

Long Term Affordable Housing Consultations

Developmental Services Housing Task Force July 2015 Submission

Date:	July 3, 2015
To:	Ministry of Municipal Affairs and Housing – Affordable Housing
From:	Ron Pruessen, Chair, Developmental Services Housing Task Force

SUMMARY

In support of Ontario's Poverty Reduction Strategy and its request for recommendations on how to refine Ontario's Long-Term Affordable Housing Strategy, I am writing on behalf of Ontario's Developmental Services Housing Task Force (DSHTF).

In September 2013, the Housing Study Group of the joint Ministry of Community and Social Services/Developmental Services Sector partnership table released a report entitled “[Ending the Wait – an Action Agenda to Address the Housing Crisis Confronting Ontario Adults with Developmental Disabilities](#)”. The report made several recommendations, including the creation of a Capacity-Building Task Force.

Based on this report’s recommendations, Minister Ted McMeekin of Community and Social Services announced he would create a housing task force to bring together different parts of government, municipal partners and experts in housing and social services to recommend innovative housing solutions for people with developmental disabilities.

The Task Force has now been meeting since September 2014 and has developed a multifaceted approach to fulfilling its goals. A “whole of government” approach has become a particularly important concern, with an emphasis on moving well beyond the Ministry of Community & Social Services to meet needs for which no single ministry can – or should – be exclusively responsible. We certainly see the Long-Term Affordable Housing Strategy as a program that has vitally relevant potential and greatly appreciate the opportunity to contribute our carefully considered recommendations to your consultative process.

RECOMMENDATIONS

The Developmental Services Housing Task Force recommends:

1. The approval of a dedicated allocation of Investment in Affordable Housing funding for the Developmental Services sector, to be delivered through MCSS Community Planning Tables.
2. The implementation of an annual automated income verification process through a shared delivery model with the Ministry of Finance, for the Investment in Affordable Housing (IAH) Rental Housing program.
3. The removal of rent supplement and/or housing allowance assistance from the calculation of the *weighted average rent* in an Investment in Affordable Housing Rental Housing project.
4. Legislative change to provide municipalities in Ontario with the authority to implement mandatory Inclusionary Zoning.
5. Provincial zoning harmonization at the municipal level to allow for the creation of secondary suites and greater accessibility in private homes.
6. Increasing the Ontario Disability Support Program Maximum Monthly Shelter Allowance to reflect local market costs of housing and utilities.

BACKGROUND

Persons with Developmental Disabilities - Waiting for Housing

A person with a developmental disability is someone who has “prescribed significant limitations in cognitive functioning and adaptive functioning”. They are people who learn, understand or remember at a slower pace than others and this affects areas of their life such as personal care, language skills, learning and the ability to live without supports (Bill 77, Services for Persons with Developmental Disabilities Act, 2008).

The Ministry of Municipal Affairs and Housing (MMAH) has recognized that 'housing insecurity and homelessness affect some groups more than others'¹. For those with developmental disabilities, for instance, unique housing and support needs are often required. While we recognize the 'unique challenges facing vulnerable groups, and the need for tailored approaches that meet people where they are'², the Housing Task Force's particular responsibilities lead us to put particular emphasis on this sector of the population.

According to the Ministry of Community and Social Services (MCSS), the number of people with developmental disabilities waiting for adult residential services and supports stood at 14,300 as of March 31, 2014. They estimate it would take 22 years to place everyone who is currently waiting for residential services – "assuming no one else joins the list"³.

Of particular urgent need are adults with developmental disabilities whose parental care givers are over the age of 80, and independent adults assessed for Supported Independent Living (SIL) funding who are unable to leave their family homes due to limited housing options. Often those that attempt to leave have struggled to compete in a competitive housing market, often leading to homelessness and social and economic exclusion.

¹ Long-Term Affordable Housing Strategy, Discussion Guide, p. 7

² Ibid.

³ [Residential Services for People with Developmental Disabilities – MCSS](#)

Recommendation 1

Dedicated IAH Allocation for Developmental Services

The DSHTF recommends the approval of a dedicated allocation of Investment in Affordable Housing funding for the Developmental Services sector, to be delivered through MCSS Community Planning Tables.

MMAH's Investment in Affordable Housing Program (IAH) is delivered by Service Managers at the municipal level. Notwithstanding a 'Whole of Government' approach embraced by government departments dealing with Housing, Health Care, Education, Senior Citizens, Citizenship, and Finance, municipalities tend not to recognize Development Services (DS) clients as 'homeless'. There is a serious disconnect between an assumption that MMAH provides the shelter capacity to complement its sister ministry's support programs, and the reality of IAH programming at the municipal level.

Due to a misconception that MCSS has the sole shelter and support responsibility for DS clients, municipalities have allocated a very low percentage of their IAH funding to the DS sector. Unless directed to do so, municipalities will likely not plan, allocate or target future IAH funding to the DS sector.

To address this disconnect, and ensure that appropriate shelter funding reaches this disadvantaged and vulnerable group, we recommend the approval of a dedicated allocation of IAH funding for Developmental Services. This new provincial allocation would not be dissimilar to the dedicated IAH Off-Reserve Aboriginal Housing allocation announced in the August 2011 [Investment in Affordable Housing for Ontario Program Guidelines](#).

Understanding that Aboriginal peoples and organizations best understand the Off-Reserve housing needs of their community, the province removed this responsibility from municipalities, and entered into agreements with two Aboriginal organizations (Ontario Aboriginal Housing Services and Miziwe Biik Development Corporation) to administer the funding and deliver the IAH Off-Reserve Aboriginal Housing program.

The province also clearly understood the link between mental health support and housing when it extended funding for the very successful At Home/Chez Soi program. Recently the province announced an allocation of \$16 million over three years to create approximately **1,000 new mental health/addiction supportive housing spaces**.

Through this initiative, we are working to leverage funding under the extension of the Investment in Affordable Housing for Ontario program and support better local coordination between municipalities/local governments and Local Health Integration Networks in meeting the needs of individuals with mental health and addictions issues.⁴

⁴ [Realizing our Potential - OPRS Web Site – Minister's Message](#)

Prior to the devolution of social housing to municipalities, and supportive housing to MCSS and the Ministry of Health and Long Term Care (MOHLTC), MMAH developed supportive housing for both the Mental Health (MOHLTC), and Developmental Services (MCSS) sectors. IAH funding continues to flow to MOHLTC, but not to MCSS.

By evidence of the limited amount of IAH funding allocated by municipalities to the DS sector, the province must recognize that municipalities are not the appropriate IAH delivery agent for DS clients.

For persons with developmental disabilities, the prioritization of individuals for service happens at MCSS Community Planning Tables, where families are involved in Special Service coordination. Whether it is rental housing, homeownership, rent supplement, or portable housing allowances, they are best equipped to determine the optimal use of provincial housing funding for this priority group.

We recommend the approval of a dedicated allocation of IAH funding for Developmental Services, to be delivered through MCSS Community Planning Tables.

Recommendation 2

IAH Rental Housing – Shared Delivery – Automated Income Verification

The DSHTF recommends the implementation of an annual automated income verification process through a shared delivery model with the Ministry of Finance, for the Investment in Affordable Housing (IAH) Rental Housing program.

Persons with Developmental Disabilities – The Need for Shelter Assistance

Persons with developmental disabilities have limited income potential. The Ontario Disability Support Program (ODSP) provides a Maximum Monthly Shelter Allowance of \$479, an amount well below the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for any community in Ontario.

IAH Program Guidelines define affordability as *having rents for the project that are at or below 80% of CMHC Average Market Rent (AMR) at the time of occupancy. Average rent is calculated using actual rents paid by tenants and any rent supplements provided by the Service Manager.* (IAH Program Guidelines – 2014-Extension)

Even at 80% AMR, ODSP recipients are still unable to afford an affordable unit under the IAH Program. And although rent supplements can bridge this gap, it is clear that municipalities are not specifically targeting assistance to persons with developmental disabilities (see [Recommendation 1](#)).

To extend affordable housing access to ODSP clients and any low income Ontarian, we believe that through IAH Program reform, additional bridge funding can be found in the private sector.

IAH Rental Housing Program – The Need for Reform

Although Ontario's Poverty Reduction Strategy has invested heavily in affordable housing, the province lacks the ability to measure the benefits generated from their investment.

The IAH Rental Housing program requires the assessment of household income eligibility at move-in, and then never again. Household income can increase without limit and not affect a household's eligibility to occupy an affordable housing unit and receive the corresponding benefit.

The absence of annual household income data makes it impossible to report on the number of provincial affordable housing units that are currently occupied by households that do not require the assistance.

Notwithstanding this inability to measure the impact of affordable housing on poverty reduction, both the province and the City of Toronto recently released Poverty Reduction Strategies that: 1) call for more affordable housing; and 2) recognize the need for evidence-based policy to measure the success of their strategies:

A person without a home is unable to get out of poverty. To reduce poverty, we need to work towards ending homelessness. But to solve a problem, you must be able to measure it. As we lack the data to effectively tackle this issue in the short term, we are embarking on the upfront work to figure out where we stand, and will develop solutions based on evidence. Researchers and experts, including people with lived experience, will assist us in defining a baseline and setting a new homelessness-related target in the years ahead⁵

Our government is committed to funding programs based on evidence. We must invest in programs and policies that demonstrate measurable evidence showing that they work to make people's lives better. This requires us to improve methods and implement rigorous, ongoing evaluation to measure performance.⁶

Better Measuring & Monitoring of Needs & Outcomes: Ensure that measuring and monitoring is based on useful, meaningful and disaggregated data and not limited to the data currently collected. Ensure reporting and measuring considers both city- and neighbourhood-level outcomes⁷

⁵ [Realizing our Potential - OPRS Web Site – Minister's Message](#)

⁶ Ibid.

⁷ [TO Prosperity: Interim Poverty Reduction Strategy June 2015](#)

Oversight: Create a mechanism for designing, implementing, and evaluating poverty reduction and inclusive growth initiatives across the city, which also coordinates new efforts with existing City strategies, regional agendas, provincial strategies and federal priorities⁸

IAH Rental Housing – Minimal Program Oversight – Historical Context

As with all public/private initiatives, the IAH Rental Program was structured to attract private investment. Government is required to strike a balance between oversight of public investment and reduced administrative or regulatory requirements to attract private interest.

One may suspect that a reduction in the administrative requirements of the IAH Rental program was a reaction to the overly burdensome requirements of MMAH's Rent-Geared-to-Income Program.

In exchange for significant public investment (\$150,000 per unit), IAH rental housing units must remain affordable for a minimum of 20 years. Affordability has two basic requirements: an initial income eligibility assessment, and 'rent control'.

1. Initial Income Eligibility Assessment

At move-in, a household's income cannot exceed four times the annual occupancy rental cost of the unit.

2. Rent Control

The average of all rents in a project must not be greater than 80% of the average of all market rents established by CMHC for the project, and no rent can exceed the market rent established by CMHC for each unit type (1-bed, 2-bed, etc).

Although these administrative requirements are appropriately low to attract private investment, the absence of required ongoing household income testing has called into question the program's ability to demonstrate public benefit for public investment.

⁸ Ibid.

IAH Rental Housing Reform – Automated Income Verification

Through a Shared Delivery program with the Ministry of Finance, a provincial IAH Rental Housing program with annual automated income verification would provide meaningful annual data to evaluate the province's IAH program as a poverty reduction strategy.

These program reforms will provide a framework for the collection of data for evidence based decisions, and will create opportunities for increased subsidy funding from the private sector.

The province currently uses a Shared Delivery funding program for its IAH Housing Allowance Operating Component. In this program, municipalities provide the Ministry of Finance (MOF) with a Target Client List. MOF uses Canada Revenue Agency data to provide full program delivery, including determining income related eligibility and paying allowances to clients (or to landlords on behalf of clients).

Through a similar Shared Delivery framework, the following program reforms would be required to introduce Automated Income Verification processes to an IAH Rental Housing program

1. Households occupying Affordable Housing Units must agree to file their income tax return each year and be subject to annual internal subsidy changes based on Canada Revenue Agency (CRA) income data.
2. Instead of being capped at the CMHC Average Market Rent, rent for each unit would be set at actual market rents. Every household would be provided an internal subsidy to reduce their rent to 80% of the City Wide CMHC Average Market Rent.

One bedroom unit in central Toronto

Actual Market Rent	City Wide CMHC AMR	80% of AMR
\$1,500	\$1,071	\$857

3. At initial rent up (and for new tenants at unit turnover) a list of applicants is provided to MOF to determine initial income eligibility (income less than 4 x the annual rental cost for the unit occupied) based on CRA data.
4. MOF would provide a report to the municipality verifying each household's initial income eligibility.
5. The municipality would provide a report to the housing provider, confirming household eligibility.

6. Rent for each household would be set at an actual market rate, and each household would be provided an internal subsidy based on income strata.
7. In the example above, an eligible applicant with income below \$41,136 ($\$857 \times 12 \times 4$) would receive an internal subsidy of \$643 ($\$1,500 - 857$)
8. On an annual basis after the initial rent up, MOF would provide the municipality with updated CRA income data for each household.
9. Based on income strata, households would continue to qualify for their existing subsidy, or have their subsidy reduced (and their rent payable increased) on a graduated scale

	Rent Payable	Internal Subsidy (assuming Actual Mkt. Rent of \$1,500)	Income Strata
80% of CMHC AMR	857	643	less than 41,137 *
CMHC AMR	1,071	429	41,137 to 60,000
Market Rent	1,500	-	greater than 60,000 **

*Lower income strata based on initial income eligibility (4 x annual rent)

**Upper Income strata based on rent not exceeding 30% of income

10. The municipality would provide an annual report to the Affordable Housing Provider, listing subsidy levels (and rent payable) for the coming year.

IAH Rental Housing Reform – Program Benefits

A number of program benefits would be achieved through the reduction of internal subsidy for higher income earners:

1. Housing Benefits For Those That Require Them

It might persuade high income earners to vacate their unit, freeing up a new affordable housing unit for a household with income in the lowest income strata;

2. Private Market Subsidies

If the high income earner decided to remain in the unit and pay the true market rent, additional rental revenue would be generated for an internal subsidy pool.

Given the requirement for rents to be at or below 80% of the CMHC AMR (\$857 in the example above), a rent payable of \$1,500 would likely increase the project's calculated *average weighted rent* above 80%. An Affordable Housing Provider would have to reduce new or existing rents to achieve the 80% target.

In the example above, rent payable of \$1,500 would net \$643 in additional rent that would have to be allocated to a subsidy pool. Added to an ODSP maximum shelter amount of \$479, this additional subsidy would approach affordability for 2 ODSP clients, each receiving an additional \$321 internal subsidy per month ($\$479 + 321 = \800).

Notwithstanding current IAH (2014 Extension) guidelines that allow for annual income verification at the Service Manager's discretion,⁹ even if the Service Manager did verify annual household income, the program does not provide Service Managers with tools to tax high income earners who occupy affordable housing units.

This private revenue should be collected to generate desperately needed housing subsidies for disadvantaged and vulnerable Ontarians.

3. Data Collection for Evidence Based Decisions on Poverty Reduction

Although Ontario's Poverty Reduction Strategy has invested heavily in affordable housing, it lacks the ability to measure the benefits generated from their investment.

A province wide Rental Housing Shared Delivery program would provide meaningful annual data to evaluate the province's IAH program as a poverty reduction strategy.

⁹ IAH Program Guidelines – 2014-Extension, p. 14

Recommendation 3

IAH Rental Housing – Weighted Average Rents Calculation

The DSHTF recommends the removal of rent supplement and/or housing allowance assistance from the calculation of the weighted average rent in an Investment in Affordable Housing Rental Housing project.

For the purpose of calculating the weighted average rent in a project, IAH program guidelines require the inclusion of the rent paid by the tenant plus any rent supplements paid to the proponent.

Unless required to rent to low income households, private developers in receipt of IAH Rental Housing funding have typically rented all affordable housing units at 80% of the CMHC AMR.

Private corporations seek to maximize their rental revenue by managing their rentals as close to the 80% calculation as possible.

If the calculation of the weighted average rent recognized only the tenant portion, the proponent's *weighted average rent* would decrease. The proponent's revenue would increase because:

- a. The rent supplement would not be recognized as revenue for the weighted average rent; and
- b. The proponent could increase other rents within program guidelines to get back to the 80% depth of affordability.

This increased revenue opportunity is a powerful incentive for private developers to enter into referral agreements with supportive housing providers in receipt of rent supplements.

This change to the definition of the calculation of weighted average rents would have no financial impact on government funding, but would greatly increase housing opportunities for disadvantaged and vulnerable Ontarians.

Recommendation 4

Inclusionary Zoning

The DSHTF recommends legislative change to provide municipalities in Ontario with the authority to implement mandatory Inclusionary Zoning.

"Inclusionary Zoning will allow municipal programs to use development regulations and approval processes to require developers to produce a certain percentage of affordable housing within all their new market projects. Currently municipalities in Ontario do not have legislative power to implement mandatory Inclusionary Zoning and require legislative action from the province to give them this authority".¹⁰

The DSHTF supports this call for legislative change to create opportunities for increased affordable housing.

Recommendation 5

Regulatory Changes – Private Housing Renovations

The DSHTF recommends provincial zoning harmonization at the municipal level to allow for the creation of secondary suites and greater accessibility in private homes.

The creation of secondary suites and the undertaking of accessibility modifications in private homes are strategies used to provide independence to adults with developmental disabilities while maintaining support from family members.

Developing this latent capacity in family homes decreases the demand for both shelter and support in the public and private sector.

Unfortunately zoning regulations regarding these modifications are not consistent across the province.

The DSHTF supports this call for the province to regulate zoning harmonization at the municipal level to allow the creation of secondary suites and greater accessibility in private homes.

¹⁰ socialplanningtoronto.org

Recommendation 6

Ontario Disability Support Program Reform

The DSHTF recommends increasing the Ontario Disability Support Program Maximum Monthly Shelter Allowance to reflect local market costs of housing and utilities.

Persons with developmental disabilities have limited income potential. The Ontario Disability Support Program (ODSP) provides a Maximum Monthly Shelter Allowance of \$479, an amount well below the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for any community in Ontario.

IAH Program Guidelines define affordability as *having rents for the project that are at or below 80% of CMHC Average Market Rent (AMR) at the time of occupancy. Average rent is calculated using actual rents paid by tenants and any rent supplements provided by the Service Manager.* (IAH Program Guidelines – 2014-Extension)

Even at 80% AMR, ODSP recipients are still unable to afford an affordable unit under the IAH Program. And although rent supplements can bridge this gap, it is clear that municipalities are not specifically targeting assistance to persons with developmental disabilities (see [Recommendation 1](#)).

The DSHTF supports the call to reform the Ontario Disability Support Program by increasing the Maximum Monthly Shelter Allowance to reflect local market costs of housing and utilities.

CONTACT

Ron Pruessen, Chair, Developmental Services Housing Task Force
Phone: 905-625-1342
Email: pruessen@chass.utoronto.ca

ATTACHMENTS

[Long-Term Affordable Housing Strategy – MMAH Affordable Housing web site](#)
[Long-Term Affordable Housing Strategy – MMAH 2010 LTAHS web site](#)
[Investment in Affordable Housing for Ontario – 2014 Extension - Program Guidelines](#)
[Long-Term Affordable Housing Strategy – Discussion Guide](#)
[Ending The Wait](#)
[Realizing Our Potential - Ontario's Poverty Reduction Strategy \(2014-2019\) – March 5-15](#)
[TO Prosperity: Interim Poverty Reduction Strategy June 2015](#)