



Consultation on Service Agreements under the *Housing Services Act*

Thank you for the opportunity to make a submission as part of the Government of Ontario's consultation on the proposed changes to the *Housing Services Act* (HSA). As the provincial alliance to end homelessness, we appreciate that the intent of some of these proposed changes is to help make affordable housing more sustainable. We have organized our comments and recommendations under the three categories laid out by the province.

Service Level Requirements

The *Housing Services Act* (HSA) regulations set out the minimum number of Rent Geared to Income (RGI) units or income-tested portable housing benefits that a service manager must provide in their region. Those standards were set over 20 years ago, and have not grown with the population. They also do not include other forms of assistance beyond RGI. It is time for an update.

Unfortunately, the proposed solution is to remove the current standards and let municipalities develop new standards without a set minimum. Instead of keeping the current standards and adding new categories and more units to reflect policy changes and population growth, the proposal as written *could* let municipalities replace a brick and mortar RGI unit with a \$200/month rent supplement. This is, we assume, not the desired outcome. The update must not remove the baseline minimums of affordable homes supplied.

The proposed regulation amendments are recommended:

- 1. Maintain the current Service Level Standards for RGI units or portable housing benefits that are income-tested, as set out in the current regulation.**
- 2. Raise current Service Level Standards to reflect population growth and any decreases in rental affordability.**
- 3. Add standards that separately track and report any other types of housing assistance and affordable housing that are being developed so the reporting more accurately reflects the full range of housing and supports being offered.**

Access

Currently, service managers are required to keep centralized social housing waitlists of those in need of RGI assistance. There are set eligibility and priority rules for selecting people from the waitlists. There are rules governing income and assets, how long you can be away from the unit, or how much you can owe in arrears before losing eligibility. There is also flexibility for service managers to add local rules.

We share the government's goal of getting people off the waiting list. Between 2011 and 2018, the number of households on social housing waitlists in Ontario grew by 27% to 215,000. Many of

these households will wait over 10 years for a placement in social housing.¹ In addition, the number of households in core housing need in Ontario in 2018 was 735,000. Even prior to the pandemic, that number was expected to grow to 815,500 by 2027.² Lists are long.

The way to address these waitlists should be with increased access to housing that is deeply affordable.

Instead, other methods have been explored. In some instances, proposed new rules state that if you refuse a particular unit, you come off the list. In others, proposed rules state that if you accept another form of housing support subsidy or benefit, you come off the RGI waiting list. A small housing benefit is not a substitute for an RGI unit, particularly in hot housing markets where rents are far above what low-income households can afford. The proposed regulation also appears to allow the shift to portable benefits to affect income levels in a way that undermines other benefits. In addition, allowing municipalities to set their own policies risks a patchwork and may lead to policies designed to drive low-income families away from their home municipalities.

It is understandable that the province wants to ensure that households with the greatest need get first access to RGI housing. But with 735,000 Ontarians in core housing need, and 215,000 on social housing wait lists, the real problem is not who gets housing first; the problem is there is not enough permanent, community social housing for those in need.

The province currently only provides rent supplements for approximately 40% of the households identified as being in core housing need and the provincial portion of all housing programs averages only 0.3% of the province's expenditures, representing an under-investment in the housing needs of low-income Ontarians.³

The proposed regulation amendments are recommended:

- 1. Allow households on the RGI waitlist to access other forms of housing assistance or types of housing (such as affordable units that are not income-tested) through the access system. These alternate forms of assistance should be optional and there should be no loss of access to RGI as a result.**
- 2. Maintain the current rules that allow an adequate baseline of provincial eligibility rules and flexibility for local rules. Upending that system poses risks of punitive and unhelpful rules, and a patchwork that reduces equity of access across the province and restricts mobility for low-income households.**

Service Agreements and the “End of Mortgage”

Right now, co-ops and other affordable housing providers have Service Agreements with their service managers which include a formula for subsidies that calculate the cost of their mortgage and other expenses, and their income from rents, to determine what the funds are required from the service manager to make up any shortfall. Unfortunately, when the mortgages end, and it's time to focus revenues on reinvesting in repairs, the old formula is an impediment that could

¹ Financial Accountability Office of Ontario. [Housing and Homelessness Programs](#). 2021.

² Financial Accountability Office of Ontario. [Housing and Homelessness Programs](#). 2021

³ Financial Accountability Office of Ontario. [Housing and Homelessness Programs](#). 2021

actually cause affordable housing providers to lose hundreds of thousands of dollars in funding from service managers every year through “negative subsidies.” This will leave many incapable of taking care of their buildings. The proposed regulation says the province “may” intervene to set a floor on funding to avoid negative subsidies.

More than six hundred non-profits and co-ops will be impacted by this end-of-mortgage over the next ten years. This puts 21,000 co-op homes at risk with a total of 80,000 community homes (nonprofits and co-ops) impacted. The end-of-mortgage affects 30% of all social housing in Ontario and 7% of all rental housing in Ontario. In these community homes, 75% of households are low-income and receive rental assistance based on their income. With such a significant portion of Ontario’s social housing affected, it’s important this housing is protected.

The proposed regulation amendments are recommended:

- **Protect this affordable housing stock by including a modernized baseline funding formula that ensures service managers cover the cost of rental assistance and property taxes.**
- **Create a simplified administrative model that allows co-ops and non-profits to reinvest in their buildings and fix long-standing capital repair needs.**
- **Implement a fair dispute resolution process.**

Thank you once more for the opportunity to provide input on this important update to the *Housing Services Act*. With these recommended changes to the ministry’s proposal, we are confident that Ontario’s social housing stock can be maintained and more households will have access to the housing supports they need.