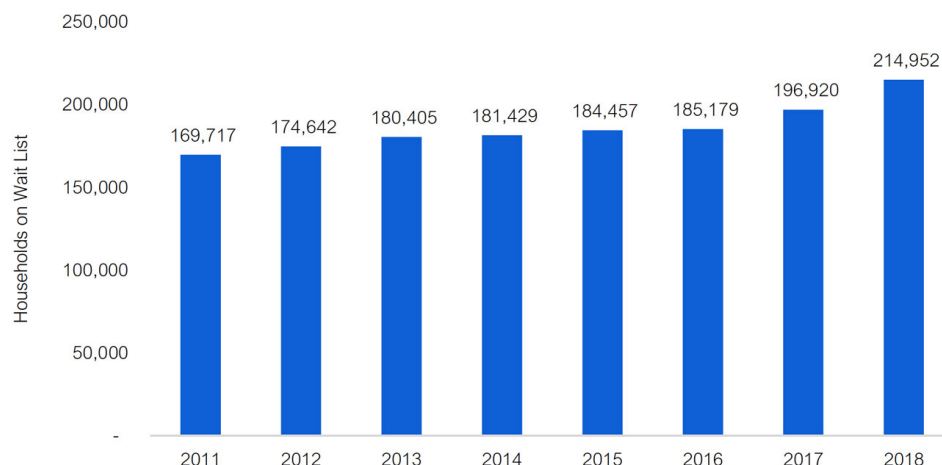
Source: FAO analysis of information provided by MMAH and Statistics Canada's 2011 Census of Canada and 2018 Canadian Housing Survey.

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The increase in households in core housing need between 2011 and 2018 was driven by an increase in housing costs that outpaced income growth, and by demographic changes.<sup>[38]</sup> It was further exacerbated by the reduction in housing support under the Province's housing programs. Importantly, the number of RGI housing units, which is the only type of housing support that guarantees a household is removed from core housing need, declined by 7.6 per cent over this period.

The 19.1 per cent increase in the number of households in core housing need from 2011 to 2018, combined with a 4.0 per cent drop in the number of households supported by provincial housing programs, drove an increase in unmet demand for housing support. Over the same time period, the wait list for social housing<sup>[39]</sup> experienced a 27 per cent increase, from 169,700 households in 2011 to 215,000 households in 2018, with many households waiting over 10 years for a placement in social housing.<sup>[40]</sup>

**Figure 3-8: Ontario's social housing wait list, 2011 to 2018**



Note: The Province's social housing wait list represents a compilation of data received from municipal service managers. It may include double counting of individuals on multiple local wait lists.

Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

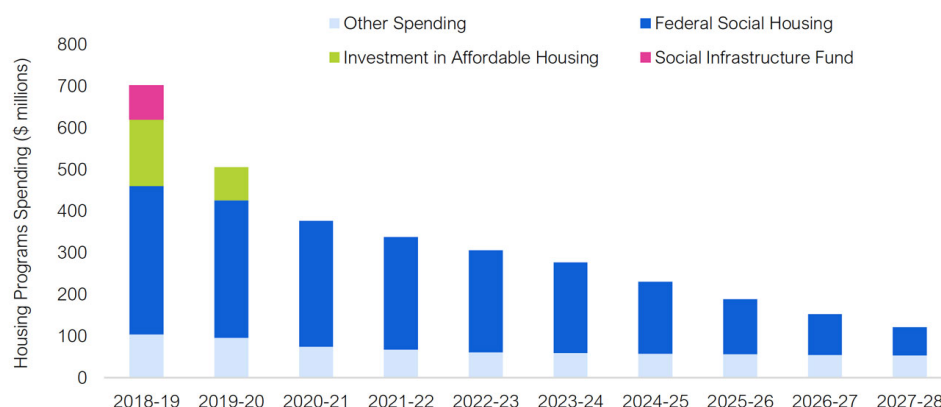
## 4 | Expiring Programs and the National Housing Strategy

The Province's housing programs are jointly funded with the federal government through a number of agreements that commit both federal and provincial funding. Between 2018-19 and 2027-28, most of the federal-provincial spending on existing housing programs will expire and be replaced by three new programs created under the National Housing Strategy (NHS). This transition from legacy housing programs to the new NHS programs will have a significant effect on the Province's housing program spending. This chapter outlines what programs and funding will expire and how that funding will be replaced by the new NHS programs. In Chapter 5, the FAO projects total housing programs spending through 2027-28 and forecasts how the Province's housing programs under the NHS will affect housing supply and core housing need in Ontario.

## Expiring Funding Commitments

The FAO estimates that between 2018-19 to 2027-28, the Province's spending on housing programs was set to decline by over 80 per cent. This was largely due to the expiration of the two major federal-provincial affordable housing agreements, the Social Infrastructure Fund, which expired in 2018-19, and the Investment in Affordable Housing program, which expired in 2019-20. In addition, spending funded by expiring federal social housing transfers will decline from \$356 million in 2018-19 to \$68 million in 2027-28.

**Figure 4-1: Expiring housing programs spending, 2018-19 to 2027-28 (\$ millions)**



Source: FAO estimate based on information provided by MMAH.

[Accessible version](#)

## The National Housing Strategy

In November 2017, the Government of Canada announced its National Housing Strategy (NHS). A significant part of the NHS involved renewing the expiring federal-provincial support for housing programs. On April 30, 2018, the Province of Ontario and the Canada Mortgage and Housing Corporation (CMHC) signed a 10-year bilateral agreement that created three new federal-provincial housing programs.

The purpose of the new programs is to preserve the expiring federal-provincial housing funding and expand the supply of social and affordable housing in Ontario. As a result, beginning in 2019-20, the Province's housing programs spending began to shift from legacy programs to the three new programs under the NHS.[\[41\]](#)

- **Canada-Ontario Community Housing Initiative (COCHI)** – A program that replaces expiring federal funding for social housing in Ontario. As noted in Chapter 3, Ontario has been losing social housing units due to expiring federal social housing operating agreement contracts. COCHI will provide federal support to preserve the existing stock of rent-assisted social housing in Ontario through operating subsidies and capital repairs, and to fund the creation of new social housing units.
- **Ontario Priorities Housing Initiative (OPHI)** – This program replaces the Investment in Affordable Housing program that ended in 2019-20. OPHI provides capital funding to repair existing affordable housing units and create new below-market rent housing units. It also provides eligible households with homeownership assistance in the form of forgivable loans, rental assistance through rent supplements and housing support services (such as counselling, job placements and household set-up assistance).
- **Canada-Ontario Housing Benefit (COHB)** – A new portable rent supplement that will provide a subsidy equal to the difference between 80 per cent of the CMHC average market rent in the household's area and 30 per cent of a household's adjusted net income. COHB represents a significant expansion of provincial housing support as it does not replace an expiring funding commitment.

Under the NHS agreement, the Province and federal government have committed to spend \$4.0 billion through the Province's housing programs from 2019-20 to 2027-28. [\[42\]](#) The \$4.0 billion NHS spending commitment consists of

\$2.9 billion of federal support and \$1.1 billion of direct provincial spending through the three new housing programs.

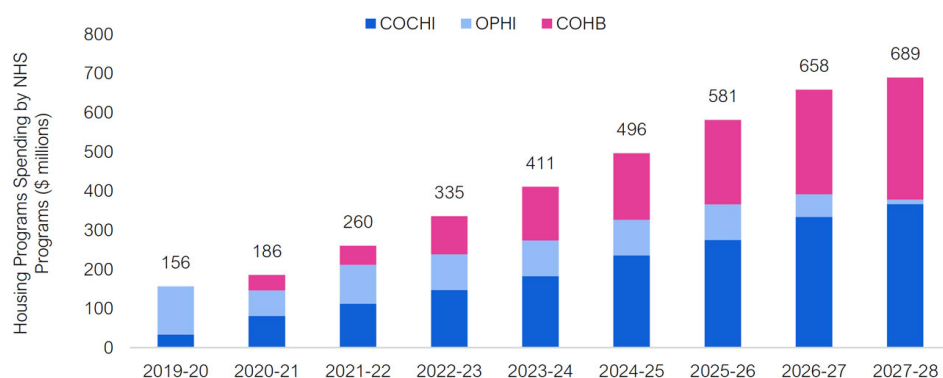
**Table 4-1: Federal and provincial spending under the NHS by program (\$ billions)**

Program	Federal Spending	Provincial Spending	Total
Canada-Ontario Community Housing Initiative (COCHI)	1.8	0.0	1.8
Ontario Priorities Housing Initiative (OPHI)	0.4	0.4	0.8
Canada-Ontario Housing Benefit (COHB)	0.7	0.7	1.5
<b>Total</b>	<b>2.9</b>	<b>1.1</b>	<b>4.0</b>

Source: FAO analysis of information provided by MMAH.

Spending will increase annually, with 50 per cent of the NHS's \$4.0 billion in funding occurring after 2024-25.

**Figure 4-2: Projected spending by NHS program, 2019-20 to 2027-28 (\$ millions)**



Note: Excludes \$45 million of provincial spending from existing provincial programs in 2018-19 and 2019-20 that has been allocated towards the NHS spending commitment and \$168 million of provincial spending for COHB in 2028-29.

Source: FAO analysis of Government of Ontario, "Community Housing Renewal:

Ontario's Action Plan Under the National Housing Strategy" and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

[Accessible version](#)

## National Housing Strategy Targets

The Province's objectives under the three new NHS programs are to increase the supply of social and affordable housing in Ontario to help households in core housing need. To that end, the Province has set targets for the number of households that will receive support under the NHS programs. However, the Province has not set targets for removing households from core housing need or the expected number of households in core housing need by 2027-28.

Overall, the Province projects that 209,048 households will receive support from NHS programs in 2027-28. This includes 150,727 households supported by COCHI funding, 7,698 supported by OPHI funding and 50,623 supported by the COHB program.[\[43\]](#)

**Table 4-2: Provincial targets for the number of households supported by NHS programs in 2027-28**

Program	Households Supported in 2027-28
<b>COCHI</b>	
Preserved Social Housing	131,067
New Social Housing Rent-Assisted Units	19,660
<b>Total COCHI Support</b>	<b>150,727</b>
<b>OPHI</b>	
Below-Market Rent Units	7,081
Homeownership Assistance	617
<b>Total OPHI Support</b>	<b>7,698</b>
<b>COHB</b>	

Rent Supplements	50,623
<b>Total COHB Support</b>	<b>50,623</b>
<b>Total Households Supported</b>	<b>209,048</b>

Note: The 7,081 new below-market rent units created under OPHI includes 3,949 units created through renovations or repairs.

Source: FAO analysis of Government of Ontario, "Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy."

Of the Province's projected 209,048 households that will be supported by NHS programs in 2027-28, 150,727 will be supported by social housing funding under the COCHI program. The NHS agreement will preserve federal funding for 131,067 social housing units in Ontario that was set to expire. In addition, the Province must add 19,660 new rent-assisted units in social housing by 2027-28.

The Province projects that 7,698 households will be supported by the OPHI program in 2027-28. This includes 7,081 new below-market rent units and 617 homeownership assistance subsidies. OPHI provides support that is similar to initiatives that were funded under the Investment in Affordable Housing program that ended in 2019-20.

Finally, the Province projects 50,623 households will be supported by the COHB program in 2027-28. The COHB is a portable benefit, meaning that it is not tied to a specific housing unit. Eligible households will receive a rent supplement that can be applied to the cost of shelter in any location.

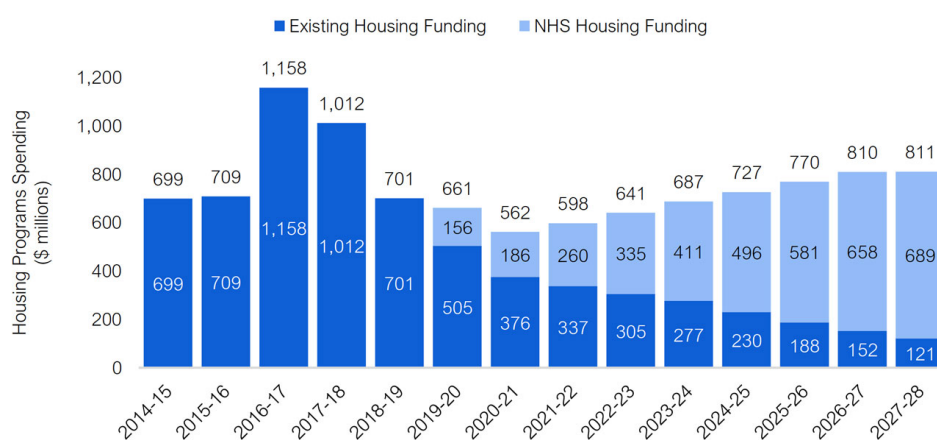
## 5 | Housing Programs Outlook

### Housing Programs Spending Forecast

Based on a review of expiring funding agreements and the new funding commitments under the NHS, the FAO projects that the Province's annual spending on housing programs

will increase from \$701 million in 2018-19 to \$811 million in 2027-28. Annual spending is projected to be lower than 2018-19 levels until 2024-25, as new funding from NHS programs will not make up for lost funding under expiring agreements. Starting in 2024-25, annual spending on housing programs will be higher than 2018-19 levels as increasing funding under the NHS programs begins to exceed lost funding under expired agreements.<sup>[44]</sup>

**Figure 5-1: Ontario housing programs spending, historical and projected, 2014-15 to 2027-28 (\$ millions)**



Note: Actual spending from 2014-15 to 2019-20. Planned spending from 2020-21 to 2027-28.

Source: FAO analysis of information provided by MMAH; Government of Ontario, “Community Housing Renewal: Ontario’s Action Plan Under the National Housing Strategy”; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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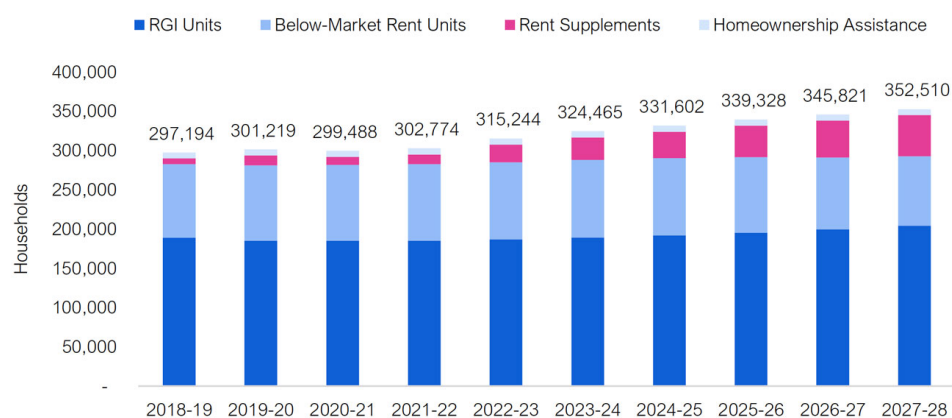
Overall, from 2019-20 to 2027-28, annual spending on the Province’s housing programs will average \$696 million. This is significantly lower than average annual spending by the Province from 2014-15 to 2018-19, at \$856 million per year.

## Impact on Households Supported



The FAO projects that the number of households supported by the Province's housing programs will increase by 55,300, from 297,200 in 2018-19 to 352,500 in 2027-28. This consists of an increase of 45,200 households supported by rent supplements and 15,100 additional RGI units. These increases are partially offset by a loss of 5,000 below-market rent units.

**Figure 5-2: Projected number of households supported under the Province's housing programs from 2018-19 to 2027-28**



Source: FAO analysis of information provided by MMAH; Government of Ontario, "Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy"; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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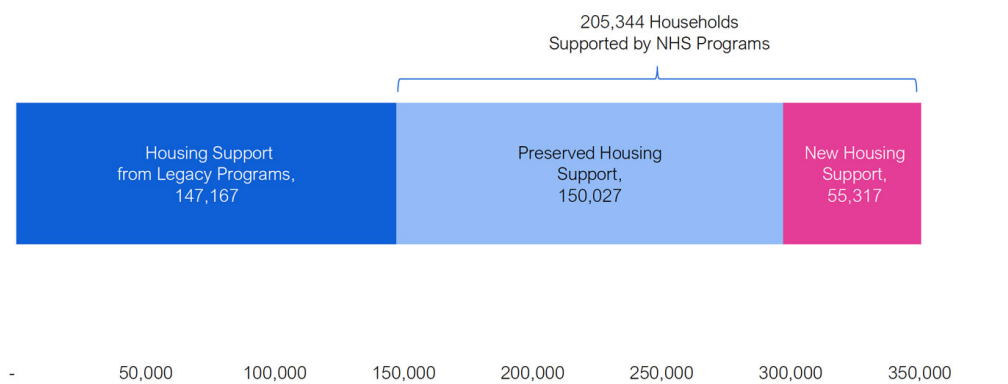
In 2027-28, of the projected 352,500 households that will receive housing support, the FAO estimates that 205,300 households will be supported through the three new NHS housing programs, while the remaining 147,200 households will be supported by legacy housing programs.

As outlined in Chapter 4, the Province's target under the NHS is to support 209,048 households in 2027-28. Based on the FAO's review, the three new NHS housing programs will support approximately 205,300 households in 2027-28, which is 3,700 less than the Province's target. The

difference occurs in the FAO’s projection for the COHB program, which will only have funding that is sufficient to support 46,919 recipients, rather than the 50,623 recipients targeted by the Province.

Importantly, the 205,300 households that will receive support in 2027-28 under the three new NHS housing programs does not represent a net increase in housing support compared to 2018-19 levels. As the NHS programs are largely replacing expiring funding commitments, only 55,300, or 27 per cent, of the households supported under the three NHS programs will represent a net increase in housing support. The remaining 150,000, or 73 per cent, of households that will receive support through NHS programs in 2027-28 were previously supported under legacy housing program funding that will have expired by 2027-28.

**Figure 5-3: Breakdown of the projected 352,500 households that will receive housing program support in 2027-28**



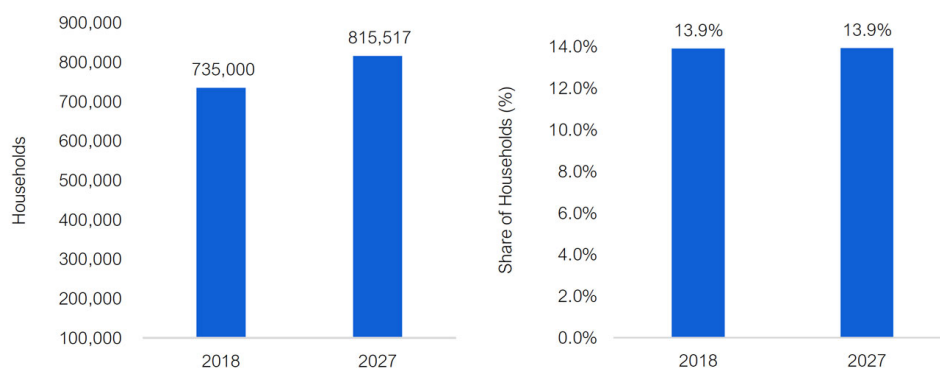
Source: FAO analysis of information provided by MMAH; Government of Ontario, “Community Housing Renewal: Ontario’s Action Plan Under the National Housing Strategy”; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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## Impact on Core Housing Need

The FAO estimates that the total number of households in core housing need will increase from 735,000 in 2018 to 815,500 households in 2027, an increase of 80,500 households. After accounting for population growth, the FAO projects that the share of the Province's households in core housing need will remain unchanged in 2027, compared to 2018, at 13.9 per cent.

**Figure 5-4: Total households in core housing need and as share of households, 2018 vs. 2027**



Source: FAO analysis of information provided by MMAH, Statistics Canada and CMHC.

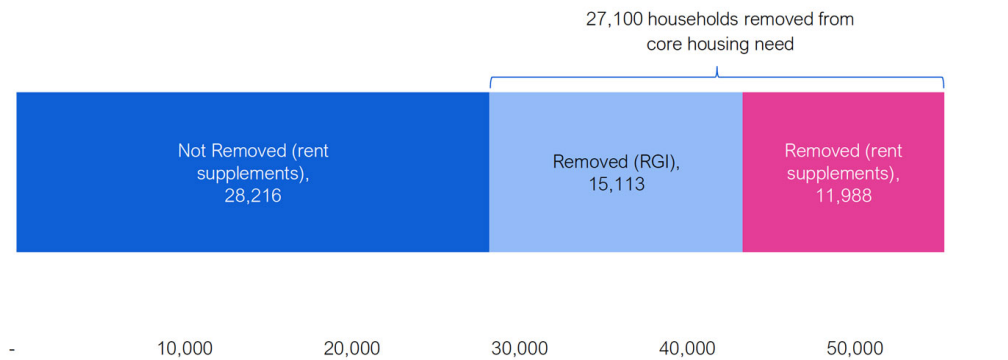
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Although annual provincial spending on housing programs will increase to \$811 million by 2027-28, and the number of households receiving support will increase by a net 55,300, the FAO still projects that the number of households in core housing need will increase through 2027 at an average annual rate of 1.2 per cent. This is due to the FAO's expectation that population growth and higher housing costs will more than offset household income growth and the incremental support provided by provincial housing programs through the NHS. [45] While the additional support for 55,300 households will not be sufficient to lower core housing need below 2018 levels, it will keep the share of Ontario households in core housing need stable.

The number of households in core housing need is projected to grow in part because half of the new

households receiving support through the NHS will not be removed from core housing need. In total, the FAO estimates that of the 55,300 additional households that will receive support under the Province’s housing programs in 2027-28, only 27,100 (49 per cent) will be removed from core housing need.

**Figure 5-5: Share of 55,300 new households receiving support in 2027-28 that will be removed from core housing need**



Source: FAO analysis of information provided by MMAH, Statistics Canada and CMHC.

[Accessible version](#)

The 55,300 additional households consist of 15,100 new households that will receive RGI support and 40,200 households that will be supported primarily by rent supplements under the COHB component of the NHS. As noted previously, due to program design, RGI support guarantees that a household is removed from core housing need. However, although the rent supplement under the COHB program is tied to a household’s income, it does not ensure that the household’s shelter costs are below the core housing need affordability standard.

Importantly, the COHB program is designed to target vulnerable populations[46] and the FAO estimates that by 2027-28, vulnerable populations in Ontario will need an average of \$7,600 (or \$630 per month) to be removed from core housing need. By comparison, the FAO estimates that

the average annual level of support for these households under the COHB program will reach \$6,600 (or \$550 per month) by 2027-28. Consequently, because the COHB program targets particularly high-need households, the FAO estimates that only 30 per cent of households that receive the COHB program rent supplement will be removed from core housing need. As a result, of the 40,200 households that will receive new rent supplements in 2027-28, only 12,000 will be removed from core housing need.

## 6 | Homelessness Programs Overview and Outlook

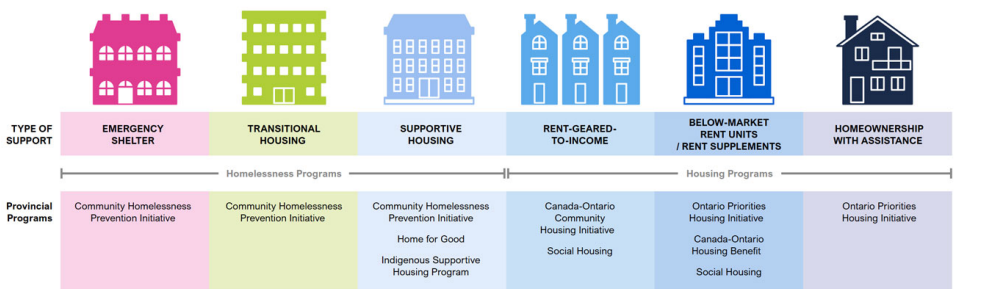
### The Commitment to End Chronic Homelessness

The Province's homelessness programs centre on the commitment to end chronic homelessness by the end of 2025.<sup>[47]</sup> Chronic homelessness refers to people who are currently homeless and have been homeless for six months or more in the past year. People experiencing chronic homelessness have urgent need to access permanent housing and related supports and require a disproportionate amount of provincial resources compared to recipients of housing programs. For example, a single shelter bed costs over \$25,000 per year to operate<sup>[48]</sup> while a rent-geared-to-income subsidy costs only \$6,300 per year.

Housing and homelessness programs are interrelated in that a key component to ending chronic homelessness is ensuring households experiencing or at risk of homelessness have access to affordable housing. The Province's strategy to end chronic homelessness focuses on moving individuals along a "housing continuum" whereby people experiencing homelessness have access to emergency shelters, then transitional housing. Households then exit homelessness and receive subsidies

(such as rent supplements or RGI assistance) from housing programs with the end goal of being able to acquire market housing.[\[49\]](#)

**Figure 6-1: The Province’s strategy to end chronic homelessness moves households along the “housing continuum”**



Note: For illustrative purposes only. Excludes some government programs.  
Source: FAO.

[Accessible version](#)

The Province’s homelessness programs focus on two primary objectives. The first objective is that people experiencing homelessness can obtain and retain housing. The second objective is that people at risk of homelessness are able to remain in their housing. The Province measures the performance of its homelessness programs in achieving these objectives through a series of indicators that track movement along the housing continuum.

**Table 6-1: Homelessness programs’ objectives and indicators**

Objective	Indicator
	Movement from unsheltered to transitional housing
	Movement from unsheltered to long-term housing
People experiencing homelessness obtain and retain housing	Movement from emergency shelter to transitional housing
	Movement from emergency shelter to

	long-term housing  Number of households receiving services/supports (other than accommodation)
People at risk of homelessness retain housing	Movement from transitional housing to long-term housing  Housing loss prevention  Housing retention  Number of households receiving services/supports (other than accommodation)

Note: The Province also monitors emergency shelter use independent of its two objectives.

Source: Community Homelessness Prevention Initiative Program (CHPI) Guidelines.

## The Province’s Homelessness Programs

The Province administers three homelessness programs: the Community Homelessness Prevention Initiative (CHPI), Home for Good (HFG) and the Indigenous Supportive Housing Program (ISHP).[\[50\]](#)

CHPI funds programs under two categories: people experiencing homelessness and people at risk of homelessness. For people experiencing homelessness, CHPI primarily funds temporary housing in the form of emergency shelters and transitional housing as well as related supports such as meals, cleaning services and personal care assistance. For people at risk of homelessness, CHPI provides emergency financial assistance in the form of rental and/or utility arrears to prevent people from losing their housing.

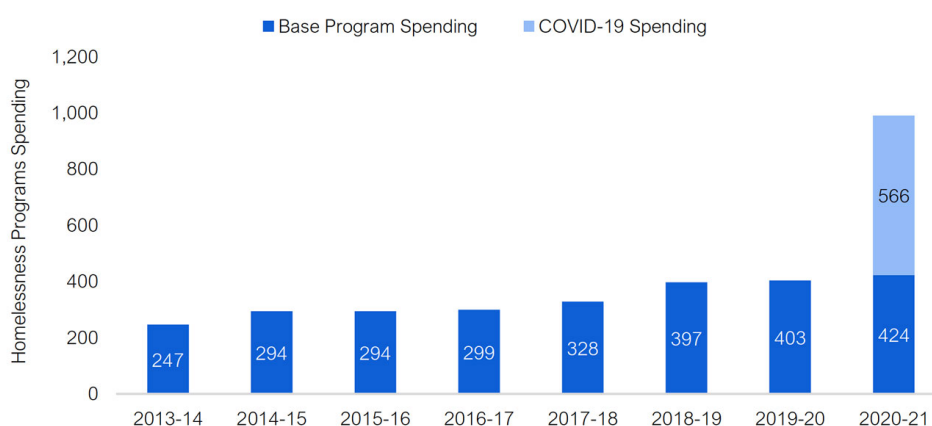
The HFG and ISHP programs both provide affordable housing and related supports targeted to households at risk of or experiencing homelessness. This includes funding for affordable rental units and rent supplements. These housing subsidies are included in the housing support discussed in Chapters 3 and 5.

## Homelessness Programs Spending

In 2020-21, the Province plans to spend \$990 million through its homelessness programs, which consists of \$424 million in base homelessness programs spending and \$566 million of spending related to the COVID-19 pandemic.[\[51\]](#)

Excluding the \$566 million of spending related to the COVID-19 pandemic in 2020-21, provincial spending on homelessness programs has grown at an annual average rate of 8.0 per cent since 2013-14. The growth in spending is due primarily to new CHPI program spending and the creation of the HFG program. This funding was introduced in the 2016 Long-Term Affordable Housing Strategy as part of the Province's commitment to end chronic homelessness by the end of 2025.

**Figure 6-2: Homelessness programs spending, 2013-14 to 2020-21 (\$ millions)**



Note: Actual spending from 2013-14 to 2019-20. Planned spending in 2020-21.

Source: FAO analysis of information provided by MMAH.

[Accessible version](#)

Approximately 80 per cent of the Province's homelessness programs spending flows through CHPI. The remaining 20 per cent flows through the HFG and ISHP programs.



**Table 6-2: Homelessness spending by program, 2015-16 to 2020-21 (\$ millions)**

Homelessn Program	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Community Homelessn Prevention Initiative (CHPI)	294	294	309	324	324	339
Home for Good (HFG)	0	0	15	49	57	56
Indigenous Supportive Housing Program (ISHP)	0	0	2	16	13	29
Portable Housing Benefit – Special Priority Policy (PHB- SPP)	0	5	1	9	10	0
<b>Total</b>	<b>294</b>	<b>299</b>	<b>328</b>	<b>397</b>	<b>403</b>	<b>424</b>

Note: The table does not show funding from the Innovation Evidence and Capacity Building Fund, which represented a total of \$1 million of spending over 2016-17 and 2017-18. The PHB-SPP program ended in 2019-20 and households receiving PHB-SPP benefits were transitioned to the COHB program beginning in 2020-21. Actual spending from 2015-16 to 2019-20. Planned spending in 2020-21.

Source: FAO analysis of information provided by MMAH.

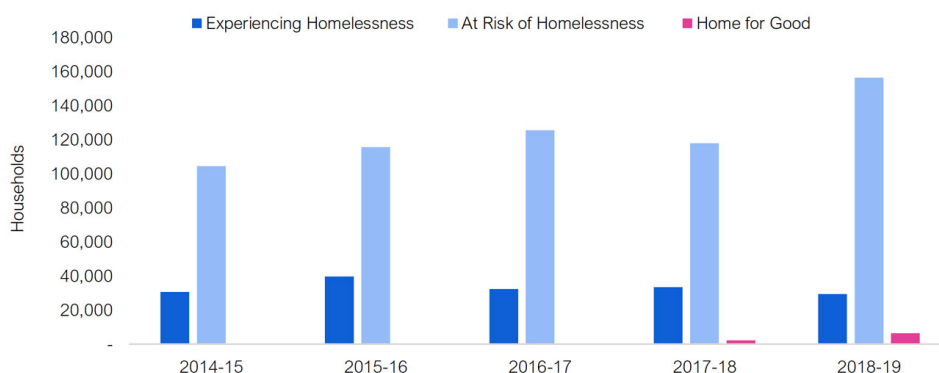
The Province's homelessness programs spending consists of transfers to municipal service managers and Indigenous Program Administrators, who deliver the programs outlined above. In addition to the provincial transfers, municipalities spend their own funds on homelessness programs and some also receive direct transfers from the federal government under the Reaching Home program that is part of the National Housing Strategy. Unlike the Province's housing programs, the federal government does not transfer funds to the Province to support homelessness

programs. Instead, the federal government transfers funds directly to designated communities, most of which are municipal service managers.

## Households Supported

Between 2014-15 and 2018-19, the FAO estimates that the number of households supported by homelessness programs grew by approximately five per cent per year. In 2018-19, approximately 29,300 households experiencing homelessness were moved from shelters or other provisional accommodation to either transitional or long-term housing, down from 30,600 in 2014-15. A further 156,400 households in 2018-19 that were at risk of homelessness received support to retain their housing, mostly through loss prevention measures such as rent and energy arrears (an increase from 104,500 households in 2014-15). An additional 6,300 households received housing support in 2018-19 under the HFG program.

**Figure 6-3: Households supported by homelessness programs**



Note: Support cannot be expressed cumulatively as households can receive support from multiple programs.

Source: Published plans and annual reports 2014-15 to 2019-20: Ministry of Municipal Affairs and Housing.

[Accessible version](#)

# Will the Province End Chronic Homelessness by 2025?

Chronic homelessness is a complex social issue and assessing the Province's ability to achieve its commitment to end chronic homelessness by 2025 is challenging because the Province does not currently have a detailed plan.[\[52\]](#) Looking forward, the FAO has identified key considerations relating to the Province's goal of ending chronic homelessness by 2025.

## The Province does not Measure Chronic Homelessness

Tracking the impact of the Province's housing and homelessness programs on chronic homelessness is difficult because the Province does not measure or report on the number of homeless individuals or chronic homelessness. In 2018, the Province launched a homelessness enumeration initiative to establish a baseline and help track progress towards ending chronic homelessness. However, due to limitations on how data was collected, the enumeration initiative was paused in 2020 and a province-wide baseline has not yet been developed.[\[53\]](#) Despite the data limitations, all municipal service managers did conduct homelessness enumerations in 2018 under the Province's directive and some municipalities in Ontario do report on homelessness indicators.

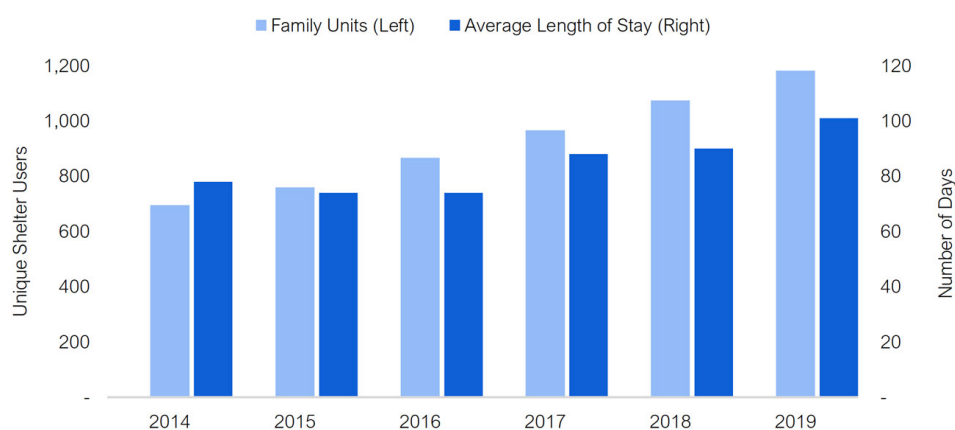
## Shelter Use is Increasing

Based on data from a number of communities in Ontario that conducted homelessness enumerations in 2018, the FAO estimates that over 16,000 Ontarians are homeless on any given night, of which between 40 and 60 per cent are experiencing chronic homelessness.[\[54\]](#) Most of the homeless population stay in 401 municipally run shelters that have a total of 11,819 beds.[\[55\]](#) Therefore, shelter use

data is perhaps the best available indicator of how the homeless population is changing over time.

Although the Province does not publish information on emergency shelter use, some municipalities do publicly report shelter statistics. The municipalities of Ottawa and Toronto account for over half of the shelter beds in Ontario. Both cities report increased shelter usage since 2014, which has been driven primarily by growth in the number of families using shelters and increases in the length of time individuals are staying in shelters. For reference, the number of families using Ottawa shelters increased from 695 families in 2014 to 1,182 in 2019 and the average length of stay for all shelter users grew from 78 days in 2014 to 101 days in 2019. In Toronto, shelter use increased by 80 per cent from 2013 to 2018 and, prior to the COVID-19 pandemic, Toronto shelters operated above 92 per cent capacity in every month since the city began publishing occupancy data in 2017.<sup>[56]</sup>

**Figure 6-4: City of Ottawa shelter statistics, 2014 to 2019**



Source: Ottawa Community and Family Shelter Data 2014-2019.

[Accessible version](#)

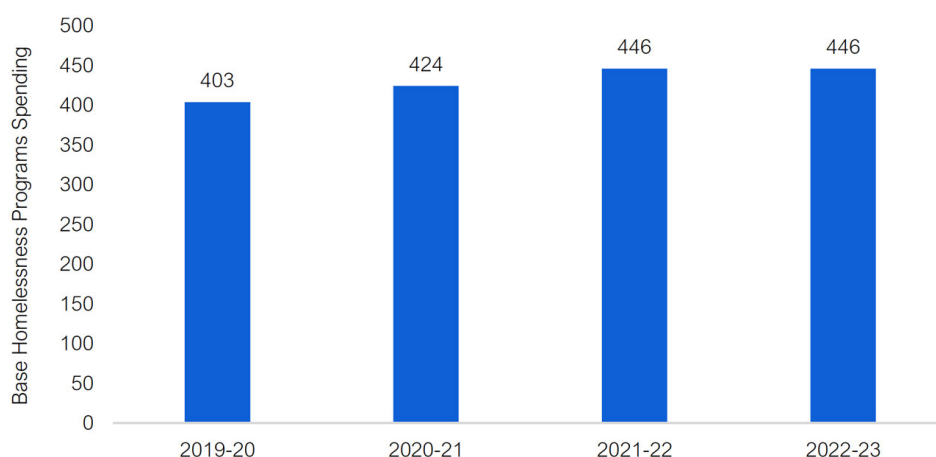
Increases in the length of stay in shelters reflects households' difficulty in acquiring housing. A lack of

affordable housing is not the primary reason individuals become homeless in Ontario,[57] but it is the key barrier to exiting homelessness. Nearly all homeless individuals in Ontario report that they want housing and that the lack of affordable options and long social housing wait lists are the main reasons they cannot obtain and retain housing.[58]

## Planned Provincial Homelessness Program Spending Growth is Slowing

Over the next three years, the FAO projects that the Province's base homelessness programs spending will grow at an annual average rate of 3.4 per cent, increasing from \$403 million in 2019-20 to \$446 million in 2022-23.[59] This spending growth is significantly slower than the 8.0 per cent growth from 2013-14 to 2020-21 due to the expiry of the CHPI funding growth commitments made in the 2016 Long-Term Affordable Housing Strategy and Ontario's 2014-2019 Poverty Reduction Strategy.

**Figure 6-5: Projected base homelessness program spending, 2019-20 to 2022-23 (\$ millions)**



Note: Actual spending in 2019-20. Projected spending from 2020-21 to 2022-23.

Source: FAO analysis of information provided by MMAH and the 2020 Ontario Budget.

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In December 2020, the Province released a new five-year poverty reduction strategy for 2020 to 2025. The 2020-2025 Poverty Reduction Strategy does not commit any additional homelessness program spending (beyond the 3.4 per cent average annual growth rate from 2019-20 to 2022-23<sup>[60]</sup>) or address the Province's commitment to end chronic homelessness. However, the new poverty reduction strategy does note that increasing the supply of affordable housing under the NHS is a key measure to support people at risk of or experiencing homelessness.<sup>[61]</sup> The FAO reviews the potential impact of the NHS on chronic homelessness in the following sections.

## **Estimating the Impact of the National Housing Strategy**

### **New Federal Support for Homelessness Programs**

The NHS included a federal commitment to cut chronic homelessness in Canada in half by 2028 by increasing the supply of affordable housing and introducing a new federal homelessness program called Reaching Home. The Reaching Home program will fund transitional and supportive housing; homelessness prevention, which includes support for people at imminent risk of losing housing; and client support services, such as emergency shelters and employment assistance.<sup>[62]</sup>

The FAO estimates that the Reaching Home program will provide over \$650 million of direct transfers to designated communities<sup>[63]</sup> in Ontario from 2019-20 to 2027-28.<sup>[64]</sup> Funding under the Reaching Home program will replace the Federal Homelessness Partnership Strategy and will increase federal homelessness support by approximately 62 per cent per year.<sup>[65]</sup> This funding does not affect provincial homelessness programs but will supplement provincial and municipal spending on homelessness programs in Ontario.

Importantly, the Reaching Home program also requires designated communities to develop coordinated access systems to help communities ensure that clients are getting the services they need and that communities will gather more comprehensive data on the homeless population. Communities that do not have an acceptable homelessness information management system in place will need to adopt the Homelessness Individuals and Families Information System (HIFIS) data collection tool developed by the federal government.

## **Impact of Housing Programs Spending**

A key component in ending chronic homelessness is ensuring households experiencing or at risk of homelessness have access to affordable housing. Therefore, affordable housing, and support from the Province's housing programs, are critical to the success of ending chronic homelessness in Ontario.

The FAO has identified two key indicators to measure the impact of the Province's housing programs on homelessness in Ontario. The first indicator relates to the ability of individuals experiencing homelessness to exit homelessness through access to housing programs support. The Province's homelessness programs for the most part provide temporary shelter. Therefore, households experiencing homelessness need to be able to access adequate housing, largely through the Province's housing programs, to exit homelessness.

As noted in Chapter 3, from 2011 to 2018, the number of households that received provincial housing programs support decreased by 4.0 per cent. This contributed to an increase in the number of households in core housing need of 19 per cent and a 27 per cent increase in the wait list for social housing. Consequently, over the eight-year period to 2018, it became increasingly difficult for households experiencing homelessness to access housing programs

support, limiting the ability of Ontario households to exit homelessness.

Looking forward, as outlined in Chapter 5, the FAO projects that the number of households in core housing need will increase from 735,000 households in 2018 to 815,500 households in 2027. This is due to the FAO's expectation that population growth and higher housing costs will more than offset household income growth and the incremental support provided by provincial housing programs through the NHS. The projected growth in core housing need will lead to increased demand for housing programs support, leading to an even longer wait list by 2027. Therefore, the Province's ability to reduce chronic homelessness by providing individuals experiencing homelessness with access to affordable housing through housing programs support will continue to be limited.

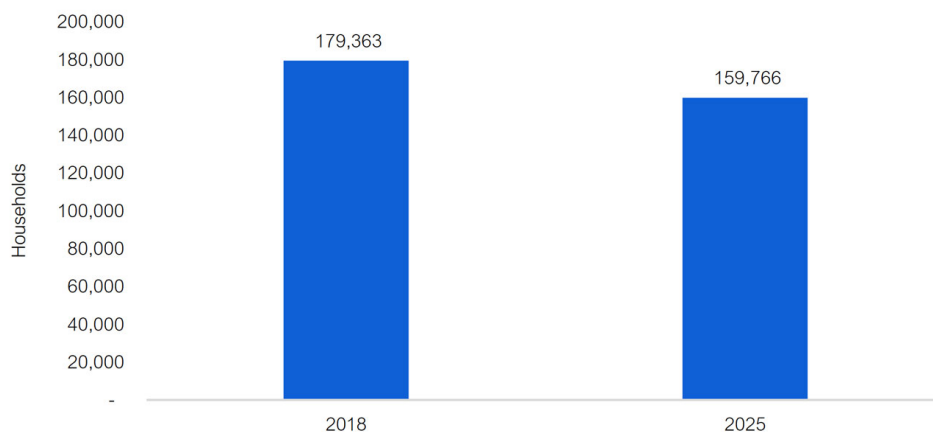
The FAO's second indicator relates to housing need among households at risk of homelessness. This is measured by the number of households living in poverty that spend 50 per cent or more of their income on shelter costs. These 'high housing need' households are at an elevated risk of losing their housing and experiencing homelessness.[\[66\]](#) Changes in this population over time provide information on whether the Province's housing programs are helping to lower the risk of households becoming homeless.

Overall, the FAO estimates the number of 'high housing need' households at risk of homelessness will decrease from 179,400 households in 2018 to 159,800 in 2025. The reduction in 'high housing need' households is primarily due to the new Canada-Ontario Housing Benefit (COHB) program under the NHS, which prioritizes higher need households.[\[67\]](#) Although support under the COHB program does not guarantee that a household will be removed from core housing need, it is sufficient to remove 'high housing need' households from risk of homelessness. In other words, 'high housing need' households that receive COHB program support will no longer spend over 50 per



cent of their income on shelter costs and will no longer be at risk of homelessness due to unaffordable housing.

**Figure 6-6: FAO estimate of ‘high housing need’ households at risk of homelessness, 2018 to 2025**



Note: ‘High housing need’ households have an after-tax income below the Low-Income Measure threshold, as defined by Statistics Canada, and spend 50 per cent or more of their gross income on shelter costs.

Source: FAO.

[Accessible version](#)

## Conclusion

Based on available information and FAO analysis presented in this chapter, it is unlikely that the Province will achieve its goal of ending chronic homelessness in Ontario by 2025 without new policy measures.

As noted above, the goal of the Province’s homelessness and housing programs, as they relate to chronic homelessness, is to assist households that are homeless to find adequate and affordable housing, and to help households that are at risk of homelessness keep their housing. Importantly, although the Province has not yet established a province-wide baseline to measure changes in homelessness, reported increases in the use and average length of stay in shelters by households reflects

the growing difficulty that homeless individuals and families face in acquiring adequate housing. Looking forward, the FAO projects slowing growth in provincial homelessness programs spending, an increase in demand for support from the Province's housing programs and a longer social housing wait list by 2027. This indicates that households experiencing homelessness will face increased difficulty in accessing the necessary supports to exit homelessness through the Province's housing and homelessness programs.

For households at risk of homelessness, the FAO projects that the number of households in 'high housing need' will decrease by approximately 19,600 households from 2018 to 2025, primarily due to the COHB program under the NHS, which prioritizes higher need households. However, by 2025, an estimated 159,800 households will still be at an elevated risk of losing their housing and experiencing homelessness.

## **7 | Appendices**

### **A. Additional National Housing Strategy Analysis**

This appendix provides additional information on each of the three new NHS programs.

#### **Canada-Ontario Community Housing Initiative (COCHI)**

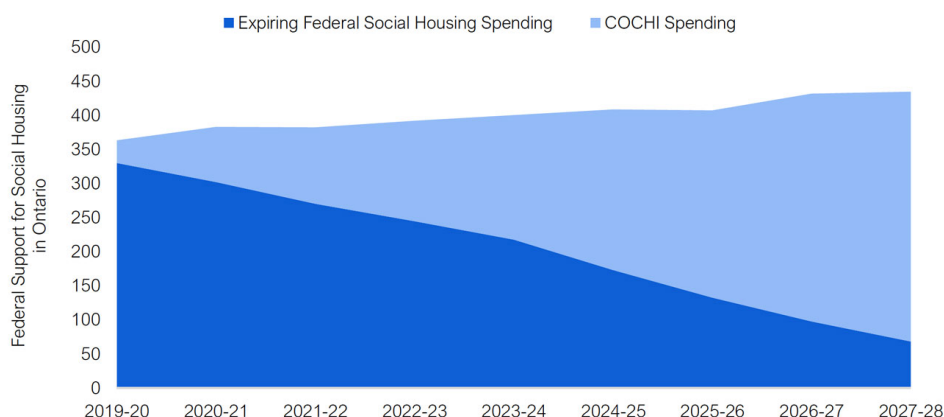
The Canada-Ontario Community Housing Initiative (COCHI) is a new social housing program that will provide \$1.8 billion of federal support to preserve the existing stock of social housing in Ontario, through operating subsidies and capital repairs, and fund the creation of new social housing units. The Province is required to cost-match the federal COCHI funding; however, existing municipal spending is considered sufficient to match the federal contributions.

Therefore, the FAO projects that the COCHI component of the NHS will not result in new incremental provincial or municipal spending.

The cost of social housing is funded primarily by municipalities,[68] with the remainder largely funded by the federal government through payments under the Social Housing Agreement. Between 2004-05 and 2018-19, spending funded by federal social housing transfers decreased from \$456 million to \$356 million. Beginning in 2019-20, spending was scheduled to decline more rapidly, decreasing to \$68 million by 2027-28.

COCHI effectively provides a top-up of federal funding to make up for the scheduled decline in federal support for social housing beginning in 2019-20. In total, COCHI will provide Ontario with \$1.8 billion of federal funding from 2019-20 to 2027-28. The funding will increase over time in line with the decline in legacy funding under the Social Housing Agreement. Overall, the FAO estimates that social housing spending funded by federal transfers will increase from \$363 million in 2019-20 to \$434 million in 2027-28.

**Figure 7-1: Estimated federal support for social housing in Ontario through expiring agreements and the new Canada-Ontario Community Housing Initiative (COCHI), 2019-20 to 2027-28 (\$ millions)**



Source: FAO analysis of information provided by MMAH.

## Ontario Priorities Housing Initiative (OPHI)

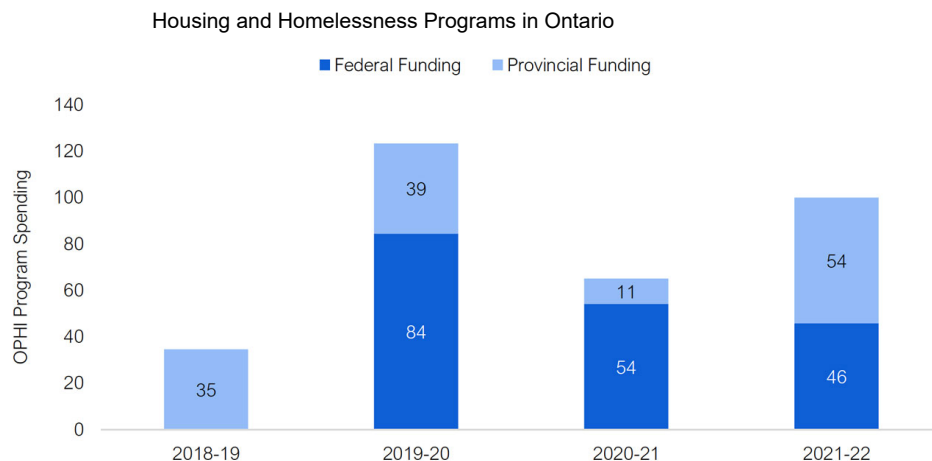
The Ontario Priorities Housing Initiative (OPHI) will provide funding for initiatives similar to the housing supports funded under the Investment in Affordable Housing program, which ended in 2019-20. OPHI will result in a total of \$378 million of federal spending that must be matched by \$378 million of provincial spending for a total of \$756 million of combined spending.

OPHI will be used to fund four types of housing supports: capital funding for new rentals, homeownership assistance, rental and home repairs, and rent supplements. As well, OPHI will fund housing support services such as counselling and job placements.

Approximately 43 per cent of the OPHI spending commitment, or \$323 million, will be spent by 2021-22. This includes \$34.6 million of spending in 2018-19 that the Province was allowed to allocate to OPHI cost-matching under the NHS agreement. The annual allocation after 2021-22 of the remaining \$433 million spending commitment will be determined through subsequent negotiations between the Province and federal government. For the purposes of this report, the FAO assumed federal OPHI spending would remain at 2021-22 levels with the Province cost-matching one year after until the remaining \$433 million is spent.

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### Figure 7-2: Ontario Priorities Housing Initiative (OPHI) spending from 2018-19 to 2021-22 (\$ millions)



Note: Only accounts for \$323 million of the \$756 million OPHI spending commitment. The remaining \$433 million will be allocated through subsequent federal-provincial negotiations. Under the NHS agreement, the Province was allowed to allocate \$35 million of spending in 2018-19 to OPHI cost-matching.

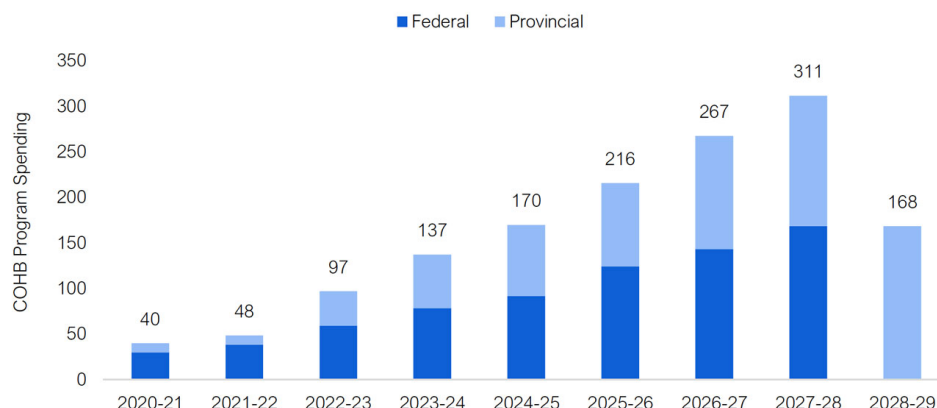
Source: FAO analysis of information provided by MMAH.

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## Canada-Ontario Housing Benefit (COHB)

The Canada-Ontario Housing Benefit (COHB) is a new housing program that began in 2020-21. Under the COHB program, the Province and federal government must each cost-match \$732 million for a total spending commitment of \$1.5 billion by 2028-29. Note that the Province projects that it will spend \$168 million of its COHB commitment in 2028-29, which is one year after the end of the NHS agreement.

**Figure 7-3: Canada-Ontario Housing Benefit (COHB) spending from 2020-21 to 2028-29 (\$ millions)**



Note: The Province recorded \$10 million of spending in 2019-20 for the Portable Housing Benefit-Special Priority Policy (PHB-SPP) program towards its COHB cost-matching commitment. Households receiving PHB-SPP benefits were transitioned to the COHB program beginning in 2020-21.

Source: FAO analysis of the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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## B. Development of this Report

### Authority

The Financial Accountability Officer accepted a request from a member of the Legislative Assembly to undertake the analysis presented in this report under paragraph 10(1) (b) of the *Financial Accountability Officer Act, 2013*.

### Key Questions

The following key questions were used as a guide while undertaking research for this report:

- How has the Province's housing program expense forecast changed from the 2018 Ontario Budget to the 2019 Ontario Budget?
  - What program changes have been made to achieve the 2019 budget housing program expense forecast?

- Have the 2019 budget program changes affected funding from the federal government and municipalities?
- How will the investments under the National Housing Strategy be allocated in Ontario? How will the Province satisfy its requirement to match the Government of Canada's contributions to 2028?
- What are the Province's relevant benchmarks and targets for ending homelessness, the supply of affordable housing, and wait times for affordable housing?
  - How have the benchmarks and targets changed from the 2018 budget to the 2019 budget?
  - Will the 2019 budget housing program expense forecast allow the Province to achieve its affordable housing benchmarks and targets?
  - What is the status of the commitment in the Long-Term Affordable Housing Strategy to end chronic homelessness within 10 years?

## Methodology

This report has been prepared with the benefit of information provided by, and meetings with staff from, the Ministry of Municipal Affairs and Housing and a review of relevant literature and other publicly available information. Specific sources are referenced throughout and additional information on sources and methodology is available on request.

To estimate core housing need, the FAO developed a model using household-level data. The FAO's model is based on the CMHC's core housing need model, which uses software and data from Statistics Canada's Social Policy Simulation Database/Model (SPSD/M).

To forecast core housing need, the FAO's model applies forecasts of household income, population growth by age

and shelter costs to households and then determines if each household is in core housing need, based on the CMHC's definition.

The projection for household income is based on the FAO's 2021 Winter Economic and Budget Outlook, population growth is from Statistics Canada and the Ministry of Finance, and shelter costs is based on actual data for 2020 and the FAO's analysis of housing market indicators.[\[69\]](#)

After projecting household characteristics to 2027, the FAO identifies households that meet the CMHC's definition of core housing need. Specifically, households that:

- are living in unsuitable shelter; or
- are living in shelter in need of major repair; or
- spend more than 30 per cent of their income on the lesser of actual shelter costs or average market rent in their region.

Households in core housing need must also have household income below the Core Need Income Threshold (CNIT), to ensure that households with sufficiently high incomes are not considered to be in core housing need.[\[70\]](#) Households must also be private, non-farm, non-reserve, non-student households with income that is greater than zero and that exceeds shelter costs.

All dollar amounts are in Canadian, current dollars (i.e., not adjusted for inflation) unless otherwise noted.

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## About this document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.



The FAO produces independent analysis on the initiative of the Financial Accountability Officer. Upon request from a member or committee of the Assembly, the Officer may also direct the FAO to undertake research to estimate the financial costs or financial benefits to the Province of any bill or proposal under the jurisdiction of the legislature.

This report was prepared on the initiative of the Financial Accountability Officer in response to a request from a member of the Assembly. In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.

This report was prepared by Michelle Gordon and Matthew Gurnham, under the direction of Luan Ngo and Jeffrey Novak.

External reviewers provided comments on early drafts of this report. The assistance of external reviewers implies no responsibility for this final report, which rests solely with the FAO.

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## Graphic Descriptions

**Figure 2.1: Ontario has the second highest rate of core housing need in Canada (%), 2018**

Region	% of households in core housing need
New Brunswick	7.3
Quebec	7.5
Newfoundland	8.4
Prince Edward Island	8.6
Alberta	10.8
Nova Scotia	11.4
Canada	11.6
Manitoba	11.7

Saskatchewan	11.7
Ontario	13.9
British Columbia	14.6

Source: Canadian Housing Survey, 2018 and FAO.

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## Figure 2-2: The Province spent \$1.1 billion on housing and homelessness programs in 2019-20 (\$ millions)

Program Category	Spending (\$ millions)
Housing Programs	661
Homelessness Programs	403

Source: FAO analysis of information provided by MMAH.

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## Figure 3-1: Ontario housing programs spending, 2013-14 to 2018-19 (\$ millions)

Year	Base Program Spending	Time-limited/Cancelled Program Spending	Total Spending
2013-14	714	0	714
2014-15	699	0	699
2015-16	709	0	709
2016-17	687	471	1,158
2017-18	651	361	1,012
2018-19	620	81	701

Source: FAO analysis of information provided by MMAH.

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## Figure 3-2: The federal government funded two-thirds of the cost of the Province's housing programs from 2013-14 to 2018-19 (\$ millions)

Source of Funding	Spending (\$ millions)	Share of Spending
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Federal Funding	3,341	67%
Direct Provincial Spending	1,653	33%

Source: FAO analysis of information provided by MMAH.

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### Figure 3-3: Households supported by program and type of support, 2018-19

Support Type	Households Supported
RGI	189,025
Below-Market Rent Unit	93,647
Rent Supplement	7,196
Homeownership Assistance	7,326
<b>Housing Programs Total</b>	<b>297,124</b>

Source: FAO analysis of information provided by MMAH.

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### Figure 3-4: Households supported under the Province's housing programs, 2005-06 to 2018-19

Year	RGI Units	Below-Market Rent Units	Rent Supplement	Homeownership Assistance	Total
2005-06	210,596	65,801	641	382	277,420
2006-07	205,043	70,762	3,203	511	279,519
2007-08	206,795	72,068	25,807	804	305,474
2008-09	205,383	73,066	19,472	2,730	300,652
2009-10	206,837	75,529	14,140	3,456	299,962
2010-11	205,887	79,555	19,566	4,430	309,438
2011-12	204,676	83,975	16,271	4,544	309,465
2012-13	203,102	86,850	16,824	4,904	311,680
2013-14	202,016	89,747	4,846	5,263	301,871
2014-15	200,843	90,830	3,806	5,634	301,113
2015-16	201,526	90,266	3,812	6,012	301,616

2016-17	196,295	94,000	5,578	6,631	302,504
2017-18	195,359	93,625	9,448	6,989	305,422
2018-19	189,025	93,647	7,196	7,326	297,194

Source: FAO analysis of information provided by MMAH.

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### Figure 3-5: 21,600 reduction in social housing units by 2018-19 as federal-provincial social housing funding contracts expire

Year	Households Supported by Social Housing Units
2005-06	272,033
2006-07	271,046
2007-08	270,733
2008-09	269,239
2009-10	268,954
2010-11	268,886
2011-12	268,740
2012-13	268,611
2013-14	267,440
2014-15	266,151
2015-16	265,235
2016-17	261,225
2017-18	257,624
2018-19	250,288

Source: FAO analysis of information provided by MMAH and Auditor General of Ontario, "Social and Affordable Housing," 2017.

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### Figure 3-6: Comparison of housing support levels and the core housing need affordability gap in 2018

Average Annual Level of Support (\$)

	RGI Units	6,283
Type of Support	Below-Market Rent Units	3,814
	Rent Supplements	4,519
Core Housing Needs Affordability Gap		3,964

Source: FAO analysis of information provided by MMAH.

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### Figure 3-7: Change in households in core housing need and households receiving housing support, 2011 to 2018 (%)

Household Type	% Change
Households in Core Housing Need	19.1%
Households Receiving Support	-4.0%

Source: FAO analysis of information provided by MMAH and Statistics Canada's 2011 Census of Canada and 2018 Canadian Housing Survey.

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### Figure 3-8: Ontario's social housing wait list, 2011 to 2018

Year	Number of Households on Waitlist
2011	169,717
2012	174,642
2013	180,405
2014	181,429
2015	184,457
2016	185,179
2017	196,920
2018	214,952

Note: The Province's social housing wait list represents a compilation of data received from municipal service managers. It may include double counting of individuals on multiple local wait lists.

Source: FAO analysis of information provided by MMAH.

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**Figure 4-1: Expiring housing programs spending, 2018-19 to 2027-28 (\$ millions)**

Year	Federal Social Housing	Investment in Affordable Housing	Social Infrastructure Fund	Other Spending
2018-19	356	160	81	104
2019-20	330	79	-	96
2020-21	302	-	-	74
2021-22	270	-	-	67
2021-22	270	-	-	67
2022-23	245	-	-	61
2023-24	218	-	-	59
2024-25	173	-	-	57
2025-26	132	-	-	56
2026-27	98	-	-	54
2027-28	68	-	-	53

Source: FAO estimate based on information provided by MMAH.

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**Figure 4-2: Projected spending by NHS program, 2019-20 to 2027-28 (\$ millions)**

Year	COCHI	OPHI	COHB	Total
2019-20	33	123	0	156
2020-21	81	65	40	186
2021-22	112	100	48	260
2022-23	147	91	97	335
2023-24	182	91	137	411
2024-25	235	91	170	496
2025-26	275	91	216	581
2026-27	334	57	267	658
2027-28	366	12	311	689

Note: Excludes \$45 million of provincial spending from existing provincial programs in 2018-19 and 2019-20 that has been allocated towards the NHS spending commitment and \$168 million of provincial spending for COHB in 2028-29.

Source: FAO analysis of Government of Ontario, “Community Housing Renewal: Ontario’s Action Plan Under the National Housing Strategy” and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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**Figure 5-1: Ontario housing programs spending, historical and projected, 2014-15 to 2027-28 (\$ millions)**

Year	Existing Housing Funding	NHS Housing Funding	Total
2014-15	699	-	699
2015-16	709	-	709
2016-17	1,158	-	1,158
2017-18	1,012	-	1,012
2018-19	701	-	701
2019-20	505	156	661
2020-21	376	186	562
2021-22	337	260	598
2022-23	305	335	641
2023-24	277	411	687
2024-25	230	496	727
2025-26	188	581	770
2026-27	152	658	810
2027-28	121	689	811

Note: Actual spending from 2014-15 to 2019-20. Planned spending from 2020-21 to 2027-28.

Source: FAO analysis of information provided by MMAH; Government of Ontario, “Community Housing Renewal: Ontario’s Action Plan Under the National Housing Strategy”; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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**Figure 5-2: Projected number of households supported under the Province's housing programs from 2018-19 to 2027-28**

Year	RGI Units	Below-Market Rent Units	Rent Supplement	Homeownership Assistance	Total
2018-19	189,025	93,647	7,196	7,326	297,194
2019-20	185,329	95,825	12,410	7,655	301,219
2020-21	185,215	96,474	10,089	7,711	299,488
2021-22	185,103	97,470	12,405	7,796	302,774
2022-23	186,874	98,346	22,150	7,874	315,244
2023-24	189,095	98,964	28,454	7,952	324,465
2023-24	189,095	98,964	28,454	7,952	324,465
2024-25	191,995	98,371	33,206	8,030	331,602
2025-26	195,399	96,121	40,081	7,726	339,328
2026-27	199,561	91,522	47,093	7,646	345,821
2027-28	204,138	88,636	52,374	7,363	352,510

Source: FAO analysis of information provided by MMAH; Government of Ontario, "Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy"; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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**Figure 5-3: Breakdown of the projected 352,500 households that will receive housing program support in 2027-28**

Category of Housing Support	Number of Household Projected to Receive Support
Housing Support from Legacy Programs	147,167
Preserved Housing Support under NHS	150,027
New Housing Support under NHS	55,317

Source: FAO analysis of information provided by MMAH; Government of Ontario, "Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy"; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.



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**Figure 5-4: Total households in core housing need and as share of households, 2018 vs. 2027**

Year	Number of Households in Core Housing Need	Share of Households in Core Housing Need
2018	735,000	13.9%
2027	815,517	13.9%

Source: FAO analysis of information provided by MMAH, Statistics Canada and CMHC.

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**Figure 5-5: Share of 55,300 households that will be removed from core housing need**

Category	Number of Households
Not Removed (rent supplements)	28,216
Removed (RGI)	15,113
Removed (rent supplements)	11,988

Source: FAO analysis of information provided by MMAH, Statistics Canada and CMHC.

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**Figure 6-1: The Province’s strategy to end chronic homelessness moves households along the “housing continuum”**

Type of Support	Provincial Programs
Emergency Shelter	Community Homelessness Prevention Initiative
Transitional Housing	Community Homelessness Prevention Initiative
Supportive Housing	Community Homelessness Prevention Initiative Home for Good Indigenous Supportive Housing Program
Rent-Geared-To-Income	Canada-Ontario Community Housing Initiative Social Housing

Below-Market Rent Units/ Rent Supplements	Ontario Priorities Housing Initiative Canada-Ontario Housing Benefit Social Housing
Homeownership with Assistance	Ontario Priorities Housing Initiative

Note: For illustrative purposes only. Excludes some government programs.

Source: FAO.

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## Figure 6-2: Homelessness programs spending, 2013-14 to 2020-21 (\$ millions)

Year	Base Program Spending	COVID-19 Spending
2013-14	247	-
2014-15	294	-
2015-16	294	-
2016-17	299	-
2017-18	328	-
2018-19	397	-
2019-20	403	-
2020-21	424	566

Note: Actual spending from 2013-14 to 2019-20. Planned spending in 2020-21.

Source: FAO analysis of information provided by MMAH.

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## Figure 6-3: Households supported by homelessness programs

Year	Experiencing Homelessness	At Risk of Homelessness	Home for Good
2014-15	30,555	104,474	0
2015-16	39,613	115,598	0
2016-17	32,300	125,500	327
2017-18	33,425	117,875	2,098
2018-19	29,333	156,414	6,309

Note: Support cannot be expressed cumulatively as households can receive support from multiple programs.

Source: Published plans and annual reports 2014-15 to 2019-20: Ministry of Municipal Affairs and Housing.

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**Figure 6-4: City of Ottawa shelter statistics, 2014 to 2019**

Year	Average Length of Stay (Days)	Family Units
2014	78	695
2015	74	760
2016	74	867
2017	88	966
2018	90	1,074
2019	101	1,182

Source: Ottawa Community and Family Shelter Data 2014-2019.

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**Figure 6-5: Projected base homelessness program spending, 2019-20 to 2022-23 (\$ millions)**

Year	Base Homelessness Programs Spending
2019-20	403
2020-21	424
2021-22	446
2022-23	446

Note: Actual spending in 2019-20. Projected spending from 2020-21 to 2022-23.

Source: FAO analysis of information provided by MMAH and the 2020 Ontario Budget.

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**Figure 6-6: FAO estimate of 'high housing need' households at risk of homelessness, 2018 to 2025**

Year	Number of Households at Risk
2018	179,363
2025	159,766

Note: 'High housing need' households have an after-tax income below the Low-Income Measure threshold, as defined by Statistics Canada, and spend 50 per cent or more of their gross income on shelter costs.

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### Figure 7-1: Estimated federal support for social housing in Ontario through expiring agreements and the new Canada-Ontario Community Housing Initiative (COCHI), 2019-20 to 2027-28 (\$ millions)

Year	COCHI Spending	Expiring Federal Social Housing Spending
2019-20	33	330
2020-21	81	302
2021-22	112	270
2022-23	147	245
2023-24	182	218
2024-25	235	173
2025-26	275	132
2026-27	334	98
2027-28	366	68

Source: FAO analysis of information provided by MMAH.

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### Figure 7-2: Ontario Priorities Housing Initiative (OPHI) spending from 2018-19 to 2021-22 (\$ millions)

Year	Federal Funding	Provincial Funding
2018-19	0	35
2019-20	84	39
2020-21	54	11
2021-22	46	54

Note: Only accounts for \$343 million of the \$756 million OPHI spending commitment. The remaining \$413 million will be allocated through subsequent federal-provincial negotiations. Under the NHS agreement, the Province was allowed to allocate \$35 million of spending in 2018-19 to OPHI cost-matching.

Source: FAO analysis of information provided by MMAH.

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### Figure 7-3: Canada-Ontario Housing Benefit (COHB) spending from 2019-20 to 2028-29 (\$ millions)

Year	Federal	Provincial	Total
2020-21	30	10	40
2021-22	38	10	48
2022-23	59	38	97
2023-24	78	59	137
2024-25	92	78	170
2025-26	124	92	216
2026-27	143	124	267
2027-28	168	143	311
2028-29	0	168	168

Note: The Province recorded \$10 million of spending in 2019-20 for the Portable Housing Benefit-Special Priority Policy (PHB-SPP) program towards its COHB cost-matching commitment. Households receiving PHB-SPP benefits were transitioned to the COHB program beginning in 2020-21.

Source: FAO analysis of the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

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## Footnotes

[1] Core housing need is an indicator developed by the Canada Mortgage and Housing Corporation (CMHC) to identify households that need housing-related financial assistance. A household is in core housing need if it does not live in acceptable housing and its before-tax income is not sufficient to access acceptable housing. Housing is considered acceptable when the total cost of housing is equal to or less

than 30 per cent of a household's before-tax income, there are enough bedrooms to accommodate the size of the household and the housing is not in need of major repairs. In 2018, 13.9 per cent of households in Ontario were in core housing need, which was higher than the Canadian average of 11.6 per cent and was the second highest rate among all provinces.

[2] Chronic homelessness refers to people who are currently homeless and have been homeless for six months or more in the past year. In 2018, Ontario municipalities reported that there were over 16,000 Ontarians experiencing homelessness on any given night.

[3] Municipalities also spend approximately \$1 billion each year in connection with the Province's housing programs. Unlike the federal government's contribution, municipal spending is not recorded as spending by the Province.

[4] The Province's social housing wait list represents a compilation of data received from municipal service managers. It may include double counting of individuals on multiple local wait lists.

[5] The three new programs are the Canada-Ontario Community Housing Initiative (COCHI), the Ontario Priorities Housing Initiative (OPHI) and the Canada-Ontario Housing Benefit (COHB).

[6] The estimate of \$4.0 billion includes \$35 million of provincial spending in 2018-19 that has been allocated towards the NHS spending commitment and \$168 million for the COHB program that the Province will spend in 2028-29.

[7] This consists of an increase of 45,200 households supported by rent supplements and 15,100 additional RGI units, as well as a loss of 5,000 below-market rent housing units.

[8] After accounting for population growth, the share of the Province's households in core housing need will remain unchanged in 2027, compared to 2018, at 13.9 per cent.

[9] Vulnerable populations include survivors of domestic violence and human trafficking, people experiencing or at risk of experiencing homelessness, Indigenous people, and people with disabilities.

[10] Based on data from a number of communities in Ontario that conducted homelessness enumerations in 2018.

[11] Although the commitment to end chronic homelessness by 2025 was made by the previous government, the Ministry of Municipal Affairs and Housing confirmed with the FAO that the commitment to end chronic homelessness by the end of 2025 remains government policy.

- [12] Nearly all homeless individuals in Ontario report that the lack of affordable housing options and long social housing wait lists are the main reasons they cannot obtain and retain housing.
- [13] Excludes temporary COVID-19-related spending in 2020-21.
- [14] Excludes temporary COVID-19 relief funding in 2020-21.
- [15] Although support under the COHB program does not guarantee that a household will be removed from core housing need, it is sufficient to remove 'high housing need' households from risk of homelessness.
- [16] *National Housing Strategy Act*, S.C. 2019, c. 29, s. 313.
- [17] Statistics Canada, "Census of Canada," 2011.
- [18] Statistics Canada, "Canada Housing Survey," 2018.
- [19] Between 2011 and 2018, the average residential home resale price in Ontario increased by 68 per cent and the average market rent increased by 29 per cent, while median personal income increased by 24 per cent.
- [20] Statistics Canada, "Canada Housing Survey," 2018. In 2011, the rate of core housing need in Ontario was 13.4 per cent and the Canadian average was 12.5 per cent. Statistics Canada, "Census of Canada," 2011.
- [21] <https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/housing-needs-ontario>.
- [22] In this report, high need households have after-tax income that is below the Low-Income Measure threshold, as defined by Statistics Canada, and spend 50 per cent or more of their gross income on the cost of shelter.
- [23] 2018 point in time homelessness count from the municipalities of York, Toronto, Peel, Durham, Ottawa, Niagara, Thunder Bay, Waterloo, Peterborough, Sudbury, Nipissing, Kingston, Halton, Guelph, Brantford and Belleville.
- [24] See Chapter 6 for analysis.
- [25] *Ibid.*
- [26] Municipalities in this report refers to municipal service managers and Indigenous Program Administrators.
- [27] <http://www.mah.gov.on.ca/AssetFactory.aspx?did=11038>.
- [28] The estimated municipal contribution reflects reported municipal spending on provincial housing programs. See FAO, "Ontario Municipal Finances: An Overview of Municipal Budgets and an Estimate of the Financial Impact of the COVID-19 Pandemic," 2020 for more information on municipal spending on housing and other programs.

[29] Social housing providers also offer some below-market rent units and rent supplements.

[30] For the purposes of this report, the term “rent supplements” refers to both rent supplements, which are rent subsidies paid to landlords, and housing allowances, which are rent subsidies paid to households.

[31] Under affordable housing programs, rent supplements may be tied to a household’s income. However, rent supplements do not limit a household’s rent or guarantee a household is spending less than 30 per cent of its gross income on shelter costs.

[32] The *Housing Services Act, 2011* sets income limits that apply to most social housing programs and some affordable housing programs. However, municipal service managers have the authority to set higher income limits than prescribed in the Act and regulations. See O. Reg. 370/11 for household size and income limits by municipality, <https://www.ontario.ca/laws/regulation/110370>.

[33] Excludes home repair programs that provided repair assistance to an additional 8,500 homeowner households in 2018-19.

[34] Municipal service managers are required under the *Housing Services Act, 2011* to provide 186,717 households with RGI assistance.

[35] Auditor General of Ontario, “[Social and Affordable Housing](#),” 2017.

[36] The below-market rent unit and rent supplement subsidies represent the average difference between market rent and rent paid by a recipient household. The RGI unit subsidy represents the average difference between costs associated with operating and maintaining a social housing building and rent paid by a recipient household.

[37] Based on the FAO’s review of Statistics Canada, “Canada Housing Survey,” 2018.

[38] Between 2011 and 2018, the average residential home resale price in Ontario increased by 68 per cent and the average market rent increased by 29 per cent, while median personal income increased by 24 per cent. Ontario’s population also increased by 8 per cent.

[39] The *Housing Services Act, 2011* requires municipal service managers to have a centralized wait list that is used to select eligible households for rent-gear-to-income assistance. The Province’s social housing wait list represents a compilation of data received from municipal service managers. It may include double counting of individuals on multiple local wait lists.

[40] According to the City of Toronto, the current [wait time for a one-bedroom unit in Toronto is 12 years](#).



[41] See Appendix A for more information on the three new programs. In addition to the three federal-provincial funded components of the NHS, there are other federal initiatives that will affect the supply of affordable housing in Ontario. These programs are administered by the CMHC and do not affect the Province's housing programs; therefore, detailed analysis of these components is outside the scope of this report. These programs include the National Housing Co-investment Fund, the Rapid Housing Initiative, the Rental Construction Financing Initiative and the Federal Lands Initiative.

[42] The estimate of \$4.0 billion includes \$35 million of provincial spending in 2018-19 that has been allocated towards the NHS spending commitment and \$168 million for the COHB program that the Province will spend in 2028-29.

[43] See Government of Ontario, "[Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy](#)." Note that the Province projects that 215,632 households will receive support from NHS programs by 2027-28. However, the FAO excludes 6,584 households that will not receive direct housing support in 2027-28, including 3,248 households receiving housing support services (e.g., counselling and job placements) and 3,336 households that received one-year affordability assistance in 2019-20.

[44] See Appendix A for more information on the timing of funding under the three NHS programs.

[45] The FAO projects that the cost of housing will grow by 1.9 per cent annually on average from 2018 to 2027, which is higher than expected average annual per capita household income growth of 1.7 per cent. The FAO projects the number of households in Ontario to increase at an average annual rate of 1.1 per cent.

[46] Vulnerable populations include survivors of domestic violence and human trafficking, people experiencing or at risk of experiencing homelessness, Indigenous people, and people with disabilities.

[47] Ministry of Municipal Affairs and Housing, "Ontario's Long-Term Affordable Housing Strategy," 2016. The ministry confirmed with the FAO that the commitment to end chronic homelessness by the end of 2025 remains government policy.

[48] Auditor General of Ontario, "[Social and Affordable Housing](#)," 2017.

[49] Ministry of Municipal Affairs and Housing, "Ontario's Long-Term Affordable Housing Strategy," 2016.

[50] The Province also offers social assistance programs including Ontario Works, the Ontario Disability Support Program and the Low-

Income Energy Assistance Program that provide financial support including shelter allowances and energy arrears. Those programs are not administered by MMAH and are outside the scope of this report.

[51] The \$566 million of COVID-19-related spending includes \$234 million in federal funds. Of the \$566 million in COVID-19-related spending, \$498 million is part of the government's Social Services Relief Fund, \$26 million is for temporary pandemic pay and \$42 million is for COVID-19 isolation centres.

[52] The commitment to end chronic homelessness formed a central piece of the Province's five-year poverty reduction strategy that was in place from 2014 to 2019, as well as the 2016 Long-Term Affordable Housing Strategy. This included a commitment to increase CHPI funding to \$339 million by 2019-20 and create the HFG program. In December 2020, the Province released a new five-year (2020 to 2025) poverty reduction strategy; however, the new strategy does not address the commitment to end chronic homelessness.

[53] See indicator 11 of the Ontario Poverty Reduction Strategy 2019 Annual Report, <https://www.ontario.ca/page/poverty-reduction-strategy-2019-annual-report#section-3>. The Province has committed to introduce a "by name list" approach to homelessness enumeration beginning in 2021.

[54] 2018 point in time homelessness count from the municipalities of York, Toronto, Peel, Durham, Ottawa, Niagara, Thunder Bay, Waterloo, Peterborough, Sudbury, Nipissing, Kingston, Halton, Guelph, Brantford and Belleville.

[55] This includes emergency shelters, transitional housing and violence against women shelters, <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1410035301>.

[56] City of Toronto [daily and overnight shelter usage](#) and 2018 Street Needs Assessment.

[57] According to data from municipal point in time homelessness counts, the most common causes of homelessness in Ontario are family conflict and addiction.

[58] From 2018 point in time homelessness counts from the municipalities of York, Toronto, Peel, Durham, Ottawa, Niagara, Thunder Bay, Waterloo, Peterborough, Sudbury, Nipissing, Kingston, Halton, Guelph, Brantford and Belleville.

[59] The spending projections exclude spending related to the COVID-19 pandemic in 2020-21.

[60] Excludes temporary COVID-19 relief funding in 2020-21.

[61] See Appendix 1 and 2 of [Building a Strong Foundation for Success: Reducing Poverty in Ontario \(2020-2025\)](#).

[62] Reaching Home: Canada's Homelessness Strategy Directives.

[63] A list of the 26 designated communities in Ontario can be found on the Employment and Social Development Canada website at <https://www.canada.ca/en/employment-social-development/programs/homelessness/find-community/on.html>.

[64] To date, communities in Ontario have been allocated a total of \$382 million, which includes \$331 million of funding to support the program objectives from April 1, 2019 to March 31, 2024 and \$51 million of additional funding to provide support during the COVID-19 pandemic. The FAO expects that the remaining funding will be allocated in future years.

[65] Parliamentary Budget Office, "[Federal Spending on Housing Affordability](#)," 2019.

[66] 'High housing need' households spend 50 per cent or more of their gross income on shelter costs and have an after-tax income below the Low-Income Measure threshold, as defined by Statistics Canada. 'High housing need' households are a subset of core housing need households.

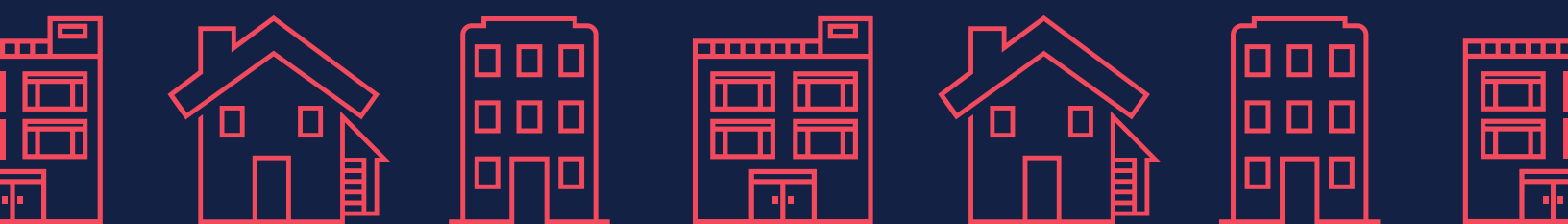
[67] See Chapter 5 for more information.

[68] In 2018-19, municipalities funded approximately 73 per cent of the cost of social housing.

[69] The FAO projects shelter costs for 2020 using data for the rent component of the Consumer Price Index as well as CMHC mortgage obligation data. The FAO forecasts shelter costs to 2027 using projections from its 2021 Winter Economic and Budget Outlook for personal disposable income, population growth, mortgage rates and housing market indicators.

[70] The Core Need Income Threshold is a measure developed by the CMHC, which reflects the maximum income level at which a household would have difficulty finding suitable affordable housing in its community.

The Financial Accountability Office was established by the *Financial Accountability Officer Act, 2013*.



# Report of the **Ontario Housing Affordability Task Force**

February 8, 2022



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# Letter to Minister Clark

Dear Minister Clark,

Hard-working Ontarians are facing a housing crisis. For many years, the province has not built enough housing to meet the needs of our growing population. While the affordability crisis began in our large cities, it has now spread to smaller towns and rural communities.

Efforts to cool the housing market have only provided temporary relief to home buyers. The long-term trend is clear: house prices are increasing much faster than Ontarian's incomes. The time for action is now.

When striking the Housing Affordability Task Force, you and Premier Ford were clear: you wanted actionable, concrete solutions to help Ontarians and there was no time to waste. You asked us to be bold and gave us the freedom and independence to develop our recommendations.

In the past two months, we have met municipal leaders, planners, unions, developers and builders, the financial sector, academics, think tanks and housing advocates. Time was short, but solutions emerged consistently around these themes:

- More housing density across the province
- End exclusionary municipal rules that block or delay new housing
- Depoliticize the housing approvals process
- Prevent abuse of the housing appeals system
- Financial support to municipalities that build more housing

We present this report to you not as an “all or nothing” proposal, but rather as a list of options that the government has at its disposal to help address housing affordability for Ontarians and get more homes built. We propose an ambitious but achievable target: 1.5 million new homes built in the next ten years.

Parents and grandparents are worried that their children will not be able to afford a home when they start working or decide to start a family. Too many Ontarians are unable to live in their preferred city or town because they cannot afford to buy or rent.

The way housing is approved and built was designed for a different era when the province was less constrained by space and had fewer people. But it no longer meets the needs of Ontarians. The balance has swung too far in favour of lengthy consultations, bureaucratic red tape, and costly appeals. It is too easy to oppose new housing and too costly to build. We are in a housing crisis and that demands immediate and sweeping reforms.

It has been an honour to serve as Chair, and I am proud to submit this report on behalf of the entire Task Force.

A stylized, handwritten signature in black ink.

**Jake Lawrence**

Chair, Housing Affordability Task Force

Chief Executive Officer and Group Head, Global Banking and Markets, Scotiabank

# Executive summary and recommendations

House prices in Ontario have almost tripled in the past 10 years, growing much faster than incomes. This has home ownership beyond the reach of most first-time buyers across the province, even those with well-paying jobs. Housing has become too expensive for rental units and it has become too expensive in rural communities and small towns. The system is not working as it should.

For too long, we have focused on solutions to “cool” the housing market. It is now clear that we do not have enough homes to meet the needs of Ontarians today, and we are not building enough to meet the needs of our growing population. If this problem is not fixed – by creating more housing to meet the growing demand – housing prices will continue to rise. We need to build more housing in Ontario.

This report sets out recommendations that would set a bold goal and clear direction for the province, increase density, remove exclusionary rules that prevent housing growth, prevent abuse of the appeals process, and make sure municipalities are treated as partners in this process by incentivizing success.

## Setting bold targets and making new housing the planning priority

**Recommendations 1 and 2** urge Ontario to set a bold goal of adding 1.5 million homes over the next 10 years and update planning guidance to make this a priority.

The task force then recommends actions in five main areas to increase supply:

### Require greater density

Land is not being used efficiently across Ontario. In too many neighbourhoods, municipal rules only allow single-family homes – not even a granny suite. Taxpayers have invested heavily in subway, light rail, bus and rail lines and highways, and the streets nearby are ideally suited for more mid- and high-rise housing. Underused or redundant commercial and industrial buildings are ripe to be redeveloped into housing or mixed commercial and residential use. New housing on undeveloped land should also be higher density than traditional suburbs, especially close to highways.

Adding density in all these locations makes better use of infrastructure and helps to save land outside urban boundaries. Implementing these recommendations will provide Ontarians with many more options for housing.

**Recommendations 3 through 11** address how Ontario can quickly create more housing supply by allowing more housing in more locations “as of right” (without the need for municipal approval) and make better use of transportation investments.

### Reduce and streamline urban design rules

Municipalities require numerous studies and set all kinds of rules for adding housing, many of which go well beyond the requirements of the provincial Planning Act. While some of this guidance has value for urban design, some rules appear to be arbitrary and not supported by evidence – for example, requiring condo buildings to include costly parking stalls even though many go unsold. These rules and requirements result in delays and extra costs that make housing either impossible to build or very expensive for the eventual home buyer or renter.

**Recommendation 12** would set uniform provincial standards for urban design, including building shadows and setbacks, do away with rules that prioritize preservation of neighbourhood physical character over new housing, no longer require municipal approval of design matters like a building’s colour, texture, type of material or window details, and remove or reduce parking requirements.



## Depoliticize the process and cut red tape

NIMBYism (not in my backyard) is a major obstacle to building housing. It drags out the approval process, pushes up costs, and keeps out new residents. Because local councillors depend on the votes of residents who want to keep the status quo, the planning process has become politicized. Municipalities allow far more public consultation than is required, often using formats that make it hard for working people and families with young children to take part. Too few technical decisions are delegated to municipal staff. Pressure to designate buildings with little or no heritage value as “heritage” if development is proposed and bulk listings of properties with “heritage potential” are also standing in the way of getting homes built. Dysfunction throughout the system, risk aversion and needless bureaucracy have resulted in a situation where Ontario lags the rest of Canada and the developed world in approval times. Ontarians have waited long enough.

**Recommendations 13 through 25** would require municipalities to limit consultations to the legislated maximum, ensure people can take part digitally, mandate the delegation of technical decisions, prevent abuse of the heritage process and see property owners compensated for financial loss resulting from designation, restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews, legislate timelines for approvals and enact several other common sense changes that would allow housing to be built more quickly and affordably.

## Fix the Ontario Land Tribunal

Largely because of the politicization of the planning process, many proponents look to the Tribunal, a quasi-judicial body, to give the go-ahead to projects that should have been approved by the municipality. Even when there is municipal approval, however, opponents appeal to the Tribunal – paying only a \$400 fee – knowing that this may well succeed in delaying a project to the point where it might no longer make economic sense. As a result, the Tribunal faces a backlog of more than 1,000 cases and is seriously under-resourced.

**Recommendations 26 through 31** seek to weed out or prevent appeals aimed purely at delaying projects, allow adjudicators to award costs to proponents in more cases, including instances where a municipality has refused an approval to avoid missing a legislated deadline, reduce the time to issue decisions, increase funding, and encourage the Tribunal to prioritize cases that would increase housing supply quickly as it tackles the backlog.

## Support municipalities that commit to transforming the system

Fixing the housing crisis needs everyone working together. Delivering 1.5 million homes will require the provincial and federal governments to invest in change. Municipalities that make the difficult but necessary choices to grow housing supply should be rewarded, and those that resist new housing should see funding reductions.

**Recommendations 49 and 50** call for Ontario government to create a large “Ontario Housing Delivery Fund” and encourage the federal government to match funding, and suggest how the province should reward municipalities that support change and reduce funding for municipalities that do not.

This executive summary focuses on the actions that will get the most housing units approved and built in the shortest time. Other recommendations in the report deal with issues that are important but may take more time to resolve or may not directly increase supply (recommendation numbers are indicated in brackets): improving tax and municipal financing (**32-37, 39, 42-44**); encouraging new pathways to home ownership (**38, 40, 41**); and addressing labour shortages in the construction industry (**45-47**).

This is not the first attempt to “fix the housing system”. There have been efforts for years to tackle increasing housing prices and find solutions. This time must be different. **Recommendations 50-55** set out ways of helping to ensure real and concrete progress on providing the homes Ontarians need.

# Introduction

Ontario is in a housing crisis. Prices are skyrocketing: the average price for a house across Ontario was \$923,000 at the end of 2021.<sup>[1]</sup> Ten years ago, the average price was \$329,000.<sup>[2]</sup> Over that period, average house prices have climbed 180% while average incomes have grown roughly 38%.<sup>[3][4]</sup>

Not long ago, hard-working Ontarians – teachers, construction workers, small business owners – could afford the home they wanted. In small towns, it was reasonable to expect that you could afford a home in the neighbourhood you grew up in. Today, home ownership or finding a quality rental is now out of reach for too many Ontarians. The system is not working as it should be.

Housing has become too expensive for rental units and it has become too expensive in rural communities and small towns.

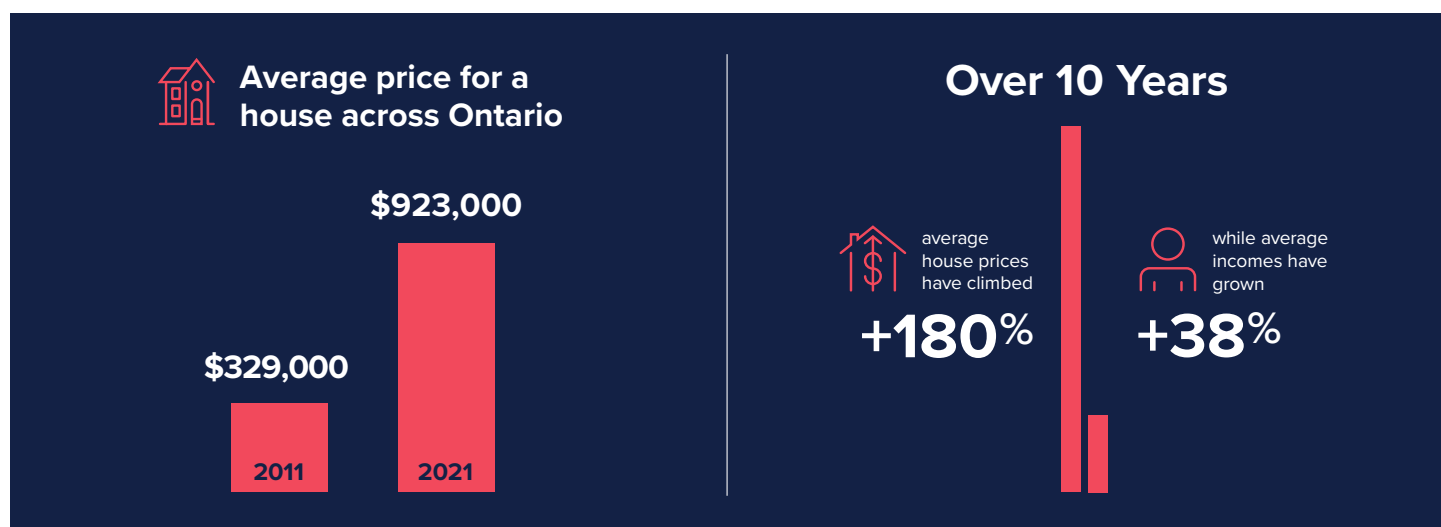
While people who were able to buy a home a decade or more ago have built considerable personal equity, the benefits of having a home aren't just financial. Having a place to call home connects people to their community, creates a gathering place for friends and family, and becomes a source of pride.

Today, the reality for an ever-increasing number of Ontarians is quite different. Everyone in Ontario knows people who are living with the personal and financial stress of not being able to find housing they can afford. The young family who can't buy a house within two hours of where they work. The tenant with a good job who worries about

where she'll find a new apartment she can afford if the owner decides to sell. The recent graduate who will have to stay at home for a few more years before he can afford to rent or buy.

While the crisis is widespread, it weighs more heavily on some groups than on others. Young people starting a family who need a larger home find themselves priced out of the market. Black, Indigenous and marginalized people face even greater challenges. As Ontarians, we have only recently begun to understand and address the reality of decades of systemic racism that has resulted in lower household incomes, making the housing affordability gap wider than average.

The high cost of housing has pushed minorities and lower income Ontarians further and further away from job markets. Black and Indigenous homeownership rates are less than half of the provincial average.<sup>[5]</sup> And homelessness rates among Indigenous Peoples are 11 times the national average. When housing prevents an individual from reaching their full potential, this represents a loss to every Ontarian: lost creativity, productivity, and revenue. Lost prosperity for individuals and for the entire Ontario economy.



As much as we read about housing affordability being a challenge in major cities around the world, the depth of the challenge has become greater in Ontario and Canada than almost anywhere in the developed world.



Canada has the lowest amount of housing per population of any G7 country.

### How did we get here? Why do we have this problem?

A major factor is that there just isn't enough housing. A 2021 Scotiabank study showed that Canada has the fewest housing units per population of any G7 country – and, our per capita housing supply has *dropped* in the past five years.<sup>[6]</sup> An update to that study released in January 2022 found that two thirds of Canada's housing shortage is in Ontario.<sup>[7]</sup> Today, Ontario is 1.2 million homes – rental or owned – short of the G7 average. With projected population growth, that huge gap is widening, and bridging it will take immediate, bold and purposeful effort. And to support population growth in the next decade, we will need one million more homes.

While governments across Canada have taken steps to “cool down” the housing market or provide help to first-time buyers, these demand-side solutions only work if there is enough supply. Shortages of supply in any market have a direct impact on affordability. Scarcity breeds price increases. Simply put, if we want more Ontarians to have housing, we need to build more housing in Ontario.

### Ontario must build 1.5 million homes over the next 10 years to address the supply shortage

The housing crisis impacts all Ontarians. The ripple effect of the crisis also holds back Ontario reaching its full potential.

#### Economy

Businesses of all sizes are facing problems finding and retaining workers. Even high-paying jobs in technology and manufacturing are hard to fill because there's not enough housing nearby. This doesn't just dampen the economic growth of cities, it makes them less vibrant, diverse, and creative, and strains their ability to provide essential services.

#### Public services

Hospitals, school boards and other public service providers across Ontario report challenges attracting and retaining staff because of housing costs. One town told us that it

could no longer maintain a volunteer fire department, because volunteers couldn't afford to live within 10 minutes drive of the firehall.

#### Environment

Long commutes contribute to air pollution and carbon emissions. An international survey of 74 cities in 16 countries found that Toronto, at 96 minutes both ways, had the longest commute times in North America and was essentially tied with Bogota, Colombia, for the longest commute time worldwide.<sup>[8]</sup> Increasing density in our cities and around major transit hubs helps reduce emissions to the benefit of everyone.

Ontario must build

# 1.5M

homes over the next 10 years  
to address the supply shortage.



### Our mandate and approach

Ontario's Minister of Municipal Affairs and Housing tasked us with recommending ways to accelerate our progress in closing the housing supply gap to improve housing affordability.

Time is of the essence. Building housing now is exactly what our post-pandemic economy needs. Housing construction creates good-paying jobs that cannot be outsourced to other countries. Moreover, the pandemic gave rise to unprecedented levels of available capital that can be invested in housing – if we can just put it to work.

We represent a wide range of experience and perspectives that includes developing, financing and building homes, delivering affordable housing, and researching housing market trends, challenges and solutions. Our detailed biographies appear as [Appendix A](#).



We acknowledge that every house in Ontario is built on the traditional territory of Indigenous Peoples.



People in households that spend 30% or more of total household income on shelter expenses are defined as having a “housing affordability” problem. Shelter expenses include electricity, oil, gas, coal, wood or other fuels, water and other municipal services, monthly mortgage payments, property taxes, condominium fees, and rent.

Our mandate was to focus on how to increase market housing supply and affordability. By market housing, we are referring to homes that can be purchased or rented without government support.

**Affordable housing (units provided at below-market rates with government support) was not part of our mandate.**

The Minister and his cabinet colleagues are working on that issue. Nonetheless, almost every stakeholder we spoke with had ideas that will help deliver market housing and also make it easier to deliver affordable housing. However, affordable housing is a societal responsibility and will require intentional investments and strategies to bridge the significant affordable housing gap in this province. We have included a number of recommendations aimed at affordable housing in the body of this report, but have also included further thoughts in [Appendix B](#).

We note that government-owned land was also outside our mandate. Many stakeholders, however, stressed the value of surplus or underused public land and land associated with major transit investments in finding housing solutions. We agree and have set out some thoughts on that issue in [Appendix C](#).

**How we did our work**

Our Task Force was struck in December 2021 and mandated to deliver a final report to the Minister by the end of January 2022. We were able to work to that tight timeline because, in almost all cases, viewpoints and feasible solutions are well known. In addition, we benefited from insights gleaned from recent work to solve the problem in other jurisdictions.

During our deliberations, we met with and talked to over 140 organizations and individuals, including industry associations representing builders and developers, planners, architects, realtors and others; labour unions; social justice advocates; elected officials at the municipal level; academics and research groups; and municipal planners. We also received written submissions from many of these participants. In addition, we drew on the myriad public reports and papers listed in the [References](#).

We thank everyone who took part in sessions that were uniformly helpful in giving us a deeper understanding of the housing crisis and the way out of it. We also thank the staff of the Ministry of Municipal Affairs and Housing who provided logistical and other support, including technical briefings and background.

**The way forward**

The single unifying theme across all participants over the course of the Task Force’s work has been the urgency to take decisive action. Today’s housing challenges are incredibly complex. Moreover, developing land, obtaining approvals, and building homes takes years.

Some recommendations will produce immediate benefits, others will take years for the full impact.

This is why there is no time to waste. We urge the Minister of Municipal Affairs and Housing and his cabinet colleagues to continue measures they have already taken to accelerate housing supply and to move quickly in turning the recommendations in this report into decisive new actions.

**The province must set an ambitious and bold goal to build 1.5 million homes over the next 10 years.** If we build 1.5 million new homes over the next ten years, Ontario can fill the housing gap with more affordable choices, catch up to the rest of Canada and keep up with population growth.

By working together, we can resolve Ontario’s housing crisis. In so doing, we can build a more prosperous future for everyone.

The balance of this report lays out our recommendations.

# Focus on getting more homes built

Resolving a crisis requires intense focus and a clear goal. The province is responsible for the legislation and policy that establishes the planning, land use, and home building goals, which guide municipalities, land tribunals, and courts. Municipalities are then responsible for implementing provincial policy in a way that works for their communities. The province is uniquely positioned to lead by shining a spotlight on this issue, setting the tone, and creating a single, galvanizing goal around which federal support, provincial legislation, municipal policy, and the housing market can be aligned.

In 2020, Ontario built about 75,000 housing units.<sup>[9]</sup> For this report, we define a housing unit (home) as a single dwelling (detached, semi-detached, or attached), apartment, suite, condominium or mobile home. Since 2018, housing completions have grown every year as a result of positive measures that the province and some municipalities have implemented to encourage more home building. But we are still 1.2 million homes short when compared to other G7 countries and our population is growing. The goal of 1.5 million homes feels daunting – but reflects both the need and what is possible. In fact, throughout the 1970s Ontario built more housing units each year than we do today.<sup>[10]</sup>

The second recommendation is designed to address the growing complexity and volume of rules in the legislation, policy, plans and by-laws, and their competing priorities, by providing clear direction to provincial agencies, municipalities, tribunals, and courts on the overriding priorities for housing.

- 1. Set a goal of building 1.5 million new homes in ten years.**
- 2. Amend the Planning Act, Provincial Policy Statement, and Growth Plans to set “growth in the full spectrum of housing supply” and “intensification within existing built-up areas” of municipalities as the most important residential housing priorities in the mandate and purpose.**



The “missing middle” is often cited as an important part of the housing solution. We define the missing middle as mid-rise condo or rental housing, smaller houses on subdivided lots or in laneways and other additional units in existing houses.

# Making land available to build

The Greater Toronto Area is bordered on one side by Lake Ontario and on the other by the protected Greenbelt. Similarly, the Ottawa River and another Greenbelt constrain land supply in Ottawa, the province's second-largest city.

But a shortage of land isn't the cause of the problem. Land is available, both inside the existing built-up areas and on undeveloped land outside greenbelts.

We need to make better use of land. Zoning defines what we can build and where we can build. If we want to make better use of land to create more housing, then we need to modernize our zoning rules. We heard from planners, municipal councillors, and developers that "as of right" zoning – the ability to by-pass long, drawn out consultations and zoning by-law amendments – is the most effective tool in the provincial toolkit. We agree.

## Stop using exclusionary zoning that restricts more housing

Too much land inside cities is tied up by outdated rules. For example, it's estimated that 70% of land zoned for housing in Toronto is restricted to single-detached or semi-detached homes.<sup>[11]</sup> This type of zoning prevents homeowners from adding additional suites to create housing for Ontarians and income for themselves. As one person said, "my neighbour can tear down what was there to build a monster home, but I'm not allowed to add a basement suite to my home."

It's estimated that  
**70%**

of land zoned for housing in Toronto is restricted to **single-detached** or **semi-detached** homes.



While less analysis has been done in other Ontario communities, it's estimated that about half of all residential land in Ottawa is zoned for single-detached housing, meaning nothing else may be built on a lot without public consultation and an amendment to the zoning by-law. In some suburbs around Toronto, single unit zoning dominates residential land use, even close to GO Transit stations and major highways.

One result is that more growth is pushing past urban boundaries and turning farmland into housing. Undeveloped land inside and outside existing municipal boundaries must be part of the solution, particularly in northern and rural communities, but isn't nearly enough on its own. Most of the solution must come from densification. Greenbelts and other environmentally sensitive areas must be protected, and farms provide food and food security. Relying too heavily on undeveloped land would whittle away too much of the already small share of land devoted to agriculture.

Modernizing zoning would also open the door to more rental housing, which in turn would make communities more inclusive.

Allowing more gentle density also makes better use of roads, water and wastewater systems, transit and other public services that are already in place and have capacity, instead of having to be built in new areas.

The Ontario government took a positive step by allowing secondary suites (e.g., basement apartments) across the province in 2019. However, too many municipalities still place too many restrictions on implementation. For the last three years, the total number of secondary suites in Toronto has actually declined each year, as few units get permitted and owners convert two units into one.<sup>[12]</sup>

These are the types of renovations and home construction performed by small businesses and local trades, providing them with a boost.

Underused and vacant commercial and industrial properties are another potential source of land for housing. It was suggested to us that one area ripe for redevelopment into a mix of commercial and residential uses is the strip mall, a leftover from the 1950s that runs along major suburban streets in most large Ontario cities.

“As of right” zoning allows more kinds of housing that are accessible to more kinds of people. It makes neighbourhoods stronger, richer, and fairer. And it will get more housing built in existing neighbourhoods more quickly than any other measure.

**3. Limit exclusionary zoning in municipalities through binding provincial action:**

- a) Allow “as of right” residential housing up to four units and up to four storeys on a single residential lot.
  - b) Modernize the Building Code and other policies to remove any barriers to affordable construction and to ensure meaningful implementation (e.g., allow single-staircase construction for up to four storeys, allow single egress, etc.).
- 4.** Permit “as of right” conversion of underutilized or redundant commercial properties to residential or mixed residential and commercial use.
- 5.** Permit “as of right” secondary suites, garden suites, and laneway houses province-wide.
- 6.** Permit “as of right” multi-tenant housing (renting rooms within a dwelling) province-wide.
- 7.** Encourage and incentivize municipalities to increase density in areas with excess school capacity to benefit families with children.

## Align investments in roads and transit with growth

Governments have invested billions of dollars in highways, light rail, buses, subways and trains in Ontario. But without ensuring more people can live close to those transit routes, we’re not getting the best return on those infrastructure investments.

Access to transit is linked to making housing more affordable: when reliable transit options are nearby, people can get to work more easily. They can live further from the centre of the city in less expensive areas without the added cost of car ownership.

The impacts of expanding public transit go far beyond serving riders. These investments also spur economic growth and reduce traffic congestion and emissions. We all pay for the cost of transit spending, and we should all share in the benefits.

If municipalities achieve the right development near transit – a mix of housing at high- and medium-density, office space and retail – this would open the door to better ways of funding the costs. Other cities, like London, UK and Hong Kong, have captured the impacts of increased land value and business activity along new transit routes to help with their financing.

Ontario recently created requirements (residents/hectare) for municipalities to zone for higher density in transit corridors and “major transit station areas”.<sup>[13a] [13b]</sup> These are areas surrounding subway and other rapid transit stations and hubs. However, we heard troubling reports that local opposition is blocking access to these neighbourhoods and to critical public transit stations. City staff, councillors, and the province need to stand up to these tactics and speak up for the Ontarians who need housing.

The Province is also building new highways in the Greater Golden Horseshoe, and it’s important to plan thoughtfully for the communities that will follow from these investments, to make sure they are compact and liveable.



8. Allow “as of right” zoning up to unlimited height and unlimited density in the immediate proximity of individual major transit stations within two years if municipal zoning remains insufficient to meet provincial density targets.
9. Allow “as of right” zoning of six to 11 storeys with no minimum parking requirements on any streets utilized by public transit (including streets on bus and streetcar routes).
10. Designate or rezone as mixed commercial and residential use all land along transit corridors and redesignate all Residential Apartment to mixed commercial and residential zoning in Toronto.
11. Support responsible housing growth on undeveloped land, including outside existing municipal boundaries, by building necessary infrastructure to support higher density housing and complete communities and applying the recommendations of this report to all undeveloped land.

## Start saying “yes in my backyard”

Even where higher density is allowed in theory, the official plans of most cities in Ontario contain conflicting goals like maintaining “prevailing neighbourhood character”. This bias is reinforced by detailed guidance that often follows from the official plan. Although requirements are presented as “guidelines”, they are often treated as rules.

Examples include:

- Angular plane rules that require successively higher floors to be stepped further back, cutting the number of units that can be built by up to half and making many projects uneconomic
- Detailed rules around the shadows a building casts
- Guidelines around finishes, colours and other design details

One resident’s desire to prevent a shadow being cast in their backyard or a local park frequently prevails over concrete proposals to build more housing for multiple families. By-laws and guidelines that preserve “neighbourhood character” often prevent simple renovations to add new suites to existing homes. The people who suffer are mostly young, visible minorities, and marginalized people. It is the perfect

example of a policy that appears neutral on its surface but is discriminatory in its application.<sup>[14]</sup>

Far too much time and money are spent reviewing and holding consultations for large projects which conform with the official plan or zoning by-law and small projects which would cause minimal disruption. The cost of needless delays is passed on to new home buyers and tenants.

Minimum parking requirements for each new unit are another example of outdated municipal requirements that increase the cost of housing and are increasingly less relevant with public transit and ride share services. Minimum parking requirements add as much as \$165,000 to the cost of a new housing unit, even as demand for parking spaces is falling: data from the Residential Construction Council of Ontario shows that in new condo projects, one in three parking stalls goes unsold. We applaud the recent vote by Toronto City Council to scrap most minimum parking requirements. We believe other cities should follow suit.

While true heritage sites are important, heritage preservation has also become a tool to block more housing. For example, some municipalities add thousands of properties at a time to a heritage register because they have “potential” heritage value. Even where a building isn’t heritage designated or registered, neighbours increasingly demand it be as soon as a development is proposed.

This brings us to the role of the “not in my backyard” or NIMBY sentiment in delaying or stopping more homes from being built.



### New housing is often the last priority

A proposed building with market and affordable housing units would have increased the midday shadow by 6.5% on a nearby park at the fall and spring equinox, with no impact during the summer months. To conform to a policy that does not permit “new net shadow on specific parks”, seven floors of housing, including 26 affordable housing units, were sacrificed.

Multiple dry cleaners along a transit route were designated as heritage sites to prevent new housing being built. It is hard not to feel outrage when our laws are being used to prevent families from moving into neighbourhoods and into homes they can afford along transit routes.



## NIMBY versus YIMBY

NIMBYism (not in my backyard) is a large and constant obstacle to providing housing everywhere. Neighbourhood pushback drags out the approval process, pushes up costs and discourages investment in housing. It also keeps out new residents. While building housing is very costly, opposing new housing costs almost nothing.

Unfortunately, there is a strong incentive for individual municipal councillors to fall in behind community opposition – it's existing residents who elect them, not future ones. The outcry of even a handful of constituents (helped by the rise of social media) has been enough, in far too many cases, to persuade their local councillor to vote against development even while admitting its merits in private. There is a sense among some that it's better to let the Ontario Land Tribunal approve the development on appeal, even if it causes long delays and large cost increases, then to take the political heat.

Mayors and councillors across the province are fed up and many have called for limits on public consultations and more “as of right” zoning. In fact, some have created a new term for NIMBYism: BANANAs – Build Absolutely Nothing Anywhere Near Anything, causing one mayor to comment “NIMBYism has gone BANANAs”. We agree. In a growing, thriving society, that approach is not just bad policy, it is exclusionary and wrong.

As a result, technical planning decisions have become politicized. One major city has delegated many decisions to senior staff, but an individual councillor can withdraw the delegation when there is local opposition and force a vote at Council. We heard that this situation is common across the province, creating an electoral incentive for a councillor to delay or stop a housing proposal, or forcing a councillor to pay the electoral cost of supporting it. Approvals of individual housing applications should be the role of professional staff, free from political interference.

The pressure to stop any development is now so intense that it has given rise to a counter-movement – YIMBYism, or “yes in my backyard,” led by millennials who recognize entrenched opposition to change as a huge obstacle to finding a home. They provide a voice at public consultations for young people, new immigrants and refugees, minority groups, and Ontarians struggling to access housing by connecting our ideals to the reality of housing. People who welcome immigrants to Canada should welcome them to the neighbourhood, fighting climate change means supporting higher-density housing, and “keeping the neighbourhood the way it is” means keeping it off-limits. While anti-housing voices can be loud,

a member of More Neighbours Toronto, a YIMBY group that regularly attends public consultations, has said that the most vocal opponents usually don't represent the majority in a neighbourhood. Survey data from the Ontario Real Estate Association backs that up, with almost 80% of Ontarians saying they are in favour of zoning in urban areas that would encourage more homes.

Ontarians want a solution to the housing crisis. We cannot allow opposition and politicization of individual housing projects to prevent us from meeting the needs of all Ontarians.

### **12. Create a more permissive land use, planning, and approvals system:**

- a) Repeal or override municipal policies, zoning, or plans that prioritize the preservation of physical character of neighbourhood
- b) Exempt from site plan approval and public consultation all projects of 10 units or less that conform to the Official Plan and require only minor variances
- c) Establish province-wide zoning standards, or prohibitions, for minimum lot sizes, maximum building setbacks, minimum heights, angular planes, shadow rules, front doors, building depth, landscaping, floor space index, and heritage view cones, and planes; restore pre-2006 site plan exclusions (colour, texture, and type of materials, window details, etc.) to the Planning Act and reduce or eliminate minimum parking requirements; and
- d) Remove any floorplate restrictions to allow larger, more efficient high-density towers.

### **13. Limit municipalities from requesting or hosting additional public meetings beyond those that are required under the Planning Act.**

### **14. Require that public consultations provide digital participation options.**

### **15. Require mandatory delegation of site plan approvals and minor variances to staff or pre-approved qualified third-party technical consultants through a simplified review and approval process, without the ability to withdraw Council's delegation.**

- 16.** Prevent abuse of the heritage preservation and designation process by:
  - a) Prohibiting the use of bulk listing on municipal heritage registers
  - b) Prohibiting reactive heritage designations after a Planning Act development application has been filed
- 17.** Requiring municipalities to compensate property owners for loss of property value as a result of heritage designations, based on the principle of best economic use of land.
- 18.** Restore the right of developers to appeal Official Plans and Municipal Comprehensive Reviews.

We have heard mixed feedback on Committees of Adjustment. While they are seen to be working well in some cities, in others they are seen to simply add another lengthy step in the process. We would urge the government to first implement our recommendation to delegate minor variances and site plan approvals to municipal staff and then assess whether Committees of Adjustment are necessary and an improvement over staff-level decision making.

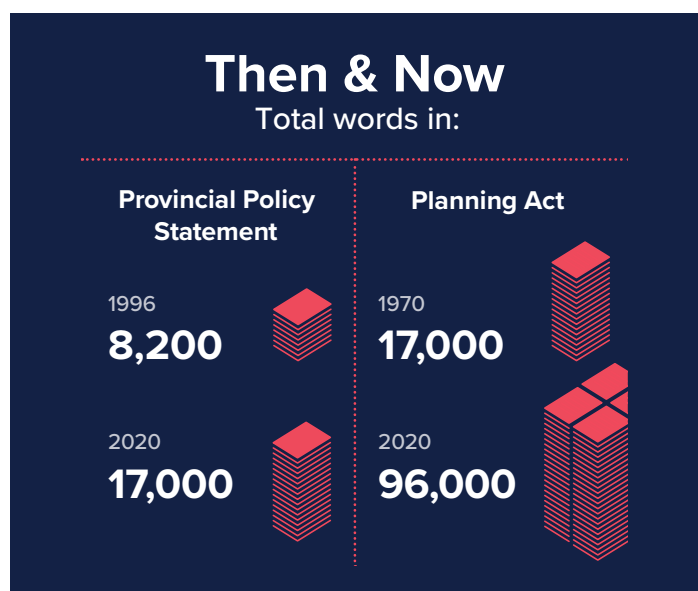
# Cut the red tape so we can build faster and reduce costs

One of the strongest signs that our approval process is not working: of 35 OECD countries, only the Slovak Republic takes longer than Canada to approve a building project. The UK and the US approve projects three times faster without sacrificing quality or safety. And they save home buyers and tenants money as a result, making housing more affordable.<sup>[15]</sup>

A 2020 survey of development approval times in 23 Canadian cities shows Ontario seriously lagging: Hamilton (15th), Toronto (17th), Ottawa (21st) with approval times averaging between 20-24 months. These timelines do not include building permits, which take about two years for an apartment building in Toronto. Nor did they count the time it takes for undeveloped land to be designated for housing, which the study notes can take five to ten years.<sup>[16]</sup>

Despite the good intentions of many people involved in the approvals and home-building process, decades of dysfunction in the system and needless bureaucracy have made it too difficult for housing approvals to keep up with the needs of Ontarians. There appear to be numerous reasons why Ontario performs so poorly against other Canadian cities and the rest of the developed world. We believe that the major problems can be summed up as:

- Too much complexity in the planning process, with the page count in legislation, regulation, policies, plans, and by-laws growing every year
- Too many studies, guidelines, meetings and other requirements of the type we outlined in the previous section, including many that go well beyond the scope of Ontario's Planning Act
- Reviews within municipalities and with outside agencies that are piecemeal, duplicative (although often with conflicting outcomes) and poorly coordinated
- Process flaws that include reliance on paper
- Some provincial policies that are more relevant to urban development but result in burdensome, irrelevant requirements when applied in some rural and northern communities.



All of this has contributed to widespread failure on the part of municipalities to meet required timelines. The provincial Planning Act sets out deadlines of 90 days for decisions on zoning by-law amendments, 120 days for plans of subdivision, and 30 days for site plan approval, but municipalities routinely miss these without penalty. For other processes, like site plan approval or provincial approvals, there are no timelines and delays drag on. The cost of delay falls on the ultimate homeowner or tenant.

The consequences for homeowners and renters are enormous. Ultimately, whatever cost a builder pays gets passed on to the buyer or renter. As one person said: "Process is the biggest project killer in Toronto because developers have to carry timeline risk."

Site plan control was often brought up as a frustration. Under the Planning Act, this is meant to be a technical review of the external features of a building. In practice, municipalities often expand on what is required and take too long to respond.

**Then:** In 1966, a draft plan of subdivision in a town in southwestern Ontario to provide 529 low-rise and mid-rise housing units, a school site, a shopping centre and parks was approved by way of a two-page letter setting out 10 conditions. It took seven months to clear conditions for final approval.

**And now:** In 2013, a builder started the approval process to build on a piece of serviced residential land in a seasonal resort town. Over the next seven years, 18 professional consultant reports were required, culminating in draft plan approval containing 50 clearance conditions. The second approval, issued by the Local Planning Appeals Board in 2020, ran to 23 pages. The developer estimates it will be almost 10 years before final approval is received.

An Ontario Association of Architects study calculating the cost of delays between site plan application and approval concluded that for a 100-unit condominium apartment building, each additional month of delay costs the applicant an estimated \$193,000, or \$1,930 a month for each unit.<sup>[17]</sup>

A 2020 study done for the Building Industry and Land Development Association (BILD) looked at impacts of delay on low-rise construction, including single-detached homes. It estimated that every month an approval is delayed adds, on average, \$1.46 per square foot to the cost of a single home. A two-year delay, which is not unusual for this housing type, adds more than \$70,000 to the cost of a 2,000-square-foot house in the GTA.<sup>[16]</sup>

Getting rid of so much unnecessary and unproductive additional work would significantly reduce the burden on staff.<sup>[16b]</sup> It would help address the widespread shortages of planners and building officials. It would also bring a stronger sense among municipal staff that they are part of the housing solution and can take pride in helping cut approval times and lower the costs of delivering homes.

### **Adopt common sense approaches that save construction costs**

Wood using “mass timber” – an engineer compressed wood, made for strength and weight-bearing – can provide a lower-cost alternative to reinforced concrete in many mid-rise projects, but Ontario’s Building Code is hampering its use. Building taller with wood offers advantages beyond cost:

- Wood is a renewable resource that naturally sequesters carbon, helping us reach our climate change goals

- Using wood supports Ontario’s forestry sector and creates jobs, including for Indigenous people

British Columbia’s and Quebec’s building codes allow woodframe construction up to 12 storeys, but Ontario limits it to six. By amending the Building Code to allow 12-storey woodframe construction, Ontario would encourage increased use of forestry products and reduce building costs.

Finally, we were told that a shift in how builders are required to guarantee their performance would free up billions of dollars to build more housing. Pay on demand surety bonds are a much less onerous option than letters of credit, and are already accepted in Hamilton, Pickering, Innisfil, Whitchurch-Stouffville and other Ontario municipalities. We outline the technical details in [Appendix D](#).

19. Legislate timelines at each stage of the provincial and municipal review process, including site plan, minor variance, and provincial reviews, and deem an application approved if the legislated response time is exceeded.
20. Fund the creation of “approvals facilitators” with the authority to quickly resolve conflicts among municipal and/or provincial authorities and ensure timelines are met.
21. Require a pre-consultation with all relevant parties at which the municipality sets out a binding list that defines what constitutes a complete application; confirms the number of consultations established in the previous recommendations; and clarifies that if a member of a regulated profession such as a professional engineer has stamped an application, the municipality has no liability and no additional stamp is needed.
22. Simplify planning legislation and policy documents.
23. Create a common, province-wide definition of plan of subdivision and standard set of conditions which clarify which may be included; require the use of standard province-wide legal agreements and, where feasible, plans of subdivision.
24. Allow wood construction of up to 12 storeys.
25. Require municipalities to provide the option of pay on demand surety bonds and letters of credit.

## Prevent abuse of the appeal process

Part of the challenge with housing approvals is that, by the time a project has been appealed to the Ontario Land Tribunal (the Tribunal), it has usually already faced delay and compromises have been made to reduce the size and scope of the proposal. When an approved project is appealed, the appellant – which could just be a single individual – may pay \$400 and tie up new housing for years.

The most recent published report showed 1,300 unresolved cases.<sup>[18]</sup> While under-resourcing does contribute to delays, this caseload also reflects the low barrier to launching an appeal and the minimal risks if an appeal is unsuccessful:

- After a builder has spent time and money to ensure a proposal conforms with a municipality's requirements, the municipal council can still reject it – even if its own planning staff has given its support. Very often this is to appease local opponents.
- Unlike a court, costs are not automatically awarded to the successful party at the Tribunal. The winning side must bring a motion and prove that the party bringing the appeal was unreasonable, clearly trying to delay the project, and/or being vexatious or frivolous. Because the bar is set so high, the winning side seldom asks for costs in residential cases.

This has resulted in abuse of the Tribunal to delay new housing. Throughout our consultations, we heard from municipalities, not-for-profits, and developers that affordable housing was a particular target for appeals which, even if unsuccessful, can make projects too costly to build.

Clearly the Tribunal needs more resources to clear its backlog. But the bigger issue is the need for so many appeals: we believe it would better to have well-defined goals and rules for municipalities and builders to avoid this costly and time-consuming quasi-judicial process. Those who bring appeals aimed at stopping development that meets established criteria should pay the legal costs of the successful party and face the risk of a larger project being approved.

The solution is not more appeals, it's fixing the system. We have proposed a series of reforms that would ensure only meritorious appeals proceeded, that every participant faces some risk and cost of losing, and that abuse of the Tribunal will be penalized. We believe that if Ontario accepts our recommendations, the Tribunal will not face the same volume of appeals. But getting to that point will take time, and the Tribunal needs more resources and better tools now.

Recommendation 1 will provide legislative direction to adjudicators that they must prioritize housing growth and intensification over competing priorities contained in provincial and municipal policies. We further recommend the following:

- 26.** Require appellants to promptly seek permission ("leave to appeal") of the Tribunal and demonstrate that an appeal has merit, relying on evidence and expert reports, before it is accepted.
- 27.** Prevent abuse of process:
  - a) Remove right of appeal for projects with at least 30% affordable housing in which units are guaranteed affordable for at least 40 years.
  - b) Require a \$10,000 filing fee for third-party appeals.
  - c) Provide discretion to adjudicators to award full costs to the successful party in any appeal brought by a third party or by a municipality where its council has overridden a recommended staff approval.
- 28.** Encourage greater use of oral decisions issued the day of the hearing, with written reasons to follow, and allow those decisions to become binding the day that they are issued.
- 29.** Where it is found that a municipality has refused an application simply to avoid a deemed approval for lack of decision, allow the Tribunal to award punitive damages.
- 30.** Provide funding to increase staffing (adjudicators and case managers), provide market-competitive salaries, outsource more matters to mediators, and set shorter time targets.
- 31.** In clearing the existing backlog, encourage the Tribunal to prioritize projects close to the finish line that will support housing growth and intensification, as well as regional water or utility infrastructure decisions that will unlock significant housing capacity.

# Reduce the costs to build, buy and rent

The price you pay to buy or rent a home is driven directly by how much it costs to build a home. In Ontario, costs to build homes have dramatically increased at an unprecedented pace over the past decade. In most of our cities and towns, materials and labour only account for about half of the costs. The rest comes from land, which we have addressed in the previous section, and government fees.

A careful balance is required on government fees because, as much as we would like to see them lowered, governments need revenues from fees and taxes to build critically needed infrastructure and pay for all the other services that make Ontario work. So, it is a question of balance and of ensuring that our approach to government fees encourages rather than discourages developers to build the full range of housing we need in our Ontario communities.

## Align government fees and charges with the goal of building more housing

### Improve the municipal funding model

Housing requires more than just the land it is built on. It requires roads, sewers, parks, utilities and other infrastructure. The provincial government provides municipalities with a way to secure funding for this infrastructure through development charges, community benefit charges and parkland dedication (providing 5% of land for public parks or the cash equivalent).

These charges are founded on the belief that growth – not current taxpayers – should pay for growth. As a concept, it is compelling. In practice, it means that new home buyers pay the entire cost of sewers, parks, affordable housing, or colleges that will be around for generations and may not be located in their neighbourhood. And, although building

affordable housing is a societal responsibility, because affordable units pay all the same charges as a market unit, the cost is passed to new home buyers in the same building or the not-for-profit organization supporting the project. We do not believe that government fees should create a disincentive to affordable housing.

If you ask any developer of homes – whether they are for-profit or non-profit – they will tell you that development charges are a special pain point. In Ontario, they can be as much as \$135,000 per home. In some municipalities, development charges have increased as much as 900% in less than 20 years.<sup>[20]</sup> As development charges go up, the prices of homes go up. And development charges on a modest semi-detached home are the same as on a luxury 6,000 square foot home, resulting in a disincentive to build housing that is more affordable. Timing is also a challenge as development charges have to be paid up front, before a shovel even goes into the ground.

To help relieve the pressure, the Ontario government passed recent legislation allowing builders to determine development charges earlier in the building process. But they must pay interest on the assessed development charge to the municipality until a building permit is issued, and there is no cap on the rate, which in one major city is 13% annually.

Cash payments to satisfy parkland dedication also significantly boost the costs of higher-density projects, adding on average \$17,000 to the cost of a high-rise condo across the GTA.<sup>[21]</sup> We heard concerns not just about the amount of cash collected, but also about the money not being spent in the neighbourhood or possibly not being spent on parks at all. As an example, in 2019 the City of Toronto held \$644 million in parkland cash-in-lieu payments.<sup>[22]</sup> Everyone can agree that we need to invest in parks as our communities grow, but if the funds are not being spent, perhaps it means that more money is being collected for parklands than is needed and we could lower the cost of housing if we adjusted these parkland fees.



A 2019 study carried out for BILD showed that in the Greater Toronto Area, development charges for low-rise housing are on average more than three times higher per unit than in six comparable US metropolitan areas, and roughly 1.75-times higher than in the other Canadian cities.

For high-rise developments the average per unit charges in the GTA are roughly 50% higher than in the US areas, and roughly 30% higher than in the other Canadian urban areas.<sup>[19]</sup>



## Modernizing HST Thresholds

Harmonized sales tax (HST) applies to all new housing – including purpose-built rental. Today, the federal component is 5% and provincial component is 8%. The federal and provincial government provide a partial HST rebate. Two decades ago, the maximum home price eligible for a rebate was set at \$450,000 federally and \$400,000 provincially, resulting in a maximum rebate of \$6,300 federally and \$24,000 provincially, less than half of today’s average home price. Buyers of new homes above this ceiling face a significant clawback. Indexing the rebate would immediately reduce the cost of building new homes, savings that can be passed on to Ontarians. When both levels of government agree that we are facing a housing crisis, they should not be adding over 10% to the cost of almost all new homes.

- 32.** Waive development charges and parkland cash-in-lieu and charge only modest connection fees for all infill residential projects up to 10 units or for any development where no new material infrastructure will be required.
- 33.** Waive development charges on all forms of affordable housing guaranteed to be affordable for 40 years.
- 34.** Prohibit interest rates on development charges higher than a municipality’s borrowing rate.
- 35.** Regarding cash in lieu of parkland, s.37, Community Benefit Charges, and development charges:
  - a) Provincial review of reserve levels, collections and drawdowns annually to ensure funds are being used in a timely fashion and for the intended purpose, and, where review points to a significant concern, do not allow further collection until the situation has been corrected.
  - b) Except where allocated towards municipality-wide infrastructure projects, require municipalities to spend funds in the neighbourhoods where they were collected. However, where there’s a significant community need in a priority area of the City, allow for specific ward-to-ward allocation of unspent and unallocated reserves.
- 36.** Recommend that the federal government and provincial governments update HST rebate to reflect current home prices and begin indexing the thresholds to housing prices, and that the federal government match the provincial 75% rebate and remove any clawback.

Government charges on a new single-detached home averaged roughly \$186,300, or almost 22% of the price, across six municipalities in southcentral Ontario. For a new condominium apartment, the average was almost \$123,000, or roughly 24% of a unit’s price.

## Make it easier to build rental

In cities and towns across Ontario, it is increasingly hard to find a vacant rental unit, let alone a vacant rental unit at an affordable price. Today, 66% of all purpose-built rental units in the City of Toronto were built between 1960 and 1979. Less than 15% of Toronto’s purpose-built rentals were constructed over the ensuing 40 years in spite of the significant population growth during that time. In fact, between 2006 and 2016, growth in condo apartments increased by 186% while purpose-built rental only grew by 0.6%.<sup>[12]</sup> In 2018, the Ontario government introduced positive changes that have created growth in purpose-built rental units – with last year seeing 18,000 units under construction and 93,000 proposed against a 5-year average prior to 2020 of 3,400 annually.<sup>[23]</sup>

Long-term renters often now feel trapped in apartments that don’t make sense for them as their needs change. And because they can’t or don’t want to move up the housing ladder, many of the people coming up behind them who would gladly take those apartments are instead living in crowded spaces with family members or roommates. Others feel forced to commit to rental units at prices way beyond what they can afford. Others are trying their luck in getting on the wait list for an affordable unit or housing co-op – wait lists that are years long. Others are leaving Ontario altogether.

# 66%

of all purpose-built rental units  
in the City of Toronto were  
built between **1960** and **1979**.



A pattern in every community, and particularly large cities, is that the apartments and rented rooms that we do have are disappearing. Apartment buildings are being converted to condos or upgraded to much more expensive rental units. Duplexes get purchased and turned into larger single-family homes.

A major challenge in bridging the gap of rental supply is that, more often than not, purpose-built rental projects don't make economic sense for builders and investors. Ironically, there is no shortage of Canadian investor capital seeking housing investments, particularly large pension funds – but the economics of investing in purpose-built rental in Ontario just don't make sense. So, investments get made in apartment projects in other provinces or countries, or in condo projects that have a better and safer return-on-investment. What can governments do to get that investor capital pointed in the right direction so we can create jobs and get more of the housing we need built?

Some of our earlier recommendations will help, particularly indexing the HST rebate. So will actions by government to require purpose-built rental on surplus government land that is made available for sale. [\(Appendix C\)](#)

Municipal property taxes on purpose-built rental can be as much as 2.5 times greater than property taxes for condominium or other ownership housing.<sup>[24]</sup> The Task Force recommends:

**37. Align property taxes for purpose-built rental with those of condos and low-rise homes.**

**Make homeownership possible for hardworking Ontarians who want it**

Home ownership has always been part of the Canadian dream. You don't have to look far back to find a time when the housing landscape was very different. The norm was for young people to rent an apartment in their twenties, work hard and save for a down payment, then buy their first home in their late twenties or early thirties. It was the same for many new Canadians: arrive, rent, work hard and buy. The house might be modest, but it brought a sense of ownership, stability and security. And after that first step onto the ownership ladder, there was always the possibility of selling and moving up. Home ownership felt like a real possibility for anyone who wanted it.

That's not how it works now. Too many young people who would like their own place are living with one or both parents well into adulthood.

The escalation of housing prices over the last decade has put the dream of homeownership out of reach of a growing number of aspiring first-time home buyers. While 73% of Canadians are homeowners, that drops to 48% for Black people, 47% for LGBTQ people<sup>[5]</sup> (StatsCan is studying rates for other populations, including Indigenous People who are severely underhoused). This is also an issue for younger adults: a 2021 study showed only 24% of Torontonians aged 30 to 39 are homeowners.<sup>[25]</sup>

In Canada, responsibility for Indigenous housing programs has historically been a shared between the federal and provincial governments. The federal government works closely with its provincial and territorial counterparts to improve access to housing for Indigenous peoples both on and off reserve. More than 85% of Indigenous people live in urban and rural areas, are 11 times more likely to experience homelessness and have incidence of housing need that is 52% greater than all Canadians. The Murdered and Missing Indigenous Women and Girls report mentions housing 299 times – the lack of which being a significant, contributing cause to violence and the provision of which as a significant, contributing solution. The Province of Ontario has made significant investments in Urban Indigenous Housing, but we need the Federal Government to re-engage as an active partner.

While measures to address supply will have an impact on housing prices, many aspiring homeowners will continue to face a gap that is simply too great to bridge through traditional methods.

The Task Force recognizes the need for caution about measures that would spur demand for housing before the supply bottleneck is fixed. At the same time, a growing number of organizations – both non-profit and for-profit are proposing a range of unique home equity models. Some of these organizations are aiming at households who have sufficient income to pay the mortgage but lack a sufficient down payment. Others are aiming at households who fall short in both income and down payment requirements for current market housing.



The Task Force heard about a range of models to help aspiring first-time home buyers, including:

- Shared equity models with a government, non-profit or for-profit lender holding a second “shared equity mortgage” payable at time of sale of the home
- Land lease models that allow residents to own their home but lease the land, reducing costs
- Rent-to-own approaches in which a portion of an occupant’s rent is used to build equity, which can be used as a down payment on their current unit or another market unit in the future
- Models where the equity gain is shared between the homeowner and the non-profit provider, such that the non-profit will always be able to buy the home back and sell it to another qualified buyer, thus retaining the home’s affordability from one homeowner to the next.

Proponents of these models identified barriers that thwart progress in implementing new solutions.

- The Planning Act limits land leases to a maximum of 21 years. This provision prevents home buyers from accessing the same type of mortgages from a bank or credit union that are available to them when they buy through traditional homeownership.
- The Perpetuities Act has a similar 21-year limit on any options placed on land. This limits innovative non-profit models from using equity formulas for re-sale and repurchase of homes.
- Land Transfer Tax (LTT) is charged each time a home is sold and is collected by the province; and in Toronto, this tax is also collected by the City. This creates a double-tax in rent-to-own/equity building models where LTT ends up being paid first by the home equity organization and then by the occupant when they are able to buy the unit.
- HST is charged based on the market value of the home. In shared equity models where the homeowner neither owns nor gains from the shared equity portion of their home, HST on the shared equity portion of the home simply reduces affordability.
- Residential mortgages are highly regulated by the federal government and reflective of traditional homeownership. Modifications in regulations may be required to adapt to new co-ownership and other models.

The Task Force encourages the Ontario government to devote further attention to avenues to support new homeownership options. As a starting point, the Task Force offers the following recommendations:

- 38.** Amend the Planning Act and Perpetuities Act to extend the maximum period for land leases and restrictive covenants on land to 40 or more years.
- 39.** Eliminate or reduce tax disincentives to housing growth.
- 40.** Call on the Federal Government to implement an Urban, Rural and Northern Indigenous Housing Strategy.
- 41.** Funding for pilot projects that create innovative pathways to homeownership, for Black, Indigenous, and marginalized people and first-generation homeowners.
- 42.** Provide provincial and federal loan guarantees for purpose-built rental, affordable rental and affordable ownership projects.

# Support and incentivize scaling up housing supply

Our goal of building 1.5 million homes in ten years means doubling how many homes Ontario creates each year. As much as the Task Force’s recommendations will remove barriers to realizing this ambitious goal, we also need to ensure we have the capacity across Ontario’s communities to deliver this new housing supply. This includes capacity of our housing infrastructure, capacity within our municipal planning teams, and boots on the ground with the skills to build new homes.

There is much to be done and the price of failure for the people of Ontario is high. This is why the provincial government must make an unwavering commitment to keeping the spotlight on housing supply. This is also why the province must be dogged in its determination to galvanize and align efforts and incentives across all levels of government so that working together, we all can get the job done.

Our final set of recommendations turns to these issues of capacity to deliver, and the role the provincial government can play in putting the incentives and alignment in place to achieve the 1.5 million home goal.

## Invest in municipal infrastructure

### Housing can’t get built without water, sewage, and other infrastructure

When the Task Force met with municipal leaders, they emphasized how much future housing supply relies on having the water, storm water and wastewater systems, roads, sidewalks, fire stations, and all the other parts of community infrastructure to support new homes and new residents.

Infrastructure is essential where housing is being built for the first time. And, it can be a factor in intensification when added density exceeds the capacity of existing infrastructure, one of the reasons we urge new infrastructure in new developments to be designed for future capacity. In Ontario, there are multiple municipalities where the number one barrier to approving new housing projects is a lack of infrastructure to support them.

Municipalities face a myriad of challenges in getting this infrastructure in place. Often, infrastructure investments are required long before new projects are approved and funding must be secured. Notwithstanding the burden development charges place on the price of new housing, most municipalities report that development charges are still not enough to fully cover the costs of building new infrastructure and retrofitting existing infrastructure in neighbourhoods that are intensifying. Often infrastructure crosses municipal boundaries creating complicated and time-consuming “who pays?” questions. Municipal leaders also shared their frustrations with situations where new housing projects are approved and water, sewage and other infrastructure capacity is allocated to the project – only to have the developer land bank the project and put off building. Environmental considerations with new infrastructure add further cost and complexity. The Task Force recommends:

- 43.** Enable municipalities, subject to adverse external economic events, to withdraw infrastructure allocations from any permitted projects where construction has not been initiated within three years of build permits being issued.

**44.** Work with municipalities to develop and implement a municipal services corporation utility model for water and wastewater under which the municipal corporation would borrow and amortize costs among customers instead of using development charges.

## Create the Labour Force to meet the housing supply need

### The labour force is shrinking in many segments of the market

You can't start to build housing without infrastructure. You can't build it without people – skilled trades people in every community who can build the homes we need.

The concern that we are already facing a shortage in skilled trades came through loud and clear in our consultations. We heard from many sources that our education system funnels young people to university rather than colleges or apprenticeships and creates the perception that careers in the skilled trades are of less value. Unions and builders are working to fill the pipeline domestically and recruit internationally, but mass retirements are making it challenging to maintain the workforce at its current level, let alone increase it.

Increased economic immigration could ease this bottleneck, but it appears difficult for a skilled labourer with no Canadian work experience to qualify under Ontario's rules. Moreover, Canada's immigration policies also favour university education over skills our economy and society desperately need. We ought to be welcoming immigrants with the skills needed to build roads and houses that will accommodate our growing population.

The shortage may be less acute, however, among smaller developers and contractors that could renovate and build new "missing middle" homes arising from the changes in neighbourhood zoning described earlier. These smaller companies tap into a different workforce from the one needed to build high rises and new subdivisions. Nonetheless, 1.5 million more homes will require a major investment in attracting and developing the skilled trades workforce to deliver this critically needed housing supply. We recommend:

- 45.** Improve funding for colleges, trade schools, and apprenticeships; encourage and incentivize municipalities, unions and employers to provide more on-the-job training.
- 46.** Undertake multi-stakeholder education program to promote skilled trades.
- 47.** Recommend that the federal and provincial government prioritize skilled trades and adjust the immigration points system to strongly favour needed trades and expedite immigration status for these workers, and encourage the federal government to increase from 9,000 to 20,000 the number of immigrants admitted through Ontario's program.

## Create a large Ontario Housing Delivery Fund to align efforts and incent new housing supply

### Build alignment between governments to enable builders to deliver more homes than ever before

All levels of government play a role in housing.

The federal government sets immigration policy, which has a major impact on population growth and many tax policies. The province sets the framework for planning, approvals, and growth that municipalities rely upon, and is responsible for many other areas that touch on housing supply, like investing in highways and transit, training workers, the building code and protecting the environment. Municipalities are on the front lines, expected to translate the impacts of federal immigration policy, provincial guidance and other factors, some very localized, into official plans and the overall process through which homes are approved to be built.

The efficiency with which home builders can build, whether for-profit or non-profit, is influenced by policies and decisions at every level of government. In turn, how many home developers can deliver, and at what cost, translates directly into the availability of homes that Ontarians can afford.

Collectively, governments have not been sufficiently aligned in their efforts to provide the frameworks and incentives that meet the broad spectrum of housing needs in Ontario. Much action, though, has been taken in recent years.

- The Ontario government has taken several steps to make it easier to build additional suites in your own home: reduced disincentives to building rental housing, improved the appeal process, focused on density around transit stations, made upfront development charges more predictable, and provided options for municipalities to create community benefits through development.
- The federal government has launched the National Housing Strategy and committed over \$70 billion in funding.<sup>[26]</sup> Most recently, it has announced a \$4 billion Housing Accelerator Fund aimed at helping municipalities remove barriers to building housing more quickly.<sup>[27]</sup>
- Municipalities have been looking at ways to change outdated processes, rules, and ways of thinking that create delays and increases costs of delivering homes. Several municipalities have taken initial steps towards eliminating exclusionary zoning and addressing other barriers described in this report.

All governments agree that we are facing a housing crisis. Now we must turn the sense of urgency into action and alignment across governments.

### **Mirror policy changes with financial incentives aligned across governments**

The policy recommendations in this report will go a long way to align efforts and position builders to deliver more homes.

Having the capacity in our communities to build these homes will take more than policy. It will take money. Rewarding municipalities that meet housing growth and approval timelines will help them to invest in system upgrades, hire additional staff, and invest in their communities. Similarly, municipalities that resist new housing, succumb to NIMBY pressure, and close off their neighbourhoods should see funding reductions. Fixing the housing crisis is a societal responsibility, and our limited tax dollars should be directed to those municipalities making the difficult but necessary choices to grow housing supply.

In late January 2022, the provincial government announced \$45 million for a new *Streamline Development Approval Fund* to “unlock housing supply by cutting red tape and improving processes for residential and industrial developments”.<sup>[28]</sup> This is encouraging. More is needed.

Ontario should also receive its fair share of federal funding but today faces a shortfall of almost \$500 million,<sup>[29]</sup> despite two thirds of the Canadian housing shortage being in Ontario. We call on the federal government to address this funding gap.

**48.** The Ontario government should establish a large “Ontario Housing Delivery Fund” and encourage the federal government to match funding. This fund should reward:

- a) Annual housing growth that meets or exceeds provincial targets
- b) Reductions in total approval times for new housing
- c) The speedy removal of exclusionary zoning practices

**49.** Reductions in funding to municipalities that fail to meet provincial housing growth and approval timeline targets.

We believe that the province should consider partial grants to subsidize municipalities that waive development charges for affordable housing and for purpose-built rental.

## **Sustain focus, measure, monitor, improve**

### **Digitize and modernize the approvals and planning process**

Some large municipalities have moved to electronic tracking of development applications and/or electronic building permits (“e-permits”) and report promising results, but there is no consistency and many smaller places don’t have the capacity to make the change.

Municipalities, the provincial government and agencies use different systems to collect data and information relevant to housing approvals, which slows down processes and leaves much of the “big picture” blank. This could be addressed by ensuring uniform data architecture standards.

### **Improve the quality of our housing data to inform decision making**

Having accurate data is key to understanding any challenge and making the best decisions in response. The Task Force heard from multiple housing experts that we are not always using the best data, and we do not always have the data we need.

Having good population forecasts is essential in each municipality as they develop plans to meet future land and housing needs. Yet, we heard many concerns about inconsistent approaches to population forecasts. In the Greater Golden Horseshoe, the forecast provided to municipalities by the province is updated only when the Growth Plan is updated, generally every seven years; but federal immigration policy, which is a key driver of growth, changes much more frequently. The provincial Ministry of Finance produces a population forecast on a more regular basis than the Growth Plan, but these are not used consistently across municipalities or even by other provincial ministries.

Population forecasts get translated into housing need in different ways across the province, and there is a lack of data about how (or whether) the need will be met. Others pointed to the inconsistent availability of land inventories. Another challenge is the lack of information on how much land is permitted and how much housing is actually getting built once permitted, and how fast. The Task Force also heard that, although the Provincial Policy Statement requires municipalities to maintain a three-year supply of short-term (build-ready) land and report it each year to the province, many municipalities are not meeting that requirement.<sup>[30]</sup>

At a provincial and municipal level, we need better data on the housing we have today, housing needed to close the gap, consistent projections of what we need in the future, and data on how we are doing at keeping up. Improved data will help anticipate local and provincial supply bottlenecks and constraints, making it easier to determine the appropriate level and degree of response.

It will also be important to have better data to assess how much new housing stock is becoming available to groups that have been disproportionately excluded from home ownership and rental housing.

### **Put eyes on the crisis and change the conversation around housing**

Ours is not the first attempt to “fix the housing system”. There have been efforts for years to tackle increasing housing prices and find solutions so everyone in Ontario can find and afford the housing they need. This time must be different.

The recommendations in this report must receive sustained attention, results must be monitored, significant financial investment by all levels of government must be made. And, the people of Ontario must embrace a housing landscape in which the housing needs of tomorrow’s citizens and those who have been left behind are given equal weight to the housing advantages of those who are already well established in homes that they own.

- 50. Fund the adoption of consistent municipal e-permitting systems and encourage the federal government to match funding. Fund the development of common data architecture standards across municipalities and provincial agencies and require municipalities to provide their zoning bylaws with open data standards. Set an implementation goal of 2025 and make funding conditional on established targets.**
- 51. Require municipalities and the provincial government to use the Ministry of Finance population projections as the basis for housing need analysis and related land use requirements.**
- 52. Resume reporting on housing data and require consistent municipal reporting, enforcing compliance as a requirement for accessing programs under the Ontario Housing Delivery Fund.**
- 53. Report each year at the municipal and provincial level on any gap between demand and supply by housing type and location, and make underlying data freely available to the public.**
- 54. Empower the Deputy Minister of Municipal Affairs and Housing to lead an all-of-government committee, including key provincial ministries and agencies, that meets weekly to ensure our remaining recommendations and any other productive ideas are implemented.**
- 55. Commit to evaluate these recommendations for the next three years with public reporting on progress.**

# Conclusion

We have set a bold goal for Ontario: building 1.5 million homes in the next 10 years.

We believe this can be done. What struck us was that everyone we talked to – builders, housing advocates, elected officials, planners – understands the need to act now. As one long-time industry participant said, “for the first time in memory, everyone is aligned, and we need to take advantage of that.”

Such unity of purpose is rare, but powerful.

To leverage that power, we offer solutions that are bold but workable, backed by evidence, and that position Ontario for the future.

Our recommendations focus on ramping up the supply of housing. Measures are already in place to try to cool demand, but they will not fill Ontario’s housing need. More supply is key. Building more homes will reduce the competition for our scarce supply of homes and will give Ontarians more housing choices. It will improve housing affordability across the board.

Everyone wants more Ontarians to have housing. So let’s get to work to build more housing in Ontario.

## APPENDIX A:

# Biographies of Task Force Members

**Lalit Aggarwal** is President of Manor Park Holdings, a real estate development and operating company active in Eastern Ontario. Previously, Lalit was an investor for institutional fund management firms, such as H.I.G. European Capital Partners, Soros Fund Management, and Goldman Sachs. He is a past fellow of the C.D. Howe Institute and a former Director of both Bridgepoint Health and the Centre for the Commercialization of Regenerative Medicine. Lalit holds degrees from the University of Oxford and the University of Pennsylvania. He is also a current Director of the Hospital for Sick Children Foundation, the Sterling Hall School and the Chair of the Alcohol & Gaming Commission of Ontario.

**David Amborski** is a professional Urban Planner, Professor at Ryerson University's School of Urban and Regional Planning and the founding Director of the Centre for Urban Research and Land Development (CUR). His research and consulting work explore topics where urban planning interfaces with economics, including land and housing markets. He is an academic advisor to the National Executive Forum on Public Property, and he is a member of Lambda Alpha (Honorary Land Economics Society). He has undertaken consulting for the Federal, Provincial and a range of municipal governments. Internationally, he has undertaken work for the Canadian International Development Agency (CIDA), the World Bank, the Inter-American Development Bank, the Lincoln Institute of Land Policy, and several other organizations in Eastern Europe, Latin America, South Africa, and Asia. He also serves on the editorial boards of several international academic journals.

**Andrew Garrett** is a real estate executive responsible for growing IMCO's \$11+ Billion Global Real Estate portfolio to secure public pensions and insurance for Ontario families. IMCO is the only Ontario fund manager purpose built to onboard public clients such as pensions, insurance, municipal reserve funds, and endowments. Andrew has significant non-profit sector experience founding a B Corp certified social enterprise called WeBuild to help incubate social purpose real estate projects. He currently volunteers on non-profit boards supporting social purpose real estate projects, youth programs and the visual arts at Art Gallery

of Ontario. Andrew sits on board advisory committees for private equity firms and holds a Global Executive MBA from Kellogg School Management and a Real Estate Development Certification from MIT Centre for Real Estate.

**Tim Hudak** is the CEO of the Ontario Real Estate Association (OREA). With a passion and voice for championing the dream of home ownership, Tim came to OREA following a distinguished 21-year career in politics, including five years as Leader of the Progressive Conservative Party of Ontario.

In his role, Tim has focused on transforming OREA into Ontario's most cutting-edge professional association at the forefront of advocacy on behalf of REALTORS® and consumers, and providing world-class conferences, standard forms, leadership training and professional guidance to its Members. As part of his work at OREA, Tim was named one of the most powerful people in North American residential real estate by Swanepoel Power 200 for the last five years. Tim is married to Deb Hutton, and together they have two daughters, Miller and Maitland. In his spare time, Tim enjoys trails less taken on his mountain bike or hiking shoes as well as grilling outdoors.

**Jake Lawrence** was appointed Chief Executive Officer and Group Head, Global Banking and Markets in January 2021. In this role, Jake is responsible for the Bank's Global Banking and Markets business line and strategy across its global footprint. Jake joined Scotiabank in 2002 and has held progressively senior roles in Finance, Group Treasury and Global Banking and Markets. From December 2018 to January 2021, Jake was Co-Group Head of Global Banking and Markets with specific responsibility for its Capital Markets businesses, focused on building alignment across product groups and priority markets to best serve our clients throughout our global footprint. Previously, Jake was Executive Vice President and Head of Global Banking and Markets in the U.S., providing overall strategic direction and execution of Scotiabank's U.S. businesses. Prior to moving into GBM, Jake served as Senior Vice President and Deputy Treasurer, responsible for Scotiabank's wholesale funding activities and liquidity management as well as Senior Vice President, Investor Relations.



**Julie Di Lorenzo** (GPLLM, University of Toronto 2020), is self-employed since 1982, operates one of the largest female-run Real Estate Development Companies in North America. She was instrumental in the Daniel Burnham award-winning Ontario Growth Management Plan (2004) as President of BILD. Julie served as the first female-owner President of GTHBA (BILD) and on the boards of the Ontario Science Centre, Harbourfront Toronto, Tarion (ONHWP), St. Michael's Hospital, NEXT36, Waterfront Toronto, Chair of IREC Committee WT, Havergal College (Co-Chair of Facilities), York School (interim Vice-Chair), and Canadian Civil Liberties Association Board. Julie has served various governments in advisory capacity on Women's issues, Economic Development, Innovation and Entrepreneurship. Awards include Lifetime Achievement BILD 2017, ICCO Business Excellence 2005 & ICCO Businesswoman of the Year 2021.

**Justin Marchand** (CIHCM, CPA, CMA, BComm) is Métis and was appointed Chief Executive Officer of Ontario Aboriginal Housing Services (OAHS) in 2018. Justin has over 20 years of progressive experience in a broad range of sectors, including two publicly listed corporations, a large accounting and consulting firm, and a major crown corporation, and holds numerous designations across financial, operations, and housing disciplines. He was most recently selected as Chair of the Canadian Housing and Renewal Association's (CHRA's) Indigenous Caucus Working Group and is also board member for CHRA. Justin is also an active board member for both the Coalition of Hamilton Indigenous Leadership (CHIL) as well as Shingwauk Kinoomaage Gamig, located in Bawaating. Justin believes that Housing is a fundamental human right and that when Indigenous people have access to safe, affordable, and culture-based Housing this provides the opportunity to improve other areas of their lives.

**Ene Underwood** is CEO of Habitat for Humanity Greater Toronto Area), a non-profit housing developer that helps working, lower income families build strength, stability and self-reliance through affordable homeownership. Homes are delivered through a combination of volunteer builds, contractor builds, and partnerships with non-profit and for-profit developers. Ene's career began in the private sector as a strategy consultant with McKinsey & Company before transitioning to not-for-profit sector leadership. Ene holds a Bachelor of Arts (Honours) from the University of Waterloo and a Master of Business Administration from Ivey Business School.

**Dave Wilkes** is the President and CEO of the Building Industry and Land Development Association of the GTA (BILD). The Association has 1,300 members and proudly represents builders, developers, professional renovators and those who support the industry.

Dave is committed to supporting volunteer boards and organizations. He has previously served on the George Brown College Board of Directors, Ontario Curling Association, and is currently engaged with Black North Initiative (Housing Committee) and R-Labs I+T Council.

Dave received his Bachelor of Arts (Applied Geography) from Ryerson.



## APPENDIX B:

# Affordable Housing

Ontario's affordable housing shortfall was raised in almost every conversation. With rapidly rising prices, more lower-priced market rental units are being converted into housing far out of reach of lower-income households. In parallel, higher costs to deliver housing and limited government funding have resulted in a net decrease in the number of affordable housing units run by non-profits. The result is untenable: more people need affordable housing after being displaced from the market at the very time that affordable supply is shrinking.

Throughout our consultations, we were reminded of the housing inequities experienced by Black, Indigenous and marginalized people. We also received submissions describing the unique challenges faced by off-reserve Indigenous Peoples both in the province's urban centres and in the north.

While many of the changes that will help deliver market housing will also help make it easier to deliver affordable housing, affordable housing is a societal responsibility. We cannot rely exclusively on for-profit developers nor on increases in the supply of market housing to fully solve the problem.

The non-profit housing sector faces all the same barriers, fees, risks and complexities outlined in this report as for-profit builders. Several participants from the non-profit sector referred to current or future partnerships with for-profit developers that tap into the development and construction expertise and efficiencies of the private sector. Successful examples of leveraging such partnerships were cited with Indigenous housing, supportive housing, and affordable homeownership.

We were also reminded by program participants that, while partnerships with for-profit developers can be very impactful, non-profit providers have unique competencies in the actual delivery of affordable housing. This includes confirming eligibility of affordable housing applicants, supporting independence of occupants of affordable housing, and ensuring affordable housing units remain affordable from one occupant to the next.

One avenue for delivering more affordable housing that has received much recent attention is inclusionary zoning. In simple terms, inclusionary zoning (IZ) requires developers to deliver a share of affordable units in new

housing developments in prescribed areas. The previous Ontario government passed legislation in April 2018 providing a framework within which municipalities could enact Inclusionary Zoning bylaws.

Ontario's first inclusionary zoning policy was introduced in fall 2021 by the City of Toronto and applies to major transit station areas. Internationally, inclusionary zoning has been used successfully to incentivize developers to create new affordable housing by providing density bonuses (more units than they would normally be allowed, if some are affordable) or reductions in government fees. Unfortunately, the City's approach did not include any incentives or bonuses. Instead, Toronto requires market-rate fees and charges for below-market affordable units. This absence of incentives together with lack of clarity on the overall density that will be approved for projects has led developers and some housing advocates to claim that these projects may be uneconomic and thus will not get financed or built. Municipalities shared with us their concerns regarding the restriction in the provincial IZ legislation that prohibits "cash in lieu" payments. Municipalities advised that having the option of accepting the equivalent value of IZ units in cash from the developer would enable even greater impact in some circumstances (for example, a luxury building in an expensive neighbourhood, where the cost of living is too high for a low-income resident).

Funding for affordable housing is the responsibility of all levels of government. The federal government has committed to large funding transfers to the provinces to support affordable housing. The Task Force heard, however, that Ontario's share of this funding does not reflect our proportionate affordable housing needs. This, in turn, creates further financial pressure on both the province and municipalities, which further exacerbates the affordable housing shortages in Ontario's communities.

Finally, many participants in Task Force consultations pointed to surplus government lands as an avenue for building more affordable housing and this is discussed in [Appendix C](#).

We have made recommendations throughout the report intended to have a positive impact on new affordable housing supply. We offer these additional recommendations specific to affordable housing:

- Call upon the federal government to provide equitable affordable housing funding to Ontario.
  - Develop and legislate a clear, province-wide definition of “affordable housing” to create certainty and predictability.
  - Create an Affordable Housing Trust from a portion of Land Transfer Tax Revenue (i.e., the windfall resulting from property price appreciation) to be used in partnership with developers, non-profits, and municipalities in the creation of more affordable housing units. This Trust should create incentives for projects serving and brought forward by Black- and Indigenous-led developers and marginalized groups.
- Amend legislation to:
    - Allow cash-in-lieu payments for Inclusive Zoning units at the discretion of the municipality.
    - Require that municipalities utilize density bonusing or other incentives in all Inclusionary Zoning and Affordable Housing policies that apply to market housing.
    - Permit municipalities that have not passed Inclusionary Zoning policies to offer incentives and bonuses for affordable housing units.
  - Encourage government to closely monitor the effectiveness of Inclusionary Zoning policy in creating new affordable housing and to explore alternative funding methods that are predictable, consistent and transparent as a more viable alternative option to Inclusionary Zoning policies in the provision of affordable housing.
  - Rebate MPAC market rate property tax assessment on below-market affordable homes.

## APPENDIX C:

# Government Surplus Land

Surplus government lands fell outside the mandate of the Task Force. However, this question came up repeatedly as a solution to housing supply. While we take no view on the disposition of specific parcels of land, several stakeholders raised issues that we believe merit consideration:

- Review surplus lands and accelerate the sale and development through RFP of surplus government land and surrounding land by provincially pre-zoning for density, affordable housing, and mixed or residential use.
- All future government land sales, whether commercial or residential, should have an affordable housing component of at least 20%.
- Purposefully upzone underdeveloped or underutilized Crown property (e.g., LCBO).
- Sell Crown land and reoccupy as a tenant in a higher density building or relocate services outside of major population centres where land is considerably less expensive.
- The policy priority of adding to the housing supply, including affordable units, should be reflected in the way surplus land is offered for sale, allowing bidders to structure their proposals accordingly.

## APPENDIX D:

# Surety Bonds

### Moving to surety bonds would free up billions of dollars for building

When a development proposal goes ahead, the developer typically needs to make site improvements, such as installing common services. The development agreement details how the developer must perform to the municipality's satisfaction.

Up until the 1980s, it was common practice for Ontario municipalities to accept bonds as financial security for subdivision agreements and site plans. Today, however, they almost exclusively require letters of credit from a chartered bank. The problem with letters of credit is that developers are often required to collateralize the letter of credit dollar-for-dollar against the value of the municipal works they are performing.

Often this means developers can only afford to finance one or two housing projects at a time, constraining housing supply. The Ontario Home Builders' Association estimates that across Ontario, billions of dollars are tied up in collateral or borrowing capacity that could be used to advance more projects.

Modern "pay on demand surety bonds" are proven to provide the same benefits and security as a letter of credit, while not tying up private capital the way letters of credit do. Moving to this option would give municipalities across Ontario access to all the features of a letter of credit with the added benefit of professional underwriting, carried out by licensed bonding companies, ensuring that the developer is qualified to fulfill its obligations under the municipal agreement.

Most important from a municipal perspective, the financial obligation is secured. If a problem arises, the secure bond is fully payable by the bond company on demand. Surety companies, similar to banks, are regulated by Ontario's Office of the Superintendent of Financial Institutions to ensure they have sufficient funds in place to pay out bond claims.

More widespread use of this instrument could unlock billions of dollars of private sector financial liquidity that could be used to build new infrastructure and housing projects, provide for more units in each development and accelerate the delivery of housing of all types.

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