

Building Blocks

The Case for Federal Investment in Social and Affordable Housing in Ontario

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Good housing policy is critical to supporting government investments in the labour market, education, and health care, and can decrease downstream costs in other program areas, such as the criminal justice system.

Executive Summary

For almost one in seven Ontarians at any given time, finding appropriate housing that they can afford is a serious challenge. Driven by long-standing supply- and demand-side pressures, there is simply a gap between what these households need, what they can afford, and what housing is available. When individuals are in housing need, it creates challenges that ripple throughout other aspects of their lives, creating obstacles to financial security, good health, educational success, and employment prospects.

This problem is not new and for eight decades the federal government—later joined by provincial and local governments—has played a key role in addressing these challenges for Canadians. These initiatives have taken a number of forms, but the most concrete assistance has been the development of the government-supported social housing stock that provides rental housing to around five per cent of Ontarians.

With very little purpose-built rental housing constructed in Ontario in the past two decades, it is unlikely the affordability gap will narrow. In spite of this persistent challenge, federal support for social and affordable housing in Ontario has waned. Federal funding for new social housing stopped in 1993. At the same time, ongoing federal funding for existing social housing projects is decreasing every year and will fully expire in 2033, with the result that many of these projects will no longer be viable. Recent federal announcements renewing funding for the Investment in Affordable Housing (IAH) program until 2018-19 are welcome but insufficient. Funding through the IAH is a modest expenditure and accounts for only 12 per cent of current federal spending on social and affordable housing and is targeted at lower- and modest-income households. It is not directed toward the most vulnerable—the 250,000 households living in existing social housing, who are in need of deeper, rent-geared-to-income supports.

The continued focus on new, modestly priced units while ignoring the social housing stock that houses well over 200,000 households in Ontario is akin to fixing a leaky faucet in your home while ignoring a burst pipe. The risk to the social and affordable housing sector is a risk to Ontario's prosperity and social cohesion. Today we are at a crossroads, with an opportunity either to make productive investments or to let this foundational pillar of the social safety net weaken and languish.

In this regard, Ontario faces a more acute situation than other provinces and territories. Despite having higher than average housing need, the amount that the federal government allocates towards Ontario's housing challenges falls well below the province's share of the national population or its share of national need. This gap was worth \$150M in missing federal housing funding in Ontario—over one fifth of Ontario's 2011-12 share of federal spending in this area.

The business case for federal reinvestment in social and affordable housing is strong. At the request of the Ontario Ministry of Municipal Affairs and Housing, the Mowat Centre analyzed the public return on federal investments in social and affordable housing. This study synthesized findings from a broad body of evidence which shows that these returns extend far beyond the walls of the homes that they support.

- » Investments in housing are effective at stimulating economic growth and employment. Each \$1 increase in residential building construction investment generates an increase in overall GDP of \$1.52 as the investment continues to cycle through the economy. Each \$1M in investment also generates about 8.5 new jobs.
- » Looking at economic multipliers alone captures only a small slice of the public benefit gained from these investments. Housing supports are an essential complement to other policies and programs that promote a prosperous economy and healthy communities. Investments that address housing need lead to stronger labour markets, better educational performance, healthier populations, and safer communities.

There is also a strong case that the federal government in particular should come to the table to renew these investments.

- » The federal government set the precedent for government involvement in the housing sector and is largely responsible for the development of Canada's existing affordable and social housing stock. To withdraw federal funding for social housing despite ongoing need is an abrogation of responsibility and a form of downloading by stealth to the province and municipalities.
- » Social and affordable housing investments complement other federal programs and policy

objectives. Housing need undermines economic growth and income security. Investing in housing supports represents sound program spending by the federal government to efficiently and effectively address other policy priorities within federal jurisdiction.

- » The federal government continues to play the largest government role in housing more broadly. Through CMHC mortgage regulation and insurance, building codes, and billions of dollars worth of tax expenditure (almost exclusively aimed at assisting homeowners), the federal government actively intervenes in the housing sector on behalf of many Canadians. Many of these interventions shape the policy environment that generates housing need for low-income renters.
- » The devolution of the social housing stock was not accompanied by adequate ongoing funding. This has left a significant fiscal burden to provinces and municipalities, reducing their ability to fund core programs. The federal Parliamentary Budget Office has demonstrated that the federal government has fewer open-ended cost pressures than provincial and territorial governments relative to the share of tax dollars they collect from Canadians.¹ By leaving the long-term social housing cost pressures with the provinces, the federal government further constrains the ability of provincial and territorial governments to deliver other essential public services.
- » Recent polling indicates that Canadians are in favour of a federal role in the social housing sector. A survey of Ontarians commissioned for this report found that 57 per cent of respondents said that the federal government does not provide enough support today, and 67 per cent said that the federal government should provide long-term financial support for social and affordable housing.

1 Office of the Parliamentary Budget Officer. 2013. *Fiscal Sustainability Report 2013*. http://www.pbo-dpb.gc.ca/files/files/FSR_2013.pdf

There is a need for a new partnership for housing in Ontario that includes the federal government. There was strong agreement among the experts interviewed for this project that addressing Ontarians' housing needs required the expertise and commitment of federal, provincial, and municipal governments together, along with not-for-profit and private sector actors. The relative primacy of provincial and local governments in affordable housing policy and delivery still leaves an important role to be played by the federal government.

Moving forward, this new partnership should be established based on clear principles and a long-term commitment to adequate federal funding. Embedding equity, transparency, accountability, predictability, and adequacy into a framework for future federal-provincial cooperation will help to ensure a partnership that serves Canadians well and ends discriminatory treatment of those in Ontario with housing need. A new framework should also invest in better information to inform decision-making and make room for new delivery approaches to be introduced to the housing program toolkit.

Ensuring that Canadians have access to affordable housing is the shared responsibility of all three orders of government and an area in which they each play an important role.

Introduction

An Essential Component of Canada's Economy and Social Safety Net

Housing affordability is a growing problem across Canada. As of the 2006 census, almost 1.5 million Canadian households were living in “core housing need,” meaning they had to spend more than 30 per cent of their income to access housing that was adequate in condition and suitable in size.² In Ontario, there were over 600,000 households living in core housing need, representing almost 1.5 million individuals. The inability to access stable, adequate, and affordable housing is a significant obstacle to the well-being of many Canadians. It has been linked to poor health, educational, and economic outcomes. Good housing policy is critical to supporting government investments in the labour market, education, and health care, and can decrease downstream costs in other program areas, such as the criminal justice system.

Governments at all levels in Canada have long recognized the need for social and affordable housing and have consistently maintained some form of involvement in the market. Yet this involvement has not been coordinated between governments by an overarching strategy focused on the needs of households. The federal government was the first to become directly involved in the housing market and it continues to be the largest single public player in the sector. However, over the past fifteen years the focus of federal involvement has shifted from broad ongoing support to narrower, targeted programs. The result has been increased financial pressures on provincial and municipal governments as they are left to pick up the slack.

Provinces are grappling with growing open-ended obligations to deliver healthcare, education, and social services, while municipalities lack the revenue base to make significant additional investments. The federal Parliamentary Budget Officer has highlighted that it is in areas of provincial and municipal responsibility, where spending pressures are being felt most acutely.³ New provincial spending on housing to replace federal support would be very challenging. Without continued funding for operating subsidies, many municipalities and not-for-profit organizations will be unable to maintain current service levels, much less expand to meet increasing demand.

² Canada Mortgage and Housing Corporation. 2011. *Canadian Housing Observer: Households in Core Housing Need, Canada, Provinces, Territories*. <http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/>

³ Office of the Parliamentary Budget Officer. 2013. *Fiscal Sustainability Report 2013*. http://www.pbo-dpb.gc.ca/files/files/FSR_2013.pdf

Ontario already receives less than its equitable share of federal housing funding, based on any conceivable understanding of a principle-based allocation formula, such as population or housing need. At the same time, federal funding for existing social housing projects in Ontario is decreasing and will fully expire by 2033. Recent federal announcements renewing funding for the Investment in Affordable Housing (IAH) program until 2018-19 are welcome but do not go far enough. In the face of the twin challenges of growing waiting lists for social housing and declining funding for the existing stock, the comparably small number of units created and repaired under the IAH program and the more modest degree of rent subsidy translate to a minimal impact on the overall housing affordability challenges in Ontario.

Ensuring that Canadians have access to affordable housing is the shared responsibility of all three orders of government and an area in which they each play an important role. Yet that does not mean they all can, or should, play the same role. The federal, provincial, and municipal governments each have different tools with which they can influence the sector and different capacities for involvement. Investments in housing construction may accrue greater financial benefits to one order of government, while the cost of inaction may be felt more directly by another. There is a need for all three governments to streamline and disentangle their roles but not for any one of them to vacate the space. This disentanglement would ensure that government actions in the housing space are coordinated to achieve shared objectives, not duplicative in a way that undermines the efficiency and effectiveness of their efforts.⁴

This study looks at the return on government investments in social and affordable housing, with a focus on federal investments. It evaluates the economic impacts of housing investment and

the broader socio-economic impact of social and affordable housing investments, to capture the spillover effects from housing conditions into other aspects of people's lives and the broader community. It also assesses the fairness of federal funding allocations to Ontario and the long-term implications of federal funding decisions for the financial viability of the existing social housing stock. Finally, this report provides a framework for a principled approach to federal-provincial-municipal cooperation on housing.

WHAT IS CORE HOUSING NEED?

The Canada Mortgage and Housing Corporation considers a household to be in core housing need if its housing does not meet one or more of the adequacy, suitability, or affordability standards and it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards.⁵

⁵ These standards are adjusted based on the size and makeup of the household and are judged according to the National Occupancy Standards (NOS). Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. Canada Mortgage and Housing Corporation. "Housing in Canada Online". http://cmhc.beyond2020.com/HiCODefinitions_EN.html. Accessed 29 Aug 2013.

Structure of the Report

The first section of this report lays out the housing context. First, we look at the policy problem: what is the current landscape of housing need in Ontario? What do we know about those who are not served by the market? What are the causes and consequences of housing need? This section also looks at the fiscal sustainability of the existing social housing stock.

⁴ For a broader discussion of disentanglement in federal-provincial policy fields, see Matthew Mendelsohn, Josh Hjartarson and James Pearce. 2010. *Saving Dollars and Making Sense: An Agenda for a more Efficient, Effective, and Accountable Federation*. Mowat Centre. <http://www.mowatcentre.ca/pdfs/mowatResearch/56.pdf>

The second section of the report looks at the history of federal involvement in social and affordable housing. Given that housing supports have become an important component of the social and economic union, this section also looks at how federal housing funding is allocated across the country and how much Ontario currently receives in federal funding.

The third section of this report offers an assessment of the return on federal investments in housing in Ontario. This analysis includes both macroeconomic impacts of capital investments, as well as a broader look at returns through the lens of a Social Return on Investment (SROI) framework. This model illustrates how investments in stable, affordable, and adequate housing can both complement and offset government investments in a wide range of other areas, including economic development, education, health, and the justice system.

The fourth section of the report looks at the case for continued federal involvement in social and affordable housing, building on the return on investment analysis as well as additional context around the state of federal investments and jurisdictional roles.

The final section of the report looks to the question of how to move forward from here. It sets out a path forward based around principles for fair and effective initiatives.

This research study was informed by a range of resources. Primary research included research interviews with 15 key informants from the public, private, academic, and not-for-profit sectors and a survey of 1000 Ontarians' perspectives and experiences with housing affordability. (A list of interviewees and the results of this survey can be found in appendices to this report.) We also drew extensively from the work of Canadian researchers who have engaged on various aspects of this issue before. Ontario data analyzed in this report comes from CMHC, Statistics Canada, and the Ontario Ministry of Municipal Affairs and Housing.

What is the Difference Between Social and Affordable Housing?

Affordable housing is a generic term referring to all modest-cost housing. For instance, under the federal-provincial Investment in Affordable Housing (IAH) initiative, rents charged in units that receive funding must be no more than 80 per cent of average market rent for the area in which the units are located.

Social housing refers to housing built with the financial assistance of governments for low- and moderate-income households. The term social housing includes a variety of types of housing and housing initiatives such as public housing, not-for-profit housing, co-operative housing, and rent supplements. In Ontario, these are primarily units owned by municipal housing corporations or not-for-profit agencies, charging rent based on the tenant's ability to pay (rent-geared-to-income or, RGI), typically at 30 per cent of income, with a minimum rent of \$85.⁶

Eligibility for these subsidized programs is based on maximum household income limits, which vary according to family size and composition, as well as location within Ontario. A sizable share of vacancies are also allocated to victims of domestic violence in the province's Special Priority Policy.⁷ In Ontario, twenty per cent of urban renter households rely on some form of government housing subsidy.⁸ These subsidized renter households are more likely to be one-person households, lone parent households, or seniors.⁹

⁶ Ontario Non-Profit Housing Association. "Rent-Geared-to-Income." http://www.onpha.on.ca/AM/Template.cfm?Section=Rent_Geared_to_Income. Accessed 29 Aug 2013.

⁷ Jennifer Logan. 8 Sept 2011. "What you need to know about the Special Priority Policy and Waiting Lists in Ontario". Housing Services Corporation. <https://www.hscorp.ca/what-you-need-to-know-about-the-special-priority-policy-and-waiting-lists-in-ontario/>

⁸ Canada Mortgage and Housing Corporation. 2011. Canadian Housing Observer 2011. p 84.

⁹ Ibid

In 2006, there were 627,530 Ontario households in core housing need, representing 14.5 per cent of households in the province.

1

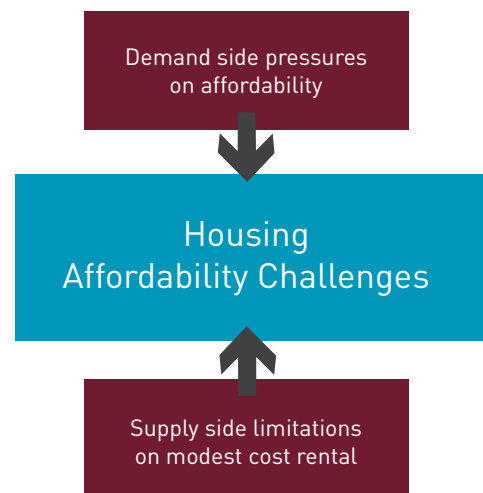
The Social and Affordable Housing Context

The Policy Problem: Housing Need

In Ontario, there is a persistent disconnect between what Ontarians—particularly those with very low incomes—can afford to pay for housing and the cost of the available supply in the market. The result of this disconnect is a persistent problem of core housing need; people are left to choose between overcrowded and inadequate options, or divert from other important spending areas. As a coalition of Ontario community organizations has pointed out, housing is an ‘indivisible’ expenditure; because you cannot have “a little less apartment” at the end of a lean month, unaffordable housing means cut backs in food, clothing, and other basic necessities.¹⁰

This is not the only reason that federal, provincial and municipal governments in Ontario have recognized addressing housing need as essential to maintaining the well-being of families and communities. Where you live matters a great deal for how you live. As the OECD Better Life Index puts it, adequate shelter is not only four walls and a roof, but also a place “where people feel safe and have privacy and personal space; somewhere they can raise a family.”¹¹ When people have good housing, their family and community life is more stable, and they tend to have better health, better educational outcomes, and better jobs.¹² As Ontarians told the Commission for the Review of Social Assistance in Ontario, they “saw stable and secure housing as the most important factor in being able to stabilize their lives.”¹³ Beyond immediate financial constraints, housing vulnerability can have long-term impacts on people’s health, employment, and well-being.

FIGURE 1
Demand and Supply side Pressures on Housing Affordability



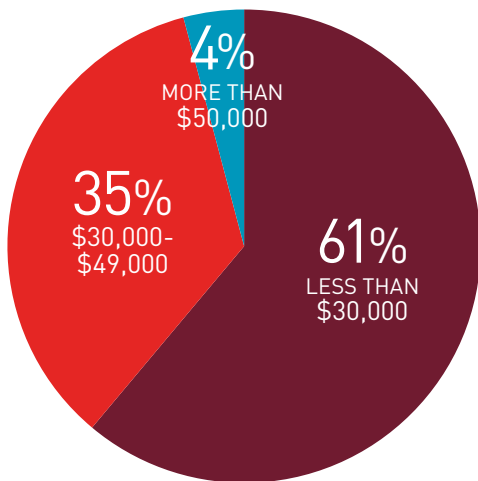
10 Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartments Association, Daily Bread Food Bank, Metcalf Charitable Foundation, Atkinson Charitable Foundation. Nov 2008. A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy. Submission to the Government of Ontario.

11 Organization for Economic Cooperation and Development. OECD Better Life Index. <http://www.oecdbetterlifeindex.org/topics/housing/> Accessed 12 April 2013.

12 David Hay. 2005. Housing, Horizontality and Social Policy. Canadian Policy Research Networks.

13 Commission for the Review of Social Assistance in Ontario, 2012. pp. 90. Statistics Canada. 2006 Census Housing Series: Issue 8 - Households in Core Housing

FIGURE 2
Incomes of Ontario Households in Core Housing Need



Source: CMHC Core Housing Need Status for the Population, by Selected Characteristics and Gender, Ontario, 2006

Housing affordability challenges are driven by both demand- and supply-side factors. On the demand side the problem is ultimately straightforward: insufficient income to meet the costs of adequate and suitable housing without squeezing out necessary investments in other aspects of people’s lives. On the supply side, a number of economic and regulatory incentives contribute to a situation where the market delivers very little new rental housing and even less at affordable rates. Government interventions play a role at both sides.

Demand Side Challenges

In 2006, there were 627,530 Ontario households in core housing need, representing 14.5 per cent of households in the province. For just over 40 per cent of households in core housing need (or roughly 6 per cent of the total households in the province) these affordability challenges are severe, meaning they are spending over half of their household income on shelter.¹⁴

14 Statistics Canada. 2006 Census Housing Series: Issue 8 - Households in Core Housing Need and Spending at least 50% of their income on shelter.

When we look at the face of this housing need, we can identify some clear characteristics and drivers of the challenge: housing need is largely experienced by low-income urban tenant households. Understanding these income and supply challenges helps to explain where the market is not responding to demand and the rationale for government intervention.

Low income is the main driver of demand for affordable housing in Canada. According to 2009 CMHC data covering urban areas, over half of the households in the lowest-income quintile faced a situation of core housing need in 2009. This is nearly five times the rate of moderate-income households.¹⁵ Sixty per cent of all Ontario households in core housing need in 2006 had household income of less than \$30,000. Only 4 per cent of the households in need had household income over \$50,000.

Stagnating incomes also contribute to the affordability challenge. Over the past two decades, incomes of the 80 per cent of Canadians living in households in the bottom four income quintiles have risen only marginally. For example, incomes of those in the lowest income quintile have risen less than 3 per cent since the 1990s, compared to those in the top income quintile, whose incomes increased on average by 28 per cent.¹⁶ This gap makes it more difficult for lower-income households to keep up with rising housing costs.

Shelter is the most significant expenditure for Canadian households.¹⁷ For the poorest Ontarians, the affordability of decent shelter is a pervasive challenge for overall quality of life. The average total household income for the poorest 20 per cent of Ontarians is \$15,600. For the next quintile of Ontario households, it is \$38,300.¹⁸ Even at this income level, an affordable monthly rent would be just under \$960. This falls shy of

15 CMHC, 2013. “Recent Trends in Housing Affordability and Core Housing Need.” p. 5-9.

16 Wellesley Institute, 2010.

17 Statistics Canada, Survey of Household Spending

18 Statcan data CANSIM table 202-0701

the average cost of a two bedroom apartment in many Ontario cities (such as Toronto, Barrie, Ottawa, Kingston) and just barely exceeds the rents in many others (such as Guelph, London, Oshawa, Cobourg). For these lower-income Ontarians, rent eats up a far larger portion of their incomes than would be considered affordable.

FIGURE 3

Annual household income needed to afford average Ontario rents and number of households in unaffordable range (2011)¹⁹

UNIT TYPE	ONTARIO AVERAGE MONTHLY COST	REQUIRED ANNUAL HOUSEHOLD INCOME (NO MORE THAN 30% ON RENT)	NUMBER OF ONTARIO HOUSEHOLDS IN UNAFFORDABLE RANGE FOR INCOME AND SIZE
Bachelor	\$737	\$29,480	902,698
1 BR	\$850	\$34,000	307,120
2BR	\$980	\$39,200	367,385
3BR	\$1,214	\$48,560	212,265

Source: Based on CMHC Rental Market survey and Statscan data

FIGURE 4

Annual household income needed to afford rents in select Ontario municipalities (2011)

UNIT TYPE	TORONTO		GUELPH		THUNDER BAY		OTTAWA	
	RENT	REQUIRED ANNUAL INCOME	RENT	REQUIRED ANNUAL INCOME	RENT	REQUIRED ANNUAL INCOME	RENT	REQUIRED ANNUAL INCOME
Bachelor	\$822	\$32,880	\$620	\$24,800	\$518	\$20,720	\$727	\$29,080
1 BR	\$979	\$39,160	\$797	\$31,880	\$641	\$25,640	\$899	\$35,960
2BR	\$1,161	\$46,440	\$903	\$36,120	\$772	\$30,880	\$1,086	\$43,440
3BR	\$1,374	\$54,960	\$1,036	\$41,440	\$959	\$38,360	\$1,322	\$52,880

Source: CMHC Rental Market Reports

Also, housing need in Ontario is primarily an urban problem. About 15 per cent of urban households in Ontario cannot find housing that meets standards of affordability, suitability, and adequacy at their income levels.²⁰ Cities can generate a challenging combination of higher housing costs, concentration of poverty, and stratification of income that make it difficult for lower-income households to find affordable housing.²¹

While housing need in Ontario is predominantly concentrated in urban areas, significant challenges also exist in northern parts of the province. Northern Ontario faces higher construction and maintenance costs for housing, owing to energy costs, short construction seasons, and shortages of skilled trades.²² For First Nations in Northern Ontario, poor on-reserve housing conditions also create migration pressures on housing off-reserve.²³ The federal government is directly responsible for supporting housing for First Nations members living on reserve, yet there are critical rates of housing need in a number of Northern Ontario First Nations communities, with

¹⁹ Based on CMHC Rental Market reports for Ontario CMAs (http://www.cmhc-schl.gc.ca/odpub/esub/64507/64507_2012_B01.pdf), Statscan CANSIM table 111-0013 and statscan CANSIM table 2020401. Income data drawn from T1 family file, except for unattached individuals (for bachelor units) from Survey of Labour and Income Dynamics. Household income affordability is to nearest \$5,000. Appropriate size is based on National Occupancy Standards (NOS). It is assumed that 50% of households with 2 children would be of the same sex (can share a bedroom in the NOS) and 50% would be opposite sex pairs (requiring separate bedrooms).

²⁰ CMHC. 2013 "Recent Trends in Housing Affordability and Core Housing Need."

²¹ Andre Cote and Howard Tam. 2013. "Affordable Housing in Ontario: Mobilizing Private Capital in an Era of Public Constraint". IMFG Perspectives No. 3. [http://munkschool.utoronto.ca/imfg/uploads/238/imfg_perspectives___affordable_housing_\(april_2013\).pdf](http://munkschool.utoronto.ca/imfg/uploads/238/imfg_perspectives___affordable_housing_(april_2013).pdf)

²² Greg Suttor. Aug 2012. "Moving Forward on Affordable Housing and Homelessness in Northern Ontario." Housing Services Corporation. pg.16.

²³ Ibid.

crisis-level overcrowding and disrepair leading to a state of emergency in Attawapiskat in 2011.²⁴ Off-reserve social and affordable housing services are managed on behalf of the province by two aboriginal organizations to ensure culturally-appropriate services—Miziwe Biik Development Corporation in the Greater Toronto Area and Ontario Aboriginal Housing Services in the remainder of the province.

Inadequate incomes for shelter are far more prominent among renters than owners. The median household income for tenants is less than half that of owners, often because they are recent entrants to the labour market, such as youth or newcomers, or because they have retired and are living on a fixed income.²⁵ At the same time, the average price of rental housing in communities reporting to the Federation of Canadian Municipalities' quality of life reporting system has risen by 20 per cent since 2000.²⁶ The rental market in particular has faced significant supply pressures in recent decades, compounding housing need pressures for tenant households.

24 Kazi Stastna. 28 Nov 2011. "First Nations Housing in Dire Need of Overhaul". CBC News. <http://www.cbc.ca/news/canada/first-nations-housing-in-dire-need-of-overhaul-1.981227>
 25 Federation of Canadian Municipalities. 2012.
 26 Ibid.

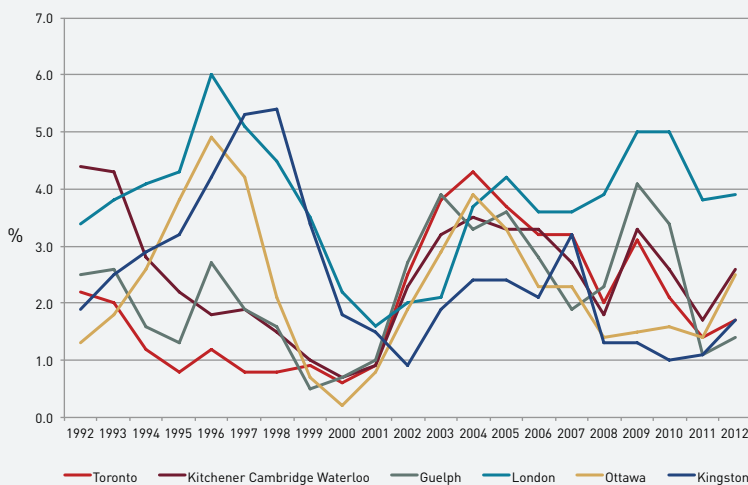
Supply Side Challenges

The problem of housing need is also driven by particular supply challenges. There are not enough dwellings available for Canadian households today at a price they can afford on their current income. This is at least partly because the rent that lower income households can afford to pay is not high enough to entice sufficient investment in lower price market segments.²⁷

Despite the clear demand for more moderately priced housing, the economics of rental housing construction provide little incentive for the private sector to build affordable units. The development of multi-unit residential housing is a complex, costly, capital-intensive, and risky business, particularly for the major players: real estate developers, owners of rental buildings, and financiers of development projects and long-term mortgages.²⁸ This is especially the case in large urban centres, which have significantly higher land and construction costs.²⁹

27 Don Drummond, Derek Burleton, and Gillian Manning. 17 June 2003. Affordable Housing In Canada: In Search Of A New Paradigm. TD Economics, 2003.
 28 Jill Black. Sept 2012. The Financing & Economics of Affordable Housing Development: Incentives and Disincentives to Private-Sector Participation. University of Toronto Cities Centre Research Paper 224.
 29 Ibid.

FIGURE 5
Rental Vacancy Rates in Ontario



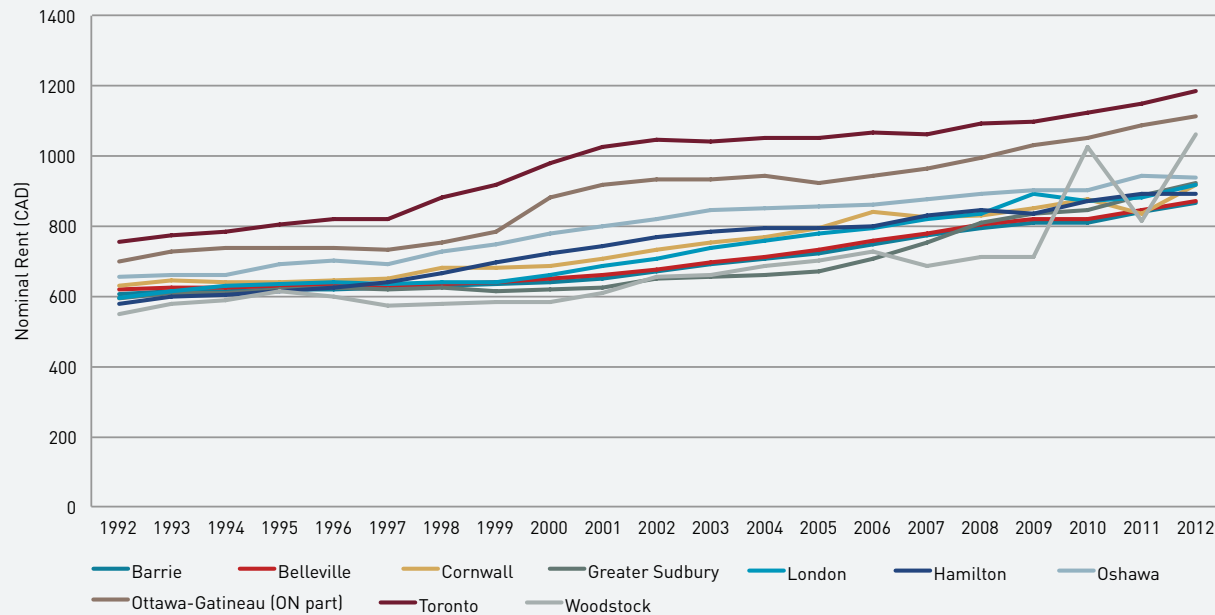
Source: Canada Mortgage and Housing Corporation.

FIGURE 6
Rental Vacancy Rate for Select Ontario CMAAs 1992-2012 (CMHC)



Source: Canada Mortgage and Housing Corporation.

FIGURE 7
Average Rents for Select Ontario Municipalities 1992-2012



Source: Canada Mortgage and Housing Corporation.

The origins of this trend can be found in changes made in the early 1970s to the legal frameworks for higher density ownership housing (condos), bringing new competition between rental housing providers and condo developers.³⁰ The higher income and faster return on investment has made condo development a more appealing and more profitable opportunity for developers than apartment development.³¹

As a result, there has been a major shift by developers away from purpose-built rental apartment buildings towards ownership housing. This has compounded the pressures on housing affordability for renters in Ontario. Reflecting tight rental markets, private rental vacancy rates in Ontario have hovered around 3 per cent since the early 1990s, with Toronto well below 2 per cent in 2011 and 2012 (see Figure 5).³² Analysis by TD Economics has found vacancy rates to be even lower in the bottom 40 per cent of rent ranges, as

apartment owners cater to more lucrative market segments.³³ This is bolstered by more recent analysis of the 2011 National Household Survey by the Ontario Non-Profit Housing Association (ONPHA), showing that despite data comparability challenges there is still a clearly discernible upward trend in the price distribution of rents in this tight market.³⁴

As a result of these supply side challenges, between 1996 and 2001 Toronto saw a net loss of 17,500 rental units as existing rental stock was either replaced by, or converted to, ownership housing.³⁵ ONPHA found that between 1996-2006 the province as a whole, after accounting for inflation, lost 78,000 “moderately affordable” rental units, far exceeding the construction of new affordable housing.³⁶

The lack of new supply has placed strong pressure on the costs of rental accommodation in Ontario over the last two decades. In most large Ontario cities, the average cost of a two bedroom apartment

30 J. David Hulchanski. 2004. “What Factors Shape Canadian Housing Policy?: The Intergovernmental Role in Canada’s Housing System”. in *Canada: The State of the Federation 2004 - Municipal-Federal Relations in Canada*. Robert Young and Christian Leuprecht eds. pg. 227

31 Black. 2012.

32 Canada Mortgage and Housing Corporation. Rental Market Survey. Feb 2013. Available at http://www.cmhc.ca/en/corp/about/cahoob/data/data_004.cfm

33 Drummond, Burleton, and Manning. 2003.

34 ONPHA. Sept 2013. focusON Rental market data from the 2011 National Household Survey.

35 Drummond, Burleton and Manning. 2003.

36 ONPHA, 2011. Where’s Home. pg. 55

increased at a rate significantly above inflation.³⁷ This was especially true in the Greater Golden Horseshoe region, Ottawa, and Kingston.

In many municipalities, non-traditional rental stock is picking up some of the slack. Non-traditional rental includes, for example, secondary units in single family homes and condominiums being used as rental units.³⁸ However, these alternative units have failed to stem the pressures on affordability. Condominium rents are on average 9.3 per cent higher in Toronto and 14.5 per cent higher in Ottawa than rents for purpose-built apartments.³⁹ The absence of features like accessible property management and an on-site superintendent can also make these condos less appropriate for populations with higher needs than traditional multi-unit residential buildings.⁴⁰

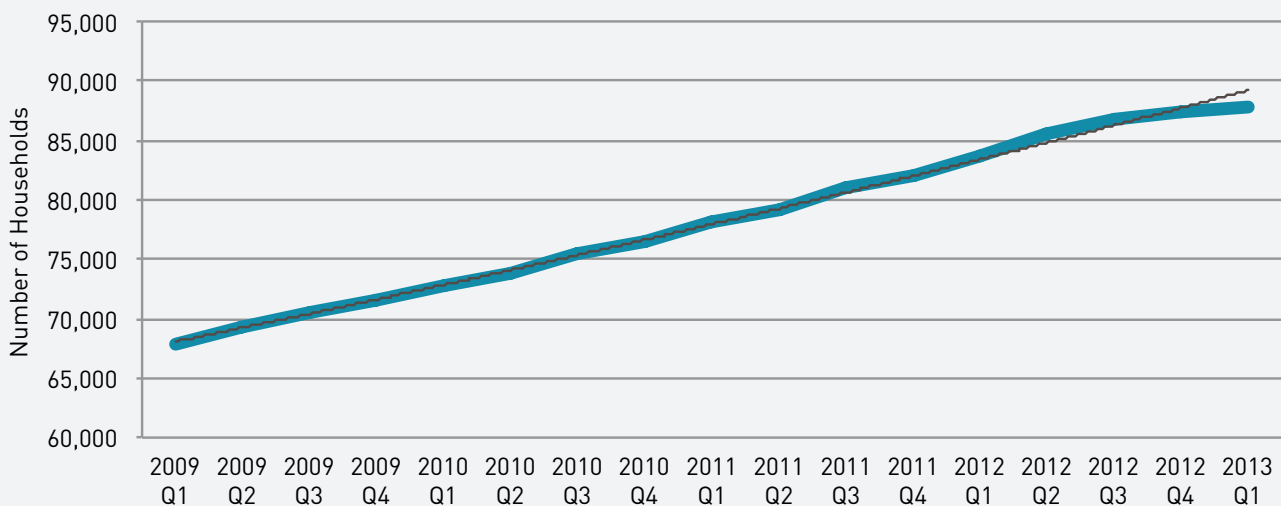
Since the mid-20th century, social housing has helped bridge the gap for a significant segment of Ontarians, enabling them to afford adequate housing at rents unavailable in the market. At only 5 per cent of all housing, social housing in Ontario represents a smaller percentage of the housing stock than most developed nations, aside from the United States.⁴¹ Nonetheless, it accounts for 20 per cent of Canada’s total rental stock.⁴²

Even at these rates, the social housing stock has clearly been unable to keep up with demand for affordable housing. While various elements of program design make waitlists an imperfect measure of need, in the absence of alternative measures they remain one of the few indicators of demand.⁴³ Ontario’s centralized waiting lists surged by 25 per cent between 2004 and 2011.⁴⁴ There are currently 30 households on the waiting list for every vacant unit—enough to fill nearly three quarters of all existing social housing units in the province.⁴⁵ For the City of Toronto, the waitlist has surged by nearly one third over the past four years (see Figure 8).⁴⁶

37 Statistics Canada. CANSIM Table 027-0040 Canada Mortgage and Housing Corporation average rents for areas with a population of 10,000 and over; Bank of Canada Inflation Calculator.
 38 Canada Mortgage and Housing Corporation. Fall 2012. Rental Market Report-Ontario Highlights.
 39 Ibid.
 40 Marion Steele and Peter Tomlinson. Sept 2010. Increasing The Affordability of Rental Housing In Canada: An Assessment of Alternative Supply-side Measures. University of Calgary School of Public Policy Research Papers, Volume 3 Issue 2. http://www.frpo.org/documents/research_steeletomlinson_onlinefin2.pdf. pg. 4.

41 Hulchanski, 2004. p. 223
 42 Cote and Tam, 2013.
 43 Not all households on the waitlist will be deemed eligible for social housing.
 44 Mowat calculation based on data from Service Manager Annual Information Returns.
 45 Ibid
 46 Mowat calculation from City of Toronto data.

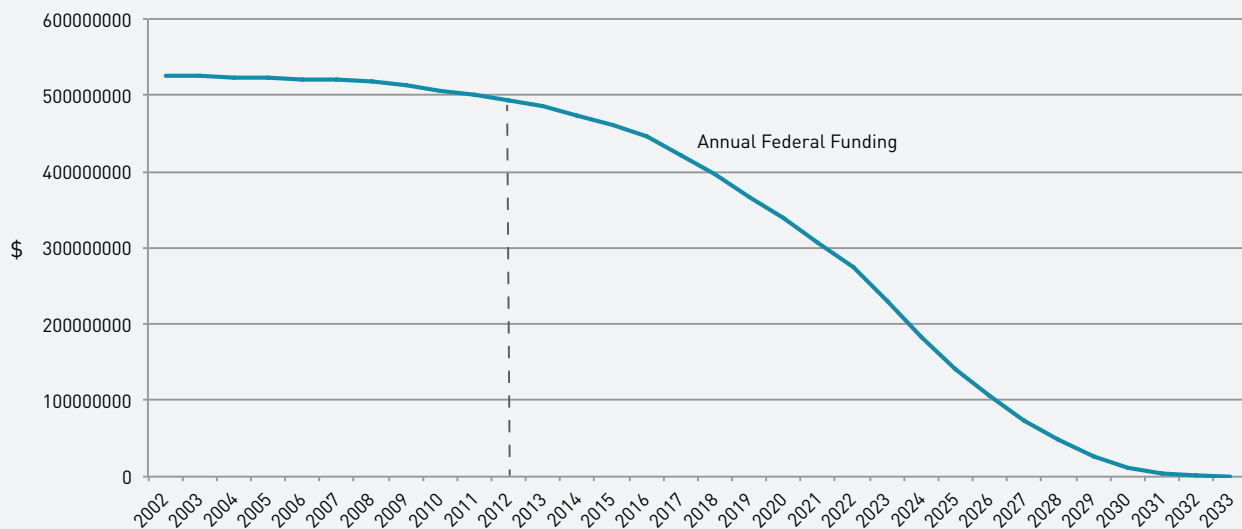
FIGURE 8
 Social Housing Waitlists in Toronto



Source: City of Toronto data

FIGURE 9

Decline in Annual Federal Funding for Social Housing Mortgages and Operating Subsidies in Ontario



Source: Ontario Ministry of Municipal Affairs and Housing, based on Schedule E in the Canada-Ontario Social Housing Agreement, 1999

Sustainability of the Social Housing Stock

When the federal government made the decision in the 1990s to transfer the bulk of the existing social housing stock to the provinces, it committed to providing ongoing subsidies to cover the mortgage and operating costs for these existing projects. The subsidies for each project were tied to the carrying cost and length of the mortgages, with the expectation that once the mortgages were paid off, there would be no need for continued government support.⁴⁷ The federal government has not made any further new funding available for these social housing units, with the exception of one-time renovation funds during the 2009-11 stimulus package. Federal funding for social housing mortgages and operating subsidies will start decreasing at a faster rate beginning in 2014-15, as the operating agreements for a large number of projects start to expire, and will end completely by 2033. Figure 9 illustrates this decline in annual federal funding.

According to CMHC, “Over the years, the federal government and [provinces and territories] have created and maintained a ‘portfolio’ of social housing units through a variety of programs.”⁴⁸ The question is, how well-maintained will this portfolio be on the expiry of these subsidy agreements? While the available data is limited, the future does not bode well for the existing social housing stock if current trajectories continue.

The reason for today’s challenges is relatively simple: over three quarters of social housing units in Ontario are RGI and the rental incomes that housing providers can collect from the households in these units have remained quite low. Housing expert Steve Pomeroy puts it simply: “over time, as social housing has been targeted to those most in need, revenues have stayed low, while operating costs have risen.”⁴⁹ For example, 20-25 per cent of the households in social housing are on social assistance. Given that the rent paid by the social assistance program to social housing service providers has stagnated, these low rents have a further impact on the financial viability of social housing.⁵⁰

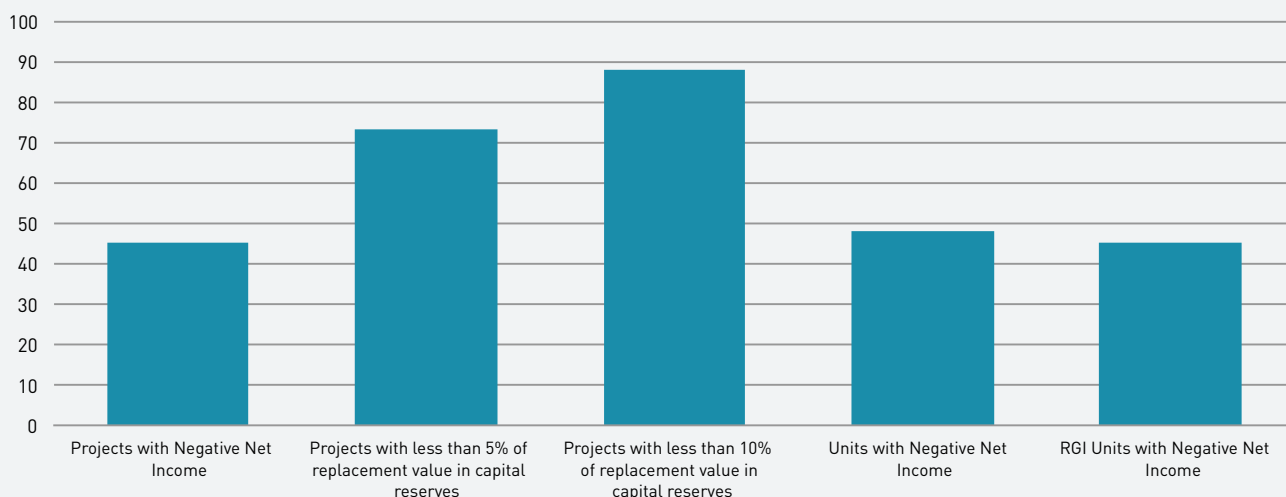
47 Keith Ward. June 2011. *Courage Under Fire: Addressing the Challenges and Opportunities of a Post-Operating Agreement World in Social Housing*. Canadian Housing & Renewal Association and Social Housing Services Corporation.

48 Canada Mortgage and Housing Corporation. 2011. *Canadian Housing Observer* 2011. p. 128.

49 Steve Pomeroy May 2011. *Is Emperor Nero Fiddling as Rome Burns? Assessing Risk when Federal Subsidies End*. Federation of Canadian Municipalities (FCM), and the Canadian Housing and Renewal Association (CHRA) pg. 5.

50 City of Toronto. 2012. *Putting People First*. p. 20.

FIGURE 10
Share of Surveyed Units with Financial Viability Risk



Source: Mowat Centre Analysis of Data from Ontario Government

For the purposes of this report, the Mowat Centre has analyzed a sample of financial information from 2007 from a range of different types of social housing providers with geographic coverage throughout the province. The sample, collected by the Ministry of Municipal Affairs and Housing, represents approximately 15 per cent of the social housing stock in Ontario. Three quarters of the units in the sample are RGI, which is roughly consistent with the province as a whole.

The simplest measure of viability for this sample is to look at the net income of projects, which is the total of rent revenues and other income, less operating costs and net of capital improvements, replacement reserve allocations, and mortgage payments. By this measure, 45 per cent of the projects examined—representing 48 per cent of the total stock of units—were operating at a negative net income, relying on subsidies to bridge the gap. That is to say, that if current federal subsidies were to expire, these projects would be at risk. Given the link between the share of RGI units and viability, a larger share of unviable projects are found among those developed under Public Housing, Provincial Reformed, and Urban Native Programs than the Section 95, Limited Dividend, or Section 26/27 Low End of Market Rent programs.⁵¹

51 Ontario Municipal Knowledge Network and Housing Services Corp. Oct. 2012. "Social Housing End Dates in Ontario: Assessing Impacts and Promoting Good Practices". pg. 21

While the public housing stock was largely in good repair when transferred from the province to municipalities, the projects had limited capital reserves.⁵² Looking at capital funding adequacy, the viability challenges are even more widespread, if somewhat less immediate. In the sample of Ontario projects reviewed, 73 per cent reported capital reserves of less than 5 per cent of the replacement value of the project. Given that cash flows provide little flexibility to replenish capital reserves or qualify for additional debt, this lack of funds could create considerable viability challenges as buildings need repair.⁵³ The pressures on day-to-day operating budgets can also lead to housing providers delaying preventative maintenance that can extend the life of buildings.⁵⁴

The scope of the problem is consistent with the findings of a number of past Ontario studies. A 2012 study by Re/Fact consulting for the Housing Services Corporation and Ontario Municipal Knowledge Network found that only about one fifth of projects that could be rated were on a sustainable path for both operating and capital requirements at the end of their operating agreements.⁵⁵ A 2010 study by the

52 City of Toronto. 2012. Putting People First. pg. 20.

53 Stewart Pearson. Dec 2010. Financing Capital Improvements and the Renovation of Social Housing in Ontario. Social Housing Services Corporation. pg. 17.

54 Auditor General of Ontario. 2009. Social Housing. pg. 285.

55 Ontario Municipal Knowledge Network and Housing Services Corporation. 2012. pg. 21

Housing Services Corporation identified a capital reserve shortfall in 68 per cent of social housing units in Ontario.⁵⁶ A 2011 study by housing analyst Steve Pomeroy found that 80 per cent of units in a Canada-wide sample would not be viable upon the expiry of federal subsidies, with the capital reserves in particular insufficient in roughly 70 per cent of units.⁵⁷ A replication of this study for a wider Ontario sample in 2012 provided similar results.⁵⁸

The existing social housing stock is a valuable public asset for governments. However, without adequate operating funding, a project is forced to find additional sources of subsidy (from strained municipal budgets), reduce the depth of subsidy (by raising the rent level from 30 per cent of income to say, 40 per cent), reduce the number of RGI units (changing them to market rent), or shut down altogether. In facing these options, municipalities are currently constrained by provincial service level standards, requiring them to maintain a certain number of units of different types. Clearly, something will have to give.

Which direction Ontario's social housing will go however, remains entirely unclear. As we explore the current state of government roles in housing policy, we find that while today's arrangement is far from simple, there is enough complementarity between government efforts to create a new arrangement going forward that includes roles for federal, provincial, and municipal governments, as well as the not-for-profit and private sectors.

⁵⁶ Pearson. 2010. pg. 10.

⁵⁷ Pomeroy. 2011. pg. 1.

⁵⁸ Ontario Municipal Knowledge Network and Housing Services Corporation. 2012. pg. 17

“The market imperfections that contribute to the shortage of affordable housing implicate all levels of government, which means that any effort to remove them will be part of the broader web of inter-governmental relations... [A] solution to affordable housing will clearly require the full cooperation of all three orders of government.”

Drummond, Don, Derek Burleton and Gillian Manning. 2003. Affordable Housing in Canada: In Search of a New Paradigm. TD Economics Special Report. June 17.

2

The History of Federal Involvement in the Social and Affordable Housing Sector

1930S: THE ORIGINS OF FEDERAL INVOLVEMENT

The combination of low incomes and limited supply of rental housing means that a significant portion of the population is not able to find housing that is adequate, suitable, and affordable.⁵⁹ This reality has provided the rationale for government investment in social and affordable housing for close to eighty years. The origins of direct government involvement in affordable housing in Canada came from the federal government during the Depression. With the 1935 Dominion Housing Act, the federal government entered the housing sector and has remained the largest public player in the sector since that time. Federal legislation in the following decades shaped the broader housing market, as well as the scope and scale of federal involvement in the sector, which has largely been managed through the Canada Mortgage and Housing Corporation (CMHC), created in 1945.⁶⁰

The federal government's initial interventions into the housing market were driven by economic growth considerations—ensuring that there was adequate housing available for the post-war workforce—rather than alleviating the challenges faced by the poor.⁶¹ During the initial phase of CMHC's operations, until the early 1960s, the federal agency focused on providing single-family owner occupied housing for middle income families. To the extent it was considered at all, it was expected that the “filtering” of middle-income families to new communities would manage issues of affordability by opening up older and cheaper housing for lower income households.⁶² At this time, cultural and institutional preferences for home ownership over renting were well-entrenched, and only a relatively small amount of public housing for low-income renters was built (12,000 units through the early 1960s).⁶³

1960S: THE SHIFT TOWARD A MORE ACTIVIST FEDERAL ROLE IN HOUSING

Starting in the 1960s, federal housing policy began to shift to focus on the needs of lower-income households and on social development and inclusion more broadly. This period, through to the 1970s, was the most active for both the development of public housing and Ontario's rental housing stock. Much of this housing was developed

59 Drummond, Burleton and Manning. 2003

60 Originally the Central Mortgage and Housing Corporation. J. David Hulchanski. June 1986. “The 1935 Dominion Housing Act: Setting the Stage for a Permanent Federal Presence in Canada's Housing Sector”. *Urban History Review/Revue d'histoire urbaine*, 15:1. p. 23

61 Barbara Wake Carroll and Ruth T.E. Jones. Sept 2000. “The Road to Innovation, Convergence or Inertia: Devolution in Housing Policy in Canada”. *Canadian Public Policy*, 26:3. p. 279; Hulchanski 1986. p. 19.

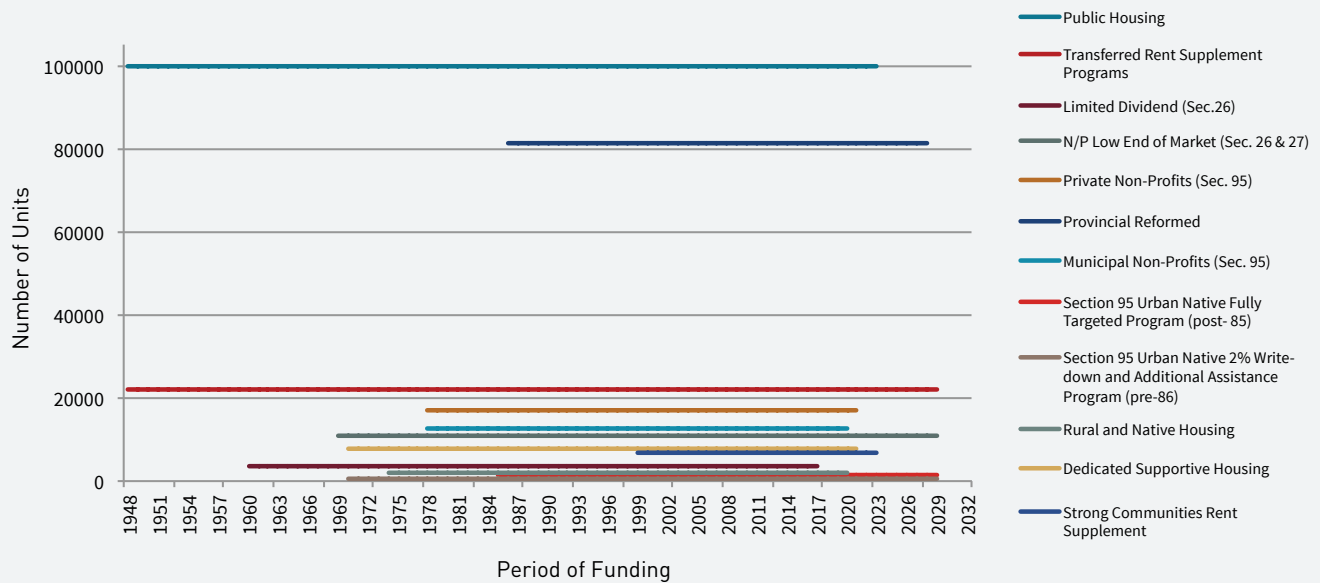
62 Carroll and Jones 2000. p. 278.

63 Hulchanski. 2004. p. 224-228

FIGURE 11

Ontario Housing Support Programs (Number of Units, Duration of Funding)

265,075 units total



Source: Based on Ontario Government data

in response to urban blight and was jointly funded by federal and provincial governments.⁶⁴ Other policy levers were introduced alongside this supply-side housing approach; rent control was introduced in all provinces at the federal government’s urging in 1975 as an inflation-fighting measure, while home ownership assistance, rental assistance, and energy conservation programs were also rolled out by both federal and provincial governments.⁶⁵ Throughout this period of activity, successive federal governments maintained their leadership role in housing, rejecting requests from provinces for block funding approaches that would weaken federal leadership and coordination.⁶⁶

The ambition of both federal and provincial governments for social housing development in Ontario tapered from the late 1970s through to the early 1990s. This period was characterized by increasingly targeted assistance programs, particularly at the federal level, driven by both financial restraint and a shifting view of the role of housing programs.⁶⁷ During this period, the interest of successive federal governments in social housing waned. Despite the federal government’s leadership role in housing policy

64 Nick Van Dyk. 1995. “Financing Social Housing in Canada”. *Housing Policy Debate* 6:4. p. 818

65 Ibid. p. 826; Carroll and Jones 2000. p. 278

66 Hulchanski. 2004. p. 236

67 Carroll and Jones 2000, p. 279; Van Dyk, 1995. p. 835.

from the end of the Second World War, the conditions giving rise to policy activism and experimentation on the housing file at the federal level had disappeared by 1986.⁶⁸

Figure 11 provides an overview of the main social housing programs in Ontario, including the number of units and duration of funding for each program.

1990S: FEDERAL WITHDRAWAL FROM HOUSING

Under pressure to address the deficit in the mid-1990s, the federal government decided to limit its involvement in the ongoing creation and delivery of social housing. In 1994, the federal government announced that it would be capping its total funding for social housing at a high watermark of \$2.13B, and reducing support gradually over time.⁶⁹ The withdrawal was positioned as a move to clearly delineate roles and responsibilities between the federal and provincial governments.⁷⁰

68 Carroll and Jones 2000, p. 277-278.

69 Carroll and Jones, 2000. p. 280

70 Specifically, in the 1996 budget, the federal government stated that: “CMHC will phase out its remaining role in social housing, except for housing on Indian reserves. The first step has already been taken – there has been no funding for new social housing units since 1993. To further clarify jurisdiction in the social housing field, the federal government is now prepared to offer provincial and territorial governments the opportunity to take over the management of existing social housing resources, provided that the federal subsidies on existing housing continue to be used for housing assistance for low-income households.” <http://fin.gc.ca/budget96/bp/bp96e.pdf> p. 44

Over the next few years, the federal government proceeded to sign devolution agreements with most provinces.⁷¹ In return for giving the provinces control over the management of the existing social housing stock, the federal government committed to providing ongoing subsidies to cover the mortgage and operating costs for these projects. The subsidies for each project were tied to the carrying cost and length of the mortgages, with the expectation that once the mortgages were paid off, there would be no need for continued government support.⁷² In Ontario, ownership and operational control was further devolved to local governments as part of the Local Services Realignment initiative.⁷³

2000S: THE CONTINUATION OF FEDERAL INVOLVEMENT IN HOUSING

Despite the federal government’s announcement that it was withdrawing from social housing, it was soon active again on housing policy. In the fall of 2001, the federal government put new funds on the table for a federal affordable housing program (the Affordable

Housing Initiative), to be delivered and cost-matched by provinces and territories.⁷⁴ Over the next decade, the federal government continued to renew and actively engage with these programs (now primarily rolled into the Investment in Affordable Housing) as well as other complementary investments to address homelessness.

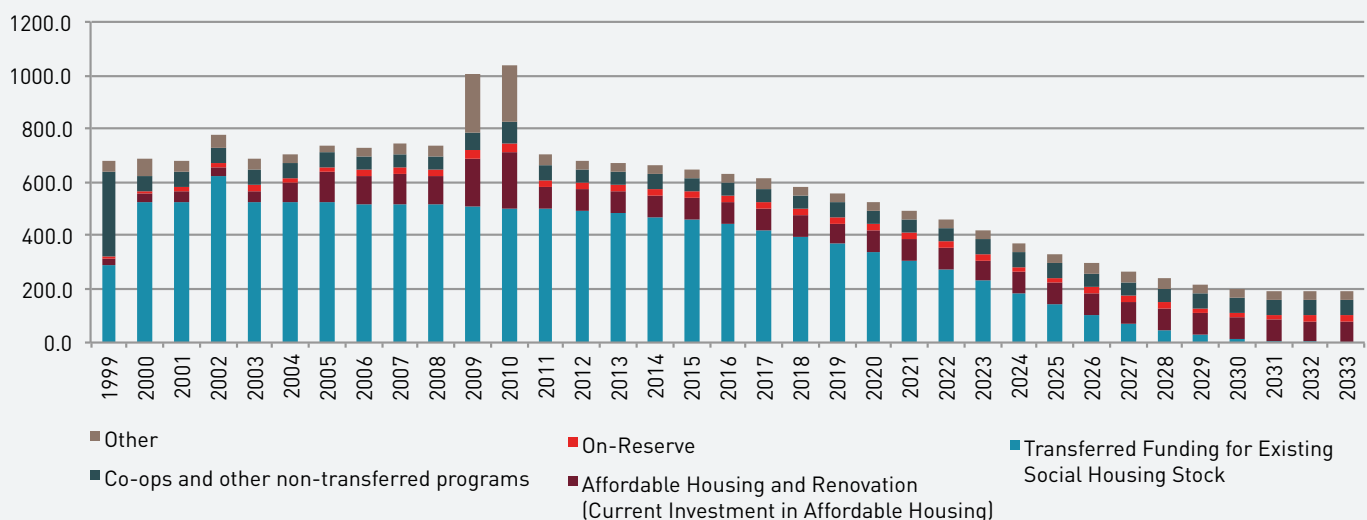
Figure 12 shows the federal funding committed to various housing programs since the federal government announced its withdrawal from the housing sector, including the continuation of funding for the Investment in Affordable Housing after 2014, announced in the March 2013 budget.⁷⁵

Although the federal government signed an agreement with the province in 1999 that is often described as their withdrawal from the social housing space, in reality, it has far from vacated this policy area. Over the past decade, the federal government has continued to actively shape new investments in

71 Alberta, Quebec, and PEI did not sign devolution agreements with the federal government.
72 Ward, 2011. p. 3
73 Social Housing Services Corporation. 2008. “Ontario Social Housing Primer”. p. 4.

74 “Ministers Reach Agreement on Affordable Housing” <http://scics.gc.ca/english/conferences.asp?a=view&id=1198&y=&m=>
75 Funding data based on CMHC Canadian Housing Statistics Table 51 - funds authorized under the National Housing Act. Years beyond 2012 based on: the schedule in the Canada-Ontario Social Housing Agreement, continued funding at current levels for the IAH, and continued funding of the non-transferred programs and other funding at levels consistent with an average of the five most recent years (not including the years featuring Canada’s Economic Action Plan funding).

FIGURE 12
Federal Spending on Housing in Ontario since the Canada-Ontario Social Housing Agreement (\$M)



affordable housing, through various iterations of the Affordable Housing Initiative, as well as other time-limited funding programs. While the federal government has distinguished its investments in affordable housing from its prior investments in social housing, for all practical purposes these are simply different types of government-subsidized housing for low-income households. As urban planning professor and housing policy expert David Hulchanski has pointed out, when it comes to housing, jurisdictional issues are often cited by the federal government when it is convenient, and just as easily ignored when they wish to intervene.⁷⁶

Yet, while the federal government has continued to remain actively engaged on housing, the nature of its involvement has shifted from providing ongoing support for social housing more broadly, to supporting narrower and more targeted programs. There are two major consequences of this policy shift. The first is that the more recent waves of federal investments do not serve the most vulnerable households. The Affordable Housing Program and its successors have focused on lower-end of market rent (approximately 80 per cent of market rent), providing support for lower- and modest-income households. This has created a real gap in support for poorer households relying on the much deeper support of Rent-Geared-to-Income (RGI) programs. As a result, many of these more vulnerable individuals have been left to rely on other parts of the social safety net funded by the province, such as social assistance.⁷⁷

The second consequence of this shift has been a very real neglect of the existing social housing stock in Ontario, funded primarily by the federal government but overseen by municipalities. The decline of federal funding for these units puts significant financial pressure on municipalities in Ontario.

76 Hulchanski, 2004. pp. 240

77 In their 2008 study, the Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartments Association, Daily Bread Food Bank, Metcalf Charitable Foundation and Atkinson Charitable Foundation found that only approximately one in seven social assistance cases not in institutional care were in social housing. The majority of the remainder rented in the private market.

How Federal Funding for Housing is Currently Allocated

Federal funding for housing is distributed throughout the country through a variety of programs. Management of the bulk of these programs has been transferred to provincial and territorial governments.⁷⁸ A small portion of housing programs are still operated directly by the federal government, such as cooperative housing and housing support for First Nations members living on reserve. In Ontario, total federal spending on social and affordable housing was \$706.5M in 2011-12 (the latest year available).⁷⁹ These funds were primarily directed towards programs that provide ongoing subsidies for clients to live in social and affordable housing, whether through funding to housing providers or rent supplements.

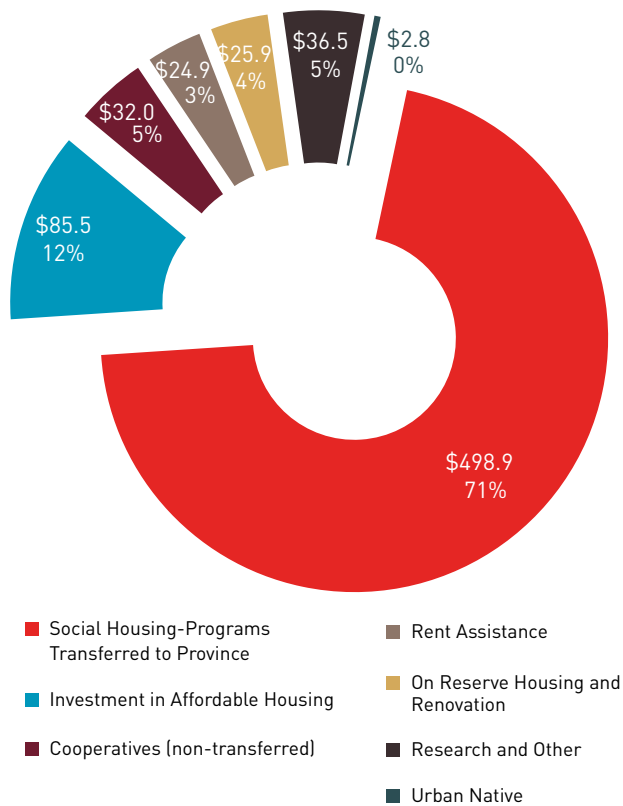
As Figure 13 illustrates, the majority of that funding (71 per cent) is linked to the mortgage and operating costs of the social housing programs transferred to the provinces in the 1990s. As noted earlier, this funding is already starting to decline and will end in 2033.⁸⁰ By comparison, the Investment in Affordable Housing program, a newer program which was recently renewed for another five years until 2018-19, represented just 12 per cent of total federal funding in 2011.

78 Alberta, Quebec, and PEI are exceptions to this pattern, where devolution agreements were never signed.

79 CMHC. Table 51 - Funds authorized under the National Housing Act.

80 These funds are transferred annually by the federal government to the province according to the 1999 Canada-Ontario Social Housing Agreement.

FIGURE 13
Breakdown of Federal Housing Spending in Ontario in 2011-12



Source: CMHC. Funds Authorized Under National Housing Act

Does Ontario Receive its Equitable Share of Federal Spending on Social and Affordable Housing?

An ongoing challenge with federal investments in social and affordable housing is the way that federal support is allocated among provinces and territories. In general, federal funding for programs (housing or otherwise) delivered by provinces and territories tends to be distributed according to one of three main approaches: equal per capita, equal per client, or merit- or project-based. Any of these criteria, applied properly and transparently in a way that is appropriate for their program, could meet a test of fairness.⁸¹ Housing funding allocation in Canada currently follows none of these principles. Through a combination of historical legacy and non-transparent federal decisions, Ontario receives far less than its fair share of federal funding for affordable and social housing.

Arguably, the most appropriate way to allocate federal funds for affordable and social housing is according to need (equal-per-client). The purpose of the program is to support Canadians in housing need, and there is a reasonably reliable set of data available on the distribution of core housing need across the country.

Ontario received only 34.5 per cent of the just over \$2B in federal housing funding in 2011-12 despite having 38.6 per cent of the population and 42 per cent of the national population in core housing need.⁸² The difference between what the federal government would invest in Ontario if it funded on an equal-per-client basis and what it spent in Ontario in 2011-12 is almost 22 per cent—worth over \$150M annually. (See Figure 14 for a more detailed analysis.)

The next fairest way to allocate federal funding for housing would be on an equal-per-capita basis. While a straight equal-per-capita funding approach loses some efficiency of targeting funding based on the

⁸¹ A forthcoming 2014 Mowat Centre study examines allocation approaches for federal transfers.

⁸² Based on CMHC Canadian Housing Statistics 2010-2011.

Allocating Federal Spending

In principle, all Canadians should have the same fundamental treatment in the eyes of federal programs that are national in scope. In practice, federal funding for programs delivered by provinces tends to be distributed according to one of three main approaches. Each of these approaches can be justified as fair and transparent, depending on the circumstances.

BASED ON A PROVINCE OR TERRITORY'S SHARE OF TOTAL POPULATION (EQUAL PER CAPITA)

The Labour Market Agreements, which fund skills training for unemployed Canadians not eligible for Employment Insurance, distribute funds on this principle.

BASED ON A PROVINCE OR TERRITORY'S SHARE OF THE PROGRAM'S TARGET POPULATION (EQUAL PER CLIENT)

The Settlement Funding Formula, for example, allocates federal funding between provinces for immigration settlement services based on their share of immigrants to Canada.

MERIT-BASED OR PROJECT-BASED

Often used for infrastructure funding (including a large portion of the \$33B Building Canada Plan), these programs fund projects based on application demand and merit, and are, in theory, blind to provincial/territorial boundaries.

goals of the program, it is strong on simplicity and transparency. If Ontario were to receive an allocation on an equal per capita funding basis, it would benefit from 38.6 per cent of federal spending, rather than the 34.5 per cent it receives today—a difference worth 12 per cent of its 2011-12 allocation, or \$84M annually.

Some of these funding discrepancies are based on legacies of project decisions made decades ago, while others have no clear explanation at all.⁸³ A renewed approach should treat all Canadians fairly. The best way to do so is by adopting an equal-per-client funding model.

⁸³ For example, there is no publicly-communicated explanation for why Ontario receives less than its fair share of the 2011 Investment in Affordable Housing funding.

FIGURE 14
Options for Housing Funding in Canada, by Province

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC	YT	NWT	NU
\$M Federal housing spending	56.4	14.5	70.3	49.1	431.3	706.50	118.4	137	150	227.5	9.5	28.7	49
Share of national total	2.8%	0.7%	3.4%	2.4%	21.1%	34.5%	5.8%	6.7%	7.3%	11.1%	0.5%	1.4%	2.4%

TREATING EACH CANADIAN EQUALLY (EQUAL PER CAPITA)

Share of 2011 CDN population	1.5%	0.4%	2.8%	2.2%	23.3%	38.6%	3.6%	3.1%	11.0%	13.1%	0.1%	0.1%	0.1%
\$M Eq pc federal housing spending	30.7	8.2	57.3	45.1	477.2	790.6	73.7	63.5	225.3	268.3	2.0	2.0	2.0
\$Difference	-25.7	-6.3	-13.0	-4.0	45.9	84.1	-44.7	-73.5	75.3	40.8	-7.5	-26.7	-47.0
Difference as a % of allocation				-8.2%	10.6%	11.9%			50.2%	17.9%			

TREATING EACH CANADIAN IN CORE HOUSING NEED EQUALLY (DIVIDED ON SHARE OF CORE HOUSING NEED -2006 data)

Share of Core Housing Need	1.8%	0.4%	2.9%	2.0%	21.7%	42.0%	3.1%	2.7%	8.0%	14.8%	0.1%	0.2%	0.2%
\$M based on share of CHN	36.9	8.2	59.4	41.0	444.5	860.2	63.5	55.3	163.9	303.1	2.0	4.1	4.1
\$Difference	-19.5	-6.3	-10.9	-8.1	13.2	153.7	-54.9	-81.7	13.9	75.6	-7.5	-24.6	-44.9
Difference as a % of allocation					3.1%	21.8%			9.2%	33.2%			

Source: CMHC Canadian Housing Statistics 2011-12; CMHC Canadian Housing Observer Households in Core Housing Need, Canada, Provinces and Territories.

Investments
in housing pay
significant returns
that are too often
overlooked.

3

Evaluating the Impact of Federal Investment in Social and Affordable Housing

It is difficult to clearly track the exact allocation of federal housing funding in Ontario since federal investments are transferred to the province, which combines these funds with provincial and local government investments in housing. While the combined contributions of local governments outweigh the federal and provincial contributions, the federal government remains the largest single funding source for affordable and social housing in Ontario.⁸⁴ The federal contribution of over \$700M represents 0.29 per cent of total federal program spending.⁸⁵

This complicated spending arrangement obscures the source of funds and makes it difficult to clearly evaluate the return on investment for any one level of government's contribution to affordable and social housing. We are thus met with significant limitations in attempting to evaluate the return on investment of the federal government's contribution in particular. In evaluating the macroeconomic benefits of capital investments, we can distinguish the multiplier effect of federal investments. For the broader socio-economic returns, it is impossible to disentangle federal investment from provincial or local spending in attributing their impact.

The Macroeconomic Benefits of Social Housing

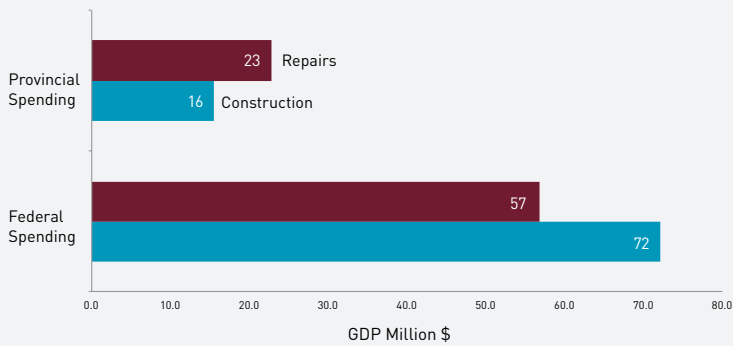
The housing sector is significant to our economy. We know that when governments make investments in social and affordable housing, it has an economic impact that extends beyond the direct investment. One common way to measure this broader impact is by using economic "multipliers." These multipliers reflect the ripple effects of an investment as it continues to move its way through the economy. When the multiplier is greater than one, it means that the macroeconomic impact of the investment is greater than its nominal impact.

The Mowat Centre used input-output tables provided by Statistics Canada to evaluate the degree to which GDP and employment would increase as a result of the federal government's investments in social and affordable housing. Looking at the latest available Ontario data for the sector, we found that each \$1 increase in residential building construction investment generates an increase in overall GDP by \$1.52 as the investment continues to cycle through the economy.

⁸⁴ Note that this does not include related federal and provincial spending on homelessness prevention or on supportive housing through the Ministry of Health and Long-term Care or through the Ministry of Community and Social Services.

⁸⁵ For Fiscal year 2011-12. CMHC Canadian Housing Statistics 2011/12; Public Accounts of Canada 2011-12. <http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2012/pdf/2012-vol1-eng.pdf>

FIGURE 15
GDP Generated by Federal and Provincial Capital Investments in Housing



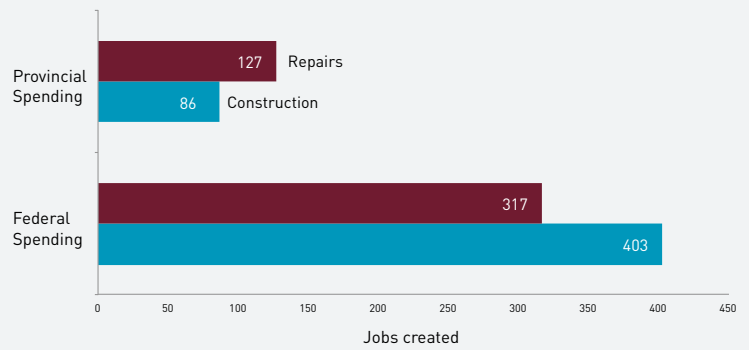
Source: Mowat Centre Analysis

In 2011-12, the federal government invested a total of \$84.7 M in capital spending on social and affordable housing in Ontario, while provincial contributions added a further \$25.2M.⁸⁶ As the majority of federal spending in housing off-reserve in Ontario is now cost-matched by the provincial government under the Investment in Affordable Program, capital spending totals would be more even today, however, 2011-12 figures are the most recent available for federal contributions. We look at capital spending because it allows for a clearer understanding of how it is spent, where operating spending can go to a wide range of areas, notably to mortgage payments.

Figure 15 illustrates the effects these investments had on GDP. Based on this analysis of the multiplier effect, we found that combined federal and provincial capital spending generated around \$167M in GDP for the province. Given that federal spending outweighed provincial spending in that year, over three quarters of this output (\$129M) was a result of federal spending. We were not able to calculate the contribution of local spending because of the challenge of double counting federal and provincial contributions as they make their way to local Service Managers.

⁸⁶ Mowat Centre analysis based on data from CMHC and MMAH.

FIGURE 16
Employment Generated by Federal and Provincial Capital Investments in Housing



Source: Mowat Centre Analysis

We can also use a similar methodology to understand the employment effects of investments in social and affordable housing. Looking at Ontario estimates for the sector, an additional \$1,000,000 in investment will generate on average 8.49 full-time equivalent jobs. Two-thirds of these jobs would be direct employment created within the construction sector, with the final third representing indirect employment as the construction industry purchases additional goods and services from other sectors.

Looking at the same capital spending in Ontario in 2011-12, we can estimate that 933 jobs were generated from combined federal and provincial investments in construction and repair/maintenance of affordable and social housing (see Figure 16). Of these, 720 would be attributable to the federal investments and 213 to the provincial investments.

The Broader Picture: Social Returns on Investments in Social and Affordable Housing

What gets measured, gets managed.

-Peter Drucker

In looking at the residential development and construction sector, we get a picture of how housing investments contribute to economic growth and job creation. The primary goal, however, of investing in social and affordable housing is not to create spillover effects for the construction industry, but to ensure that Ontarians, regardless of their income, have a decent, adequate, and affordable place to live.⁸⁷ As recent studies in Canada and internationally have shown, these investments have benefits for people's lives that extend well beyond the shelter itself, providing a stable foundation for improving overall well-being in health, employment, education, and safety.

While these benefits are increasingly clear thanks to a growing body of academic research, the calculus of evaluating government investments too often treats these outcomes as if they don't exist. As governments move towards a more results-focused approach to delivering public services, there is a need to understand how a variety of complex and interrelated factors influence outcomes, for example, the strong links between housing and health. Understanding the links between investments that support different areas of people's lives is essential to ensuring that people receive the best services and government funds are put to their most effective use.

⁸⁷ In the case of additional stimulus-related funding in 2009-11, the social and affordable housing investments were in fact intended to generate immediate macroeconomic benefits as a major, if not primary objective.

Social Return on Investment (SROI) modelling is a valuable approach for capturing this wider set of social and economic returns on government investments in social and affordable housing. Recent Canadian studies using SROI modelling have demonstrated just how significant these impacts can be:

- » The At Home/Chez Soi program provided stable housing and additional support to chronically homeless people with complex mental health and addiction problems in five Canadian cities. Their interim report demonstrated that adopting a "Housing First" model is a cost-effective intervention, as it improved outcomes among study participants while reducing the costs to government for shelter, health, and justice services by between 54 cents and \$1.54 for every dollar spent on the program.⁸⁸ The program's effectiveness was recognized in the 2013 federal budget, which announced an investment of \$119 million per year, over five years, for the Homelessness Partnering Strategy using a Housing First approach.⁸⁹
- » In 2010, the John Howard Society of Toronto commissioned a cost-benefit analysis of Transitional Housing and supports for recently released ex-prisoners returning to the community from incarceration. The findings from this study demonstrated that better outcomes could be achieved at lower cost to government as a result of providing stable housing and supports to the targeted population. Depending on the type of ex-prisoner, the study estimated that an investment of \$48,000 in Transitional Housing and supports for the year after release would save between \$109,924 and \$352,000 in "lifetime" incarceration and victim costs, as well as costs to social assistance and health services.⁹⁰

⁸⁸ Mental Health Commission of Canada. 2012. At Home/Chez Soi.

⁸⁹ Government of Canada. Federal Budget 2013.

⁹⁰ John Howard Society of Toronto. 2010. Homeless and Jailed: Jailed and Homeless. <http://www.johnhoward.ca/document/JHS-Toronto%20Report%20Homeless%20and%20Jailed.pdf>

Yet while these studies make a strong case for investing in housing supports, they are narrowly focused on highly vulnerable groups that represent a small segment of those benefiting from social and affordable housing. To get a more complete picture of the return on investment for social and affordable housing in Ontario, this lens must be broadened to include the general low-income population supported by these investments.

There are currently no studies that look at the SROI for the broader group of households assisted by affordable and social housing programs in Ontario. To bridge that gap, the Mowat Centre has mapped an illustrative SROI framework to examine the return on investments in social and affordable housing in Ontario, looking at a range of dimensions from employment outcomes to the justice system. The following section outlines the Mowat Centre's approach and findings.

SROI-WHAT IT IS AND HOW IT WORKS

The Social Return on Investment (SROI) analysis attempts to capture the social and environmental value of an initiative, in addition to its financial value. It is based on traditional ROI methodology, which uses cost-benefit analysis to compare resources invested to value generated, to assess if the benefits outweigh the costs. During an SROI analysis, social benefits and costs are monetized so they can be quantified in the calculation. This can be difficult, as a dollar value often cannot completely capture the full benefit of many social goods. Despite this limitation, many organizations find SROI modelling useful, as it enables them to include important social and environmental effects that would otherwise be left out of the equation.⁹¹

91 Karim Harji. Jan 2008. "Social Return on Investment". Carleton Centre for Community Innovation.

Assessing the Social Return on Investment in Affordable and Social Housing in Ontario

To map the social returns on the over \$700M annual federal investment in social and affordable housing in Ontario, the Mowat Centre focused on four main categories where we can see indirect (non-shelter) benefits.⁹²

- 1) economic and financial
- 2) education and human capital
- 3) health and well-being
- 4) justice system

In each of these categories, we have identified two to three areas of positive outcomes for households, communities, and/or governments. For each of these outcomes, the Mowat Centre used available studies and lessons from other jurisdictions to estimate the size of the population that might experience these outcomes, and a financial proxy to show the significance of these outcomes. While insufficient data about the general tenant population in affordable and social housing made it impossible to complete the final stages of a full SROI analysis, which would result in an all-in estimate of return on investment, this model illustrates the breadth and depth of impacts of investment in social and affordable housing (see textbox on next page for additional details of our approach).

The picture that emerges from this SROI analysis is a compelling one. For example, when we learn from a 2010 CMHC study that 48 per cent of social housing tenants surveyed reported that their children saw improved school performance once they received support for stable and affordable housing, we have

to consider the benefit that those children (and their community) will receive for the rest of their lives from improved educational performance. A conservative model of the average earnings difference between part-time workers who have completed a high school diploma and those who have not yields an estimated additional \$2600 per year in increased earnings, per individual.⁹³ This impact would naturally be even more significant if we were to project based on full-time employment and/or a more significant difference in educational achievement.

This is just one way to illustrate one aspect of a broader lesson—that investments in housing pay significant returns that are too often overlooked. The Mowat Centre analysis in the pages that follow presents a cross-section of those returns, ranging from reduced crime and imprisonment to improved employment and increased disposable income. Taken together, they show why decisions about government investment in housing need to be evaluated beyond a narrow context of housing markets. While a large share of the policy areas that the Mowat Centre was in a position to examine are primarily provincial responsibility, they are also strongly linked to federal priorities of economic growth, promoting employment and thriving communities. For example, the 2013 federal budget priorities of “Connecting Canadians with Available Jobs” and “Supporting Families and Communities” are closely linked to stable and affordable housing options.

⁹² A fifth category, community inclusion, was not included in this SROI model, as it is not possible to quantify. However, it should be noted that the increased sense of community and self-empowerment that comes with access to affordable housing are both important non-shelter outcomes.

⁹³ Mowat Centre analysis based on 2009 Labour Force Survey data.

A NOTE ON OUR APPROACH

This analysis is based on an illustrative model of the social return on investment in affordable and social housing in Ontario. The model used is largely based on a 2011 SROI analysis of the community housing sector in Australia and a CPNet research report on approaches to an SROI framework for Ontario. Unlike other studies, which have primarily focused on a highly vulnerable section of the tenant population, this model sketches out non-shelter outcomes from housing for the entire tenant population, giving policy makers a picture of how housing investments in Ontario are affecting the community more broadly. While there is insufficient data about the general tenant population in affordable and social housing to complete a full SROI, this model helps identify how housing investments can indirectly improve the financial, education, and health outcomes of tenants, thereby supporting government initiatives in related programming areas.

The model uses primarily Canadian financial proxies and population data and 2006 CMHC and Statistics Canada census data on households living in core housing need. The estimated population impacted is drawn from Canadian and international studies.⁹⁴ While the housing results of the 2011 National Household Survey were published by Statistics Canada in September 2013, the Mowat Centre was not in a position to adjust its findings to 2011 figures because of data comparability issues, particularly the absence of the new figures for the core housing need metric.

Unfortunately, insufficient data about the general tenant population in affordable and social housing precludes the development of a full SROI model for Ontario. As a result, only one stage of an SROI model has been completed: mapping outcomes. This stage identifies the non-shelter outcomes of housing investments and identifies proxies to measure their economic return. Improved data collection would enable the calculation of deadweight, attribution, and drop-off (the next stage of the model: establishing impact) as well as the full calculation of the SROI for housing. This is determined by adding up the benefits, subtracting aspects of change that would have happened anyway or are a result of other factors, and comparing the result to the investment. The Mowat Centre recommends that the province of Ontario invest in data collection for the purpose of conducting a full SROI of the affordable and social housing sector in the province.

94 Margaret Condon, Nick Istvanffy, Robyn Newton and Bev Pitman. January 2010. Affordable Housing for Families: Assessing the Outcomes. Canada Mortgage and Housing Corporation.; Australian Institute of Health and Welfare. Oct 2011. National Social Housing Survey: a Summary of National Results. <http://www.aihw.gov.au/publication-detail/?id=10737420122>

Economic and Financial Returns

When Ontario’s Commission for the Review of Social Assistance was looking at the province’s income support system, they spoke to people with lived experience of poverty. They heard that housing costs were the greatest obstacle to making ends meet, and stable and secure housing was the most important factor in being able to stabilize their lives before looking for work.⁹⁵ Housing supports give households in need greater financial flexibility and can provide the necessary stability that enables those who are able to work to secure employment.

To illustrate the economic and financial returns, we looked at the links that have been demonstrated between increases in disposable income, increased part-time employment, and decreased use of social assistance.

OUTCOME 1

Additional disposable income as a result of monthly savings after paying rent

Population Affected	Financial Proxy
<p>All low-income social housing tenants would benefit from the additional disposable income received as a result of paying reduced rent after moving into social housing. 228,287 households received housing assistance of some form (rent-geared-to-income or otherwise) in Ontario in 2006.</p> <p>228,287</p>	<p>The average subsidy per assisted household is used as a proxy for the additional disposable income households will have after moving into social housing .</p> <p>\$5,169.63 Average annual subsidy per assisted household (ON 2006)</p>

OUTCOME 2

Increased part-time employment

Population Affected	Financial Proxy
<p>While not all of those relying on housing supports will be able to work, for some the lack of stable housing is one of the main barriers to employment. In 2006, 76,710 individuals in Ontario were both unemployed and seeking work and living in core housing need. We base our expected outcomes on Australia’s 2011 National Social Housing Survey, in which 45 per cent of respondents indicated that they, or their household, felt that living in social housing had helped them see an improvement in their job situation.</p> <p>34,519</p> <p>Number of individuals who would be able to secure part-time employment at minimum wage as a result of having access to stable housing</p>	<p>As a conservative estimate, part-time employment at Ontario’s minimum wage is used for the financial proxy. In 2006, the average part-time employee worked 15.7 hours per week, which would earn them \$9,532.50 over a full year based on 50 weeks at the 2006 minimum wage.</p> <p>\$9,532.50</p>

95 Commission for the Review of Social Assistance in Ontario. 2012. p. 90.

OUTCOME 3

Cost savings to government as a result of decreased use of social assistance

Population Affected	Financial Proxy
<p>When employment outcomes improve, another result is cost savings to government from reduced claims on social assistance. This proxy is based on the same population size as outcome 2.</p> <p>\$34,519</p>	<p>The cost of one year's worth of social assistance benefits in Ontario in 2006 for a single individual with no dependents.</p> <p>\$6,576.00</p> <p>Average annual savings to government per single individual with no dependents who moves off social assistance and into the labour market.</p> <p>Calculation: \$548/month x 12 months</p>

As a result of living in social and affordable housing...

An estimated **35,000** individuals in core housing need would see increased employment, generating **\$9500** each in new gross earnings at part-time minimum wage ⁽²⁰⁰⁶⁾.

177,000 children in housing need could improve educational performance, increasing their lifetime earnings by over **\$2600** per year.

278,000 individuals in need are less likely to need an emergency room when no longer vulnerably housed, saving **\$148** per visit.

Nearly **21,000** male inmates could see reduced risk of recidivism if they are not at risk of homelessness on discharge, saving government an average of **\$9,500** per correctional stay.

Education and Human Capital

Stable housing can also have positive impacts on the education prospects and human capital of tenants, both working age and children. For social and affordable housing tenants who are employed or are able to work, stable housing can enable them to pursue educational opportunities that will increase their work skills, further enhancing their financial circumstances.⁹⁶ For children, living in a more stable, lower-stress environment can have positive impacts on academic performance. For example, a 2005 study by the Australian Housing and Urban Research Institute (AHURI) found that many public and community housing tenants were able to either start or continue education and also reported an improvement in their children’s performance in school as a result of living in social housing.⁹⁷ Similarly, a 2010 study by CMHC also found that social housing tenants reporting improved school performance for their children.⁹⁸

The outcomes in this category look at how access to stable housing can improve the education and human capital of social housing tenants, through: additional earning potential from continuing education and improved educational performance of children.

OUTCOME 1

Additional earning potential resulting from continuing education and retraining made possible by stable and affordable housing

Population Affected	Financial Proxy
<p>Individuals living in core housing need with high school or less would benefit from pursuing continuing education and/or retraining—an estimated 349,400 participants in Ontario’s labour market in 2006. Based on results from Australia, we can estimate that about 54 per cent (188,676) of these individuals could start or continue their education if they had assistance in securing stable and affordable housing.</p> <p>188,676</p>	<p>The earnings premium for an individual with a “Postsecondary certificate or diploma” (\$42,954.55) over the average annual earnings of a worker who has “Graduated high school” (\$38,080) was \$4,874.55 per year in 2006.</p> <p>\$4,874.55</p>

OUTCOME 2

Long-term additional earning potential resulting from improved educational performance and/or educational attainment of children when they receive assistance in getting stable and affordable housing

Population Affected	Financial Proxy
<p>The share of children whose educational performance would improve after moving into affordable or social housing is estimated at 48%, based on the results from a 2010 CMHC study. The long-term outcome of this improved educational performance is measured conservatively as the difference between achieving a high school diploma and leaving school with less than a high school diploma.⁹⁹</p> <p>177,285</p> <p>An estimated 48% of children living in core housing need could see improved education performance if they were to benefit from housing supports.</p>	<p>As a conservative estimate, this financial proxy is based on part-time employment, instead of full-time. The difference between the average annual income of a part-time worker with a high school diploma and one with less than a high school diploma was \$2,600 in 2009.</p> <p>\$2,600.00</p>

96 Arjun Ravi and Chelsea Reinhart. Aug 2011. The Social Value of Community Housing in Australia. Community Housing Federation of Australia. http://chfa.com.au/sites/default/files/node/449/community_housing_sroi_final_150911.pdf. p. 37-38.
 97 Peter Phibbs and Peter Young. Feb 2005. Housing Assistance and Non-Shelter Outcomes. Australian Housing and Urban Research Institute. Report No. 74.
 98 Condon et al, 2010.
 99 This is consistent with the approach taken in the 2011 SROI analysis of the community housing sector in Australia. That study notes that while “[n]o specific data is available on Year 12 attainment rates for community housing tenants...the correlation between improved academic performance and attainment rates is supported by a broad research base.” Ravi and Reinhart. 2011. p. 54

Health and Wellbeing

Exposure to housing vulnerability can have long-term impacts on an individual’s health and wellbeing. Households living in core housing need have less disposable income available to proactively invest in their health, while research suggests that those in severe core housing need are more likely to suffer from serious health conditions. For example, the Canadian multi-city Health and Housing in Transition study found that vulnerably housed people (those recently homeless or who moved twice in the last year—3.4 per cent of Ontario households in 2006) were at high risk of chronic diseases and serious mental health problems and also “heavy users” of the health care system.¹⁰⁰ One third of those surveyed by the study who did not have a healthy place to live reported having trouble getting enough to eat.¹⁰¹

To capture the health and wellbeing returns on investments in housing, we looked at the increased ability to pay for health and medical expenses, and the reduced demand on emergency departments by heavy users.

OUTCOME 1

Increased ability to pay for health and medical related expenses

Population Affected	Financial Proxy
<p>Increased disposable income as a result of moving into social and affordable housing provides all households with the resources to make additional investments in their health. For the purpose of this model, we look at the number of individuals living in households in core housing need that would move from the lowest and second income quintiles to the second and third quintiles, respectively, as a result of increased income from moving into social housing (308,267 in Ontario in 2006).</p> <p>308,267</p>	<p>Increased ability to pay for health and medical related expenses (\$357 per assisted household) is calculated by taking an average of the difference in the annual expenditure per household on health care between the lowest (\$819) and second (\$1133) income quintiles, and between the second and third (\$1533) income quintiles in Ontario in 2006.</p> <p>\$357.00</p>

OUTCOME 2

Reduced demand for services for “heavy users” of the healthcare system, measured as reduced cost to emergency room departments as a result of decrease in ER visits by the vulnerably housed

Population Affected	Financial Proxy
<p>Ontario had an estimated 662,454 vulnerably-housed individuals in 2006, spending in excess of 50 per cent of their income on shelter.¹⁰² Research has shown that these individuals are more likely to suffer from serious health conditions and be “heavy users” of the healthcare system.¹⁰³</p> <p>278,231</p> <p>Latest available figures show that 55 per cent of vulnerably housed people had visited the emergency department at least once in the past year, compared to 13 per cent of the general population.¹⁰⁴ If housing assistance allowed vulnerably housed individuals’ emergency room usage to be brought in line with the rate for the general population, an estimated 278,230 ER visits would be reduced.</p>	<p>\$148.00</p> <p>Average cost of emergency room visit avoided as vulnerably housed move into stable housing</p>

¹⁰⁰ Reach3 Research Alliance for Canadian Homelessness, Housing and Health. Nov 2010. Housing Vulnerability and Health: Canada’s Hidden Emergency. A Report on the Reach3 Health and Housing in Transition Study.

¹⁰¹ Ibid.

¹⁰² Assuming these households are consistent with the average household size.

¹⁰³ Reach3 Research Alliance for Canadian Homelessness, Housing and Health.

¹⁰⁴ 2009 data for the vulnerable housed, 2003 data for the general population

Justice System

There is evidence that inadequate housing increases the probability of interaction with the justice system, at significant detriment to the individual and community and cost to government. The John Howard Society of Toronto has shown that homelessness and incarceration are strongly connected, such that “being homeless increases the likelihood of ending up in jail, while imprisonment increases the risk of homelessness and the length of time that homeless people spend in shelters.”¹⁰⁵ Another body of evidence has made the connection between education and crime,¹⁰⁶ showing that increased education reduces the probability of incarceration.¹⁰⁷ To the extent that stable housing can improve the educational performance of children, particularly male children, there is reason to believe that providing access to quality, stable housing can reduce the likelihood that young men end up in the criminal justice system.

To capture housing outcomes in the justice sector, we examined savings to governments from reduced incarceration and social savings from reduction in crime.

OUTCOME 1

Cost savings to government as a result of reducing one “stay” in a correctional facility

Population Affected	Financial Proxy
<p>The John Howard Society found that 32.2 per cent of male inmates about to be discharged from correctional facilities in Ontario expected to be homeless upon release. This represents 20,717 of the 64,338 men released from correctional facilities in Ontario in 2010.</p> <p>20,717</p>	<p>The cost of an average “stay” in a correctional facility is estimated at \$142/day for 67 days. This estimate is based on a 2010 study from the John Howard Society.</p> <p>\$9,514</p>

OUTCOME 2

Social savings from crime reduction associated with high school completion

Population Affected	Financial Proxy
<p>We estimated this outcome based on the share of children benefitting from improved educational performance (48 per cent), consistent with the education sector outcomes. In this case, the population focuses on male children, as this has been the focus of the research on crime and education. 90,648 represents 48 per cent of male children living in core housing need.</p> <p>90,648</p>	<p>A 2004 US study found that a 1 per cent increase in the high school completion rate would reduce the social cost of crime by approximately \$1.4 billion USD per year.¹⁰⁸ For illustrative purposes, we have calculated the approximate savings per individual (\$353.51 USD, in 1993 dollars). It should be noted, however, that this amount is based on a 1 per cent increase in high school completion rates and it is likely that completion rates would be higher, consistent with the 2010 CMHC study in which 48 per cent of social housing tenants reported improved school performance for their children as a result of moving into social housing.</p> <p>\$353.51 (in 1993 dollars)</p> <p>Estimated social savings per individual from increasing high school completion rates</p>

105 John Howard Society of Toronto, 2010.

106 Ontario Association of Food Banks, 2008. The Cost of Poverty. <http://www.oafb.ca/assets/pdfs/CostofPoverty.pdf>

107 Lance Lochner and Enrico Moretti. Mar 2004 “The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports.” The American Economic Review, 94:1. pp. 155-189.

Overall Social Return on Investment in Affordable and Social Housing in Ontario

While the analysis presented here does not represent a full SROI model, it provides a compelling illustration of the degree to which housing conditions have significant and far reaching effects on individuals, communities, the economy, and government. It is important to remember that these are conservative estimates of only a selection of some of the many areas where studies have documented the benefits of housing supports for those in need and do not capture the full extent of their impact.

The benefits of investing in housing are substantial, but they are too often undervalued. This is in part because research has only recently recognized the strong impact that stable, adequate, and affordable housing has on health and well-being, on educational and economic achievement, and on the reduction of poverty and homelessness. However, another reason is that investments in housing by one government body or department (such as CMHC or the Ministry of Municipal Affairs and Housing) may contribute to greater financial benefits or cost savings that are ultimately captured by another government department. While this reality complicates funding arrangements between governments, it is not justification to let housing policy fall into an intergovernmental limbo. Ensuring an active and robust housing policy requires a renewed partnership between federal, provincial, and municipal governments—one informed by principles, better information, and a broader perspective on delivery.

“CMHC continues to be by far the single most important actor in Canada’s housing system. In addition, other parts of the federal government continue to have enormous influence on the operation of the system.”

Greg Lampert. *The Federal Role in Canada’s Housing System: An Update*. 2012

4

The Case for Continued Federal Involvement in Affordable and Social Housing

Ontario faces persistent supply-and demand-side challenges in ensuring that there is decent, adequate and affordable shelter for all Ontarians. In the face of these challenges, there is a role for government assistance in bridging the gap between what Ontarians need and can afford and what is supplied by the market. The economic and social returns that come from public provision of social and affordable housing bolster the case for investing, with indirect benefits that extend far beyond simply the shelter for those in need. These arguments apply equally for any level of government in Canada. However, there is a strong case for the federal government to have a meaningful, consistent and long-term role in addressing housing need in Ontario.

The case for continued federal involvement in social and affordable housing rests on both historical legacy and current realities. The justification for government investment in housing assistance rests on solid ground. There are five main reasons why the federal government should have a major role in those investments.

1. The federal government set the precedent for government involvement in the housing sector and is largely responsible for the development of most of Canada's affordable and social housing stock.
2. Social and affordable housing investments complement federal programs and policy objectives.
3. The federal government continues to play the largest government role in the broader housing sector.
4. Federal devolution of the social housing stock, without adequate ongoing funding, is a significant fiscal burden to provinces and municipalities, reducing their ability to adequately fund core programs and services.
5. Recent polling indicates Canadians are in favour of a federal role in the social housing sector.

These fiscal and jurisdictional considerations complement the practical case. When the federal government makes sound investments in social and affordable housing, it improves our economy, our community, and our public services.

The legacy of federal involvement in housing

The federal government set a clear precedent for its involvement in the housing sector when it first led Canadian government engagement in the sector during the 1930s. Almost all of Canada's affordable and social housing stock has been developed as a result of federal efforts (supported by provinces and territories) to support low income Canadians and social inclusion more broadly. While the federal government has withdrawn from much of the direct delivery of affordable housing programs in Ontario, they remain heavily engaged. They remain the most significant single funder of the core social and affordable housing programs in Ontario.¹⁰⁸

In addition to the main transfers for social housing and the Investment in Affordable Housing program, the federal government continues to be directly involved in assistance for Canadians in housing need. These interventions include other federal programs, such as cooperatives funded by the federal Agency for Cooperative Housing and the recently renewed Homelessness Partnership Strategy.¹⁰⁹ Housing supports are also a prominent feature of the mental health supports being piloted through the federal Mental Health Commission of Canada through their At Home/Chez Soi initiative.¹¹⁰ In fact, providing assistance to Canadians in housing need remains the first goal of CMHC's corporate plan.¹¹¹

108 Based on available 2011-12 figures. Note that this does not include related federal and provincial spending on homelessness prevention or on supportive housing through the Ministry of Health and Long-term Care or through the Ministry of Community and Social Services.

109 Human Resources and Social Development Canada. "Homelessness Strategy". <http://www.hrsdc.gc.ca/eng/communities/homelessness/index.shtml>

110 Mental Health Commission of Canada. "What is the Issue?" <http://www.mental-healthcommission.ca/English/issues/housing?routetoken=6412f89b8c1c91ccdc6d46e9523155a0&terminitial=23>

111 Canada Mortgage and Housing Corporation. 2013. "2013-2017 Summary of Corporate Plan".

http://www.cmhc-schl.gc.ca/en/corp/about/anrecopl/anrecopl_010.cfm

Housing investments are a necessary complement to federal objectives of economic growth and strong communities

Access to stable, adequate, and affordable housing options supports other federal priorities. For example, as Housing First programs have demonstrated, providing housing can be an essential first step to successful employment outcomes. Capital investments in social and affordable housing also create spillover effects, creating jobs and economic growth. Given that "Connecting Canadians with Available Jobs" was a centerpiece priority of the federal government's 2013 budget, the federal government can ill-afford to back away from investing in areas that have evidence that they will deliver results in their priority areas.¹¹²

The returns on social and affordable housing investments are in fact much broader than that. As a significant body of evidence shows, stable, adequate and affordable housing is a foundational investment to improve outcomes in education, health, employment and public safety. The performance of federal income support programs for various people in need such as seniors (OAS/GIS, CPP), the unemployed (Employment Insurance), and low-income families (Canada Child Tax Benefit, Working Income Tax Benefit) depend on that income support being adequate to afford decent shelter. Just as in education, healthcare, and infrastructure, there is a strong case for government involvement where there are social returns from investment that spill over beyond private returns.¹¹³ Given the strong relationship to other federal programs, the federal government should play a significant funding role in affordable and social housing initiatives.

112 Government of Canada, Budget 2013. <http://www.budget.gc.ca/2013/doc/bb/brief-bref-eng.html>

113 Benjamin Dachis. July 2013. "Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment" C.D. Howe Commentary No. 385. http://www.cdhowe.org/pdf/Commentary_385.pdf

The federal government is the largest player in the broader housing sector

Beyond social and affordable housing programming, the federal government carries enormous influence over the broader housing system through a variety of financial, regulatory, and policy instruments.¹¹⁴ Federal decisions have an enormous impact on the availability and affordability of housing in Canada. Combined with the various tax incentives available, the federal government has a significant financial stake in the affordability of housing ownership. These direct and indirect housing system levers used by the federal government make the federal government's role deeply embedded in the public response to housing affordability challenges, regardless of whether a formal "national housing strategy" exists on paper.

Perhaps the most important influence of the federal government in housing affordability is in the housing finance role of CMHC. Through CMHC, the federal government's role as both regulator and service provider gives them one of the most influential policy levers over the cost of housing ownership and the economics of residential development. This active role centres on the regulation of mortgages and mortgage-backed securities to finance various types of residential acquisitions and developments. CMHC is also a direct service provider of mortgage insurance for both homeowners and multi-unit residential. This is a hugely important role in the housing finance system with \$562 billion of mortgage insurance in force as of the second quarter of 2013.¹¹⁵

Federal expenditure on housing through the tax system exceeds direct spending on all of these housing-related programs combined. For example, homeowners are provided an exemption from capital gains taxation when they sell their principal residence;

this alone is worth over \$4.5B today.¹¹⁶ Additional spending to support more affordable home ownership include the First Time Home Buyer's Tax Credit (worth approximately \$110M annually) and the Home Buyer's Plan, which allows tax-free repayable withdrawals from RRSP plans of up to \$25,000 per person to finance a first home purchase.¹¹⁷

The federal government is also responsible for a suite of supportive policies that are essential services to the housing system. These include a variety of primarily informational programs, including the NRCan model building code for energy efficiency and a wide range of public research supported by CMHC covering everything from housing markets to the use of new materials and construction methods. At times the federal government has also funded programs aimed at energy efficiency or accessibility that may not be explicitly targeted at housing affordability but help to shape costs and options for Ontarians. Figure 17 provides an overview of federal support for housing in Canada.

114 Lampert, 2012. 1.

115 Canada Mortgage and Housing Corporation. "CMHC Mortgage Insurance at a Glance". http://www.cmhc-schl.gc.ca/en/corp/nero/jufa/jufa_033.cfm

116 Finance Canada. "Tax Expenditures and Evaluations 2012". <http://www.fin.gc.ca/taxexp-depfisc/2012/taxexp1201-eng.asp#toc346014048>.

117 Ibid.

FIGURE 17
Federal Support for Housing

INITIATIVE	PURPOSE	VALUE
PROGRAM SPENDING		
Social and Affordable housing and renovation assistance	Assist households in need (both on and off reserve)	\$2.05B in 2012
At Home/Chez Soi	Assist individuals with mental health challenges and study potential of mental health approaches	\$27.5M (\$110M for four years)
Homelessness partnership strategy		\$127M in 2012
TAX EXPENDITURE		
Exemption from Capital Gains Taxation for Principal Residences	Lower cost of homeownership	\$4.5B in 2012
First Time Home Buyer's Tax Credit	Make it easier for first-time buyers to purchase a home	\$110M in 2012
GST Exemption for sale of used residential housing	Lower cost of homeownership	N/A
GST Exemption for residential rent	Lower cost of rent	\$1.345B in 2012
GST Rebate for new housing	Lower cost of construction for homeownership	\$625M in 2012
GST Exemption for new residential rental property	Lower cost of construction for rent	\$55M in 2012
INSURANCE AND GUARANTEES		
Mortgage Insurance in Force	Support market/ lower costs of homeownership and rental supply	\$576B in force, 2012
Mortgage Securitization Guarantees in Force	Support market/ lower costs of homeownership and rental supply	\$415B in force, 2012.

Source: Mowat Centre Analysis

The federal government has the greatest financial capacity for involvement in the sector

The need for federal involvement is also an issue of fiscal capacity. The federal government's revenue sources and obligations provide it with long-term fiscal flexibility that is unavailable to municipalities (with limited revenue bases) or provincial governments (with growing open-ended obligations to deliver healthcare, education, and social services).¹¹⁸

¹¹⁸ See the Office of the Parliamentary Budget Officer. 2013. Fiscal Sustainability Report 2013. http://www.pbo-dpb.gc.ca/files/files/FSR_2013.pdf; and Report Of The Council Of The Federation Working Group On Fiscal Arrangements http://www.councilofthefederation.ca/phocadownload/publications/cof_working_group_on_fiscal_arrangements_report_and_appendices_july.pdf

Part of this flexibility comes from the ability to generate revenue. Compared to other levels of government, the federal government has the broadest range of constitutional options to raise revenue, and faces less of the volatility associated with regional economic trends. Local governments in particular are heavily constrained, placing significant pressure on the property tax base. As the Parliamentary Budget Office has shown with their fiscal sustainability projections, provincial and territorial spending-side pressures are much more significant than federal ones. The federal government has few open-ended obligations to deliver services, with provinces responsible for delivering the services that have evolved to become the most significant for Canadians. This is true generally but also of the need to maintain the existing social housing stock, a valuable public asset that provides homes to 5% of Ontario households.

To ensure that this financial capacity becomes a boon and not a burden to provinces and territories, federal funding should generally be block funding, leaving provincial and territorial governments with the flexibility to allocate it to the areas of greatest needs. There is a long history of federal requirements for cost-matching or other conditions creating greater financial burden on provinces and territories, instead of assisting their ability to deliver services.

Canadians are in favour of a federal role in the social housing sector

Public opinion research commissioned by the Mowat Centre for this report found that Ontarians support a national strategy for housing.

To better understand Ontarians' perspectives on housing need and government supports, the Mowat Centre commissioned a survey of 1000 Ontarians between May 27-31, 2013. Through a representative online panel conducted by Jenkins Research and Research Now, Ontarians provided their views on the nature of the problem and on appropriate government roles.

Approximately two thirds of respondents viewed housing affordability challenges as being widespread in their community, while one third were personally concerned that they would not be able to afford a decent place to live in the next few years. Only one in five surveyed expected the situation in their community would improve over the next five years.

While social housing accounts for about 5 per cent of the housing stock in Ontario, over the course of their lives significantly more than 5 per cent of those surveyed had either personally relied on government housing supports (14 per cent) or knew someone who had (39 per cent). Over half of those who relied on government support said that it had been responsible for significant improvement in their lives.

Over two-thirds of Ontarians surveyed attached high importance to government funding to ensure that social and affordable housing is available to those in need. They also had strong expectations that the federal government do more, with 57 per cent saying that the federal government does not provide enough support today, and 67 per cent saying that the federal government should provide long-term financial support for social and affordable housing.

For detailed results of this survey, see Appendix B.

A path forward
should be built
on partnership.

5

A Path Forward for Federal, Provincial, and Municipal Governments in Ontario

Looking forward, federal, provincial, and municipal governments must engage in a renewed partnership—one informed by principles, by better information, and by a broader perspective on delivery. Rather than continuing to produce new “affordable” housing while ignoring the growing challenges with existing “social” housing, federal, provincial, and municipal governments should use the upcoming renewal of the Investment in Affordable Housing program to establish a renewed framework that takes into account all government interventions in the housing system and makes room for new innovative approaches to addressing housing need.

A path forward should be built on partnership. The federal government cannot and should not take on primary responsibility for housing, but it does have an important role to play in social and affordable housing. Provincial and local governments have natural expertise and program alignments as well as financial contributions to make in affordable and social housing. The need for a federal role does not diminish the importance of having provincial and local governments at the table as well; quite the opposite, it is important that all three levels of government work in tandem along with the private sector and not-for-profit sector to address the multi-faceted challenges of ensuring housing access and affordability.

Even without a formal document outlining the federal role in housing, such as a national housing strategy, the federal government is actively using a variety of policy levers at its disposal to influence the housing system, interacting with provincial and local initiatives. Alignment between those levers is necessary for effective results.

As federal, provincial, and municipal governments move forward with the next phase of social and affordable housing in Ontario, they should ground their work together in clear principles to guide their future agreements.

EQUITY

Federal investments in housing supports should treat all Canadians equitably, regardless of where they live. This means allocating federal investments among provinces and territories based on a clear, understandable, and principled formula. Distributing funding on the basis of the share of population in core housing need is the clearest way to do so. Barring a formula that takes into account a clear measure of need, equal per capita allocations are a straightforward and fair approach. Current allocation methods are unclear and represent underinvestment in Ontario by the federal government by either of these measures.

TRANSPARENCY

Priorities, programs, and funds should be transparent through all governments. Programs and agreements should be designed in a way that presents a clear picture to Ontarians about how and where their funds are being spent. This information should be released proactively in a format that is easy to find, use, and understand.

ACCOUNTABILITY

Ultimately, governments are responsible to their legislatures, and in turn to their citizens, for how money is spent. However, this ultimate democratic accountability is a relatively blunt instrument. Governments should jointly measure and report on how money is spent, and assess performance against jointly set measures, going beyond traditional hierarchical reporting relationships.

This accountability should not interfere with jurisdictional autonomy. While there is a role for federal, provincial, and municipal governments in the affordable housing space, this does not mean that Ontarians are well-served by competing plans and policies. Clarifying roles and accountability can facilitate improved service delivery and policy development as well as cost savings.¹¹⁹

Future agreements should recognize the distinct constitutional roles of federal and provincial governments. To the extent possible, they should clarify roles of who does what and minimize policy competition amongst governments.

PREDICTABILITY

Affordable housing development is not a short-term proposition. The process from governments committing funding and defining programs to proponents arranging sites, permits, financing, and construction is a multi-year endeavour. However, the

length of programs and funding commitments of the various versions of the Affordable Housing Program have typically been three to five years. This uncertainty makes it difficult for governments to plan effectively, and several of the experts interviewed for this project confirmed that it tends to stifle investment. A new principled foundation should provide predictability for governments, affordable housing developers and operators, and tenants.

To provide a reasonable degree of predictability for all parties, federal and provincial governments should seek eight to ten year framework funding agreements that allow for ongoing momentum in affordable housing development. While allowing for experimentation and continuous improvement, governments and operators should strive for consistency in eligibility requirements. To function effectively, predictability needs to be paired with transparency and accountability to ensure long-term programs are continuing to deliver expected results.

ADEQUACY

It is not enough for federal funding commitments to be predictable if they are not adequate to meet shared objectives. While the appropriate funding levels are subject to negotiation and evolving need, the federal government should enter the partnership with a guiding principle that long-term funding should be adequate to provide sustainable support consistent with their important role in affordable and social housing funding, both for those served by the existing social housing stock and others in need of assistance. For Ontarians, adequacy should include correcting the biases in federal funding allocation that shortchange Ontario with respect to the share of population and the share of national need.

119 Matthew Mendelsohn, Josh Hjartarson and James Pearce, 2010. *Saving Dollars and Making Sense: An Agenda for a more Efficient, Effective, and Accountable Federation*. Mowat Centre.

Looking Beyond Existing Approaches to Delivery

As federal, provincial, and municipal governments set a framework for the next phase of social and affordable housing in Ontario, they should ensure that the framework leaves room for innovative delivery approaches that could improve outcomes and value-for-money. This openness to innovation goes hand-in-hand with the need for better information, which should include the rigorous measurement of program outcomes to ensure that funding is directed to proven interventions.

For example, programs in Canada and internationally have shown success using Housing First approaches, which use the provision of stable housing as a foundation for other supports.¹²⁰ As mentioned earlier in the report, the At Home/Chez Soi project (a randomized control trial led by the Mental Health Commission of Canada) demonstrated very positive results, as measured by improved outcomes for clients and cost avoidance to government, particularly in comparison to traditional approaches.¹²¹

Public-private partnership initiatives are also unearthing lower-cost approaches to delivering affordable housing. The model being offered by Trillium Housing, for example, offers self-replenishing pools of support for affordable home ownership by offering financing assistance for down-payments with flexible longer-term repayment terms.¹²² The City of Toronto has also leveraged successful public-private partnerships in the redevelopment of public housing by allowing increased density on public housing lands.¹²³

There are also benefits to be reaped from better integration of housing services with other social services. As the Region of Peel found when undertaking their human services integration, fragmented approaches within and across governments to the delivery of services meant that opportunities were lost to connect clients with available supports.¹²⁴ For example, Ontario's Community Homelessness Prevention Initiative (CHPI) brings together funding from previously separate housing and homelessness programs into one program, creating the opportunity to provide more seamless case management for vulnerable populations.

The emerging field of social finance is another area of potential opportunity to bring in alternative service delivery approaches. The social and affordable housing sector has been highlighted as an early opportunity for impact investing, whether through equity instruments or "affordable housing bonds."¹²⁵ Community groups and not-for-profits have begun piloting these approaches, including financing for the Four Feathers Housing Cooperative in London, Ontario¹²⁶ and an affordable housing bond issued by the YWCA for capital costs related to its new 300 Elm Centre in Toronto.¹²⁷

Information Needs

Canada is terrible at data. Other international peers are far ahead when it comes to housing data.
-Interviewee

It is frustrating for groups at the local level trying to make the case for housing, constantly asked to make the case but with no data to do it.
-Interviewee

120 A December 2012 report by James Hughes for the Mowat Centre Homelessness: Closing the Gap Between Capacity and Performance outlines a case for federal homelessness investments to be reoriented towards Housing First approaches. <http://www.mowatcentre.ca/pdfs/mowatResearch/73.pdf>

121 Mental Health Commission of Canada. Sept 2012. At Home/Chez Soi Interim Report. 122 Trillium Housing. "For Home Buyers". <http://trilliumhousing.ca/for-home-buyers/> Accessed 27 Sept 2013.

123 Toronto Community Housing Corporation. "Regent Park". <http://www.torontohousing.ca/regentpark>. Accessed 27 Sept 2013.

124 Jennifer Gold and Josh Hjartarson. December 2012. Integrating Human Services in an Age of Fiscal Restraint: A Shifting Gears Report. Mowat Centre. <http://www.mowatcentre.ca/research-topic-mowat.php?mowatResearchID=74>

125 Hadley Nelles and Adam Spence. 21 March 2013. "Blended Finance for Impact". Presentation. MaRS Centre for Impact Investing.

126 Community Forward Fund, 2013. "Four Feathers Update: CFF loan aids affordable housing for Ontario Aboriginals". <http://www.communityforwardfund.ca/newsroom/blog/four-feathers-housing-aboriginals/>

127 Muttart Foundation, 2013. "YWCA Toronto and The Muttart Foundation Make Social Finance Deal". http://www.muttart.org/news/ywca_toronto_and_muttart_foundation_make_social_finance_deal.

Despite the considerable investment in social and affordable housing and its importance for the lives of those assisted, we have very little data about the households living in social and affordable housing in Ontario. This was a concern echoed consistently by those interviewed for this project. The ability to understand the impact of housing on various aspects of people's lives is limited by the level of detail in the information about those served—essentially limited to the number of units, age and number of tenants, and basic data about household income. While some studies have provided valuable insights on high need populations (such as the At Home/Chez Soi study) there is a notable gap in data about the less complex cases of lower-income households served by social and affordable housing programs.

There is no consistent tracking across the province of how people are doing while they live in social and affordable housing, and how their lives improve once they get access to housing supports. Having usable, comparable data for the province requires both common standards and an investment in essential IT. Given the wide range of size, capacity, and expertise amongst service providers in Ontario, there is a natural role here for the provincial and/or federal government to establish a common set of data collection standards and technology architecture. This information is essential to refining programs to get better outcomes and better use of funds.

The absence of good housing policy can undermine government investments in the labour market and education, while increasing downstream costs in other program areas, such as health care and the criminal justice system.

Conclusion

Ensuring all Canadians have access to stable, adequate, and affordable housing is not only a question of equity—it is central to ensuring that Canadians have the strong foundation they need to fully participate in the economy and society. As our understanding of the factors contributing to good health and well-being, educational and economic achievement, and poverty and homelessness improves, it is becoming increasingly evident that stable, adequate, and affordable housing underpins all aspects of individual development. For governments, this means that good housing policy is not simply one aspect of either social or economic policy but the foundational policy that supports all other interventions that governments make in people's lives. Conversely, the absence of good housing policy can undermine government investments in the labour market and education, while increasing downstream costs in other program areas, such as health care and the criminal justice system.

Unfortunately, housing policy in Canada has not evolved to reflect this new understanding. Effective federal, provincial, and municipal partnerships and investments are required to address housing affordability. Housing affordability is worsening across Canada. More than fifteen per cent of Ontarians live in core housing need and the scope and scale of this problem is likely to increase as federal funding to support the existing social housing stocks declines.

A new framework is needed for federal, provincial, and municipal roles in housing. Regardless of whether this new framework is formalized in a strategy or intergovernmental agreement, it should be based on clear principles and pave the way for innovation and investment to address Ontarians' needs. A new framework should also include investments in better information to guide decisions and integrate new effective delivery approaches into the housing program toolkit. Such a framework must focus on our most vulnerable populations, including the 250,000 households living in social housing and the 627,500 households in core housing need. With the federal government having renewed their commitment to the Investment in Affordable Housing and the Homelessness Partnership Strategy in the 2013 budget, the next five years present a natural transition period to pilot new programs and approaches toward a new solid foundation for affordable and social housing in Ontario. This opportunity should be cemented with a strengthened partnership underpinned by a clear, adequate and long-term federal commitment to investing in housing affordability to capture the broad economic and social returns that these investments bring.

APPENDIX A

List of Interviewees

The Mowat Centre is grateful for the time and feedback of the key informants that we spoke to for this project. They provided a wide-ranging and extremely valuable perspective on social and affordable housing in Ontario and how to assess the value of government investments.

Their insights provided context and enriched our understanding. Any opinions, conclusions and remaining errors are the sole responsibility of this report's authors.

Dr. Stephen Gaetz
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Open Policy

Michael Shapcott
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Katrina Milaney
Calgary Homelessness Foundation

Brenda Ryan and Angela Coulter
City of Calgary

Sean Gadon
City of Toronto

Vince Brescia
Federation of Rental-Housing Providers of Ontario

Cary Green and Hanita Braun
Verdiroc

David Hulchanski
University of Toronto

Michael Jacek and Jessica Schmidt
Association of Municipalities of Ontario

APPENDIX B

Survey Questions and Top Line Results

The survey was conducted online between May 27 and May 31, 2013. Fieldwork was conducted by Research Now using its online panel of Canadians and drawn to be representative of the Ontario population 18 years and older. A total of 1000 completions were conducted.

Survey questions and top line results can be found below. Please note that numbers may not add due to rounding.

Q1. HOW IMPORTANT IS IT TO YOU THAT THE GOVERNMENT PROVIDE FUNDING TO ENSURE THAT SOCIAL AND AFFORDABLE HOUSING IS AVAILABLE TO THOSE WHO NEED IT?

Not at all Important (1)	(2)	(3)	(4)	Very Important (5)
3%	5%	25%	31%	37%

N=1000

Q2A. HOW CONFIDENT ARE YOU THAT THERE IS A GOOD SUPPLY OF AFFORDABLE HOUSING AVAILABLE IN YOUR COMMUNITY?

Not at all Confident	Not Very Confident	Somewhat Confident	Very Confident
18%	42%	34%	6%

N=1000

Q2B. HOW CONFIDENT ARE YOU THAT THERE IS A GOOD SUPPLY OF AFFORDABLE HOUSING AVAILABLE ACROSS ONTARIO?

Not at all Confident	Not Very Confident	Somewhat Confident	Very Confident
18%	41%	35%	5%

N=1000

Q2C. HOW CONFIDENT ARE YOU THAT THE GOVERNMENT DOES A GOOD JOB PROVIDING AFFORDABLE AND SOCIAL HOUSING FOR THOSE WHO OTHERWISE WOULD NOT BE ABLE TO AFFORD IT?

Not at all Confident	Not Very Confident	Somewhat Confident	Very Confident
17%	42%	35%	6%

N=1000

Q3. COMPARED WITH 5 YEARS AGO, DO YOU THINK THE AVAILABILITY OF AFFORDABLE HOUSING IN YOUR COMMUNITY IS...

Not Sure	Much Worse	Somewhat Worse	About the Same	Somewhat Better	Much Better
7%	12%	23%	42%	13%	3%

N=1000

Q4. AND, OVER THE NEXT 5 YEARS, DO YOU THINK THE AVAILABILITY OF AFFORDABLE HOUSING IN YOUR COMMUNITY WILL BE...

Not Sure	Much Worse	Somewhat Worse	About the Same	Somewhat Better	Much Better
7%	10%	21%	45%	13%	4%

N=1000

Q5. WHICH OF THE FOLLOWING BEST DESCRIBES YOUR HOUSING SITUATION?

Housing Situation	Share of Total
I own/own with someone else the house/condo I live in	62%
I rent an apartment/condo/house/pay monthly for housing	29%
I live in government-assisted housing	7%
I live with others (e.g., parent or relative) and do not pay rent	3%

N=1000

Q6. (OWNERS AND RENTERS ONLY) OVER THE PAST FIVE YEARS, HAS THE PERCENTAGE OF YOUR TOTAL HOUSEHOLD INCOME AFTER TAXES THAT YOU SPEND ON HOUSING?

Not Sure	Decreased by a lot	Decreased by a little	Stayed the same	Increased by a little	Increased by a lot
1%	6%	9%	26%	36%	22%

N=934

Q7. TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

Q7A. THE HIGH PRICE OF HOUSING IN MY COMMUNITY PREVENTS SOME PEOPLE FROM ENTERING THE MARKET.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
3%	6%	28%	32%	37%

N=1000

Q7B. I KNOW SOMEONE WHO CANNOT AFFORD A DECENT PLACE TO LIVE.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
15%	15%	24%	23%	24%

N=1000

Q7C. THE HOMES IN MY NEIGHBOURHOOD ARE OVERPRICED.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
5%	12%	32%	27%	25%

N=1000

Q7D. I AM PERSONALLY CONCERNED THAT I WILL NOT BE ABLE TO AFFORD A DECENT PLACE TO LIVE IN THE NEXT FEW YEARS.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
23%	19%	23%	19%	17%

N=1000

Q7E. I KNOW SOMEONE WHO CANNOT AFFORD A DECENT PLACE TO LIVE.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
15%	15%	24%	23%	24%

N=1000

Q7F. [RENTERS ONLY] RENT IN MY NEIGHBOURHOOD IS VERY EXPENSIVE RELATIVE TO WHAT YOU GET.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
3%	10%	27%	27%	32%

N=319

Q7G. [OWNERS ONLY] IF I WERE A FIRST TIME HOME BUYER, I WOULD NOT HAVE ENOUGH MONEY FOR A 20% DOWN PAYMENT ON MY CURRENT HOME AS IT IS PRESENTLY VALUED.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
12%	11%	19%	23%	35%

N=615

Q8. [RENTERS ONLY] WHICH OF THE FOLLOWING BEST DESCRIBES YOUR CURRENT SITUATION?

Renters' Housing Situation	Share of Total
I would like to own my own place but don't expect I will be able to afford one in the next 5 years	54%
I expect to be able to purchase a place in the next 5 years	22%
I prefer to rent and would not buy a house	24%

N=319

Q9. DO YOU KNOW ANYONE WHO HAS FACED ANY OF THE FOLLOWING PROBLEMS IN THE PAST YEAR? PLEASE SELECT ALL THAT APPLY.

Housing Affordability Challenge	Share that have know someone who has faced the problem
Trouble finding an affordable place to rent	45%
Had to share a place to live with others because they could not find an affordable place to live on their own	42%
Lives with parents because they cannot afford their own place	44%
Could not find a house or condo to purchase in their price range	42%
None of these	24%

N=1000

Q10. OVER THE PAST YEAR, HAVE YOU PERSONALLY FACED ANY OF THE FOLLOWING PROBLEMS? PLEASE SELECT ALL THAT APPLY.

Housing Affordability Challenge	Share that have faced the problem
Trouble finding an affordable place to rent	17%
Had to share a place to live with others because they could not find an affordable place to live on their own	13%
Lives with parents because they cannot afford their own place	13%
Could not find a house or condo to purchase in their price range	14%
None of these	63%

N=1000

Q11. DO YOU KNOW ANYONE WHO LIVES IN GOVERNMENT-SUPPORTED HOUSING?

Not sure	Yes	No
13%	39%	49%

N=1000

Q12. HAVE YOU EVER PERSONALLY RELIED ON GOVERNMENT PROGRAMS THAT SUPPORT SOCIAL AND AFFORDABLE HOUSING?

Yes	No
14%	87%

N=1000

Q.13 [THOSE WITH PERSONAL EXPERIENCE RELYING ON GOVERNMENT PROGRAMS ONLY] TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENT: GOVERNMENT PROGRAMS SUPPORTING SOCIAL AND AFFORDABLE HOUSING MADE A SIGNIFICANT IMPROVEMENT IN MY LIFE.

Strongly Disagree (1)	(2)	(3)	(4)	Strongly Agree (5)
7%	13%	29%	20%	31%

N=135

Q14. DO YOU THINK THE GOVERNMENT OF CANADA PROVIDES ENOUGH SUPPORT FOR SOCIAL AND AFFORDABLE HOUSING, THE RIGHT AMOUNT OR NOT ENOUGH?

Not sure	Not enough	Right amount	Too much
16%	57%	20%	7%

N=1000

Q15. SELECT THE STATEMENT THAT YOU THINK BEST DESCRIBES THE APPROPRIATE ROLE FOR THE GOVERNMENT OF CANADA IN FUNDING SOCIAL AND AFFORDABLE HOUSING?

Statement	Share
The federal government should have an ongoing role	59%
The federal government should provide support from time to time	31%
The federal government does not have a role to play	10%

N=1000

Q16. DO YOU BELIEVE THE FEDERAL GOVERNMENT SHOULD HAVE A NATIONAL STRATEGY FOR AFFORDABLE AND SOCIAL HOUSING OR NOT?

Not sure	Yes	No
16%	72%	12%

N=1000

Q17. DO YOU BELIEVE THE FEDERAL GOVERNMENT SHOULD CONTINUE TO PROVIDE LONG-TERM FINANCIAL SUPPORT FOR SOCIAL AND AFFORDABLE HOUSING OR NOT?

Not sure	Yes	No
18%	67%	15%

N=1000

Q18. WOULD YOU SAY YOUR CURRENT HOUSEHOLD INCOME IS ALWAYS, OFTEN, OR RARELY SUFFICIENT TO MEET ESSENTIAL EXPENDITURES, RENT MORTGAGE PAYMENTS, UTILITIES, OR FOOD AND CLOTHING?

Don't know/ not sure	Never sufficient	Rarely sufficient	Often sufficient	Always sufficient
3%	10%	25%	34%	28%

N=1000

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