



**STAFF REPORT
ACTION REQUIRED**

Proposed Amendments to the *Housing Services Act* related to the Provincial Long-Term Affordable Housing Strategy Update

Date:	May 3, 2016
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	All
Reference Number:	

SUMMARY

The provincial government released Ontario's Long Term Affordable Housing Strategy (LTAHS) Update in March 2016. The Ministry of Municipal Affairs and Housing (MMAH) is proposing a number of amendments to legislation over the next 12 months to support changes to the housing system that are consistent with the themes of the LTAHS Update. Key provincial actions are legislative and regulatory amendments to the *Housing Services Act* associated regulations and the Ontario Housing Policy Statement, which provide a legislative framework for housing services in Ontario, as well as the eventual introduction of enabling legislation for inclusionary zoning.

This report provides preliminary analysis on the proposed changes, and seeks direction from City Council to provide further comments on the City's position on legislative and regulatory amendments to the *Housing Services Act* when more technical information has been released by the Province. A separate staff report will be brought forward by City staff on inclusionary zoning once additional information is released by the Province. While some of the proposed amendments to the *Housing Services Act* and associated regulations include welcome changes that give the City of Toronto and other Municipal Service Managers more flexibility to meet local needs and reduce administrative burden, many of the substantial changes required to transform and modernize the social housing system have not been addressed by the Province. MMAH has stated that further changes will be considered over the next 18 to 24 months.

SSHA staff will participate in ongoing consultation processes to provide comment on specific legislative and regulatory changes and continue to encourage the federal and

provincial governments develop a fully-funded affordable housing strategy with sustainable, ongoing funding and flexibility to meet local needs, consistent with Council's requests.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. City Council adopt the positions on proposed amendments to the *Housing Services Act* and associated regulations to Ontario's Ministry of Municipal Affairs and Housing, as outlined in the Attachment, and direct the General Manager, Shelter, Support and Housing Administration, and/or his designate to engage in further consultation and input as more technical information is released by the Province.

Financial Impact

The recommendations in this report have no direct financial impact.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity Impact

Housing and homelessness services serve a range of equity seeking groups including people experiencing homelessness, the working poor, youth, seniors, Aboriginal people, and other vulnerable groups. The initiatives proposed in the LTAHS Update are intended to support these groups to achieve greater housing stability and are aligned with the City's Poverty Reduction efforts.

DECISION HISTORY

At its meeting of July 7, 8 and 9, 2015, City Council adopted the report Transforming Social Housing: Renewing the Partnership with the City's Social Housing Providers. This report outlines the pressures and challenges facing the social housing system and sets out directions to ensure that the City's social housing system is sustainable over the long term and better contributes to the City's housing stability and affordability goals.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD5.7>

At its meeting of December 16, 17 and 18, 2013, City Council unanimously adopted the *2014-2019 Housing Stability Service Planning Framework*. The framework includes nine strategic directions and a number of key actions to transform Toronto's housing stability service system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

At its meeting of July 12, 13 and 14, 2011, City Council adopted the report Overview of Ontario's New Long-Term Affordable Housing Strategy and *Housing Services Act: Implications for the City of Toronto*, which provided an overview of the policy and program implications of the Province's *Housing Services Act, 2011*.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.CD5.5>

At its meeting of August 5 and 6, 2009, City Council adopted the Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020 (HOT). The HOT plan requests that the provincial government implement a fully funded long-term affordable housing plan consistent with the City's 10 year Action Plan.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

ISSUE BACKGROUND

Ontario's Long Term Affordable Housing Strategy Update

The provincial government released Ontario's Long Term Affordable Housing Strategy (LTAHS) Update on March 14, 2016. This is an update to the Long-Term Affordable Housing Strategy released in 2010. The LTAHS Update includes six main goals:

1. An appropriate and sustainable supply of housing - This includes developing provincial legislation to enable inclusionary zoning; legislation and regulatory amendments that reduces barriers to creating second units; and creation of new financing tools for social housing.
2. An equitable, portable system of financial assistance - This includes implementing a portable housing benefit and simplifying Rent-Geared-to-Income (RGI) calculations.
3. People-centred, efficient housing programs - This includes development of a modernized framework for social housing; development of a cross-ministerial Supportive Housing Policy Framework; and development of a framework for housing access that improves co-ordination across systems.
4. An Indigenous Housing Strategy – This includes a commitment to develop an Indigenous Housing Strategy to address the serious problem of inadequate housing and homelessness among First Nation, Metis and Inuit people in Ontario.
5. Ending Homelessness - This includes a commitment of up to \$100 million in operating funding over the next three years for 1,500 new supportive housing units and commitment of an additional \$45 million over three years for the Community Homelessness Prevention Initiative.
6. Achieving an evidence-informed system – This includes creation of an Innovation, Evidence and Capacity Building Fund of up to \$1 million per year to support research, evaluation and capacity building.

The LTAHS Update commitments respond to some of the recommendations made in the City's submission to the Province during the review of the LTAHS, and many are aligned with the City's Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020; the Poverty Reduction Strategy; the Housing Stability Service Plan and the Mayor's Task Force report on Toronto Community Housing.

The LTAHS Update provides some new financial commitments to specific initiatives in addition to the Province's recently announced new funding for social housing retrofits to reduce greenhouse gas emissions. However, there are no significant new investments of funding to respond to the growing need for affordable housing and social housing capital repairs. While the commitments made by the Province in the LTAHS Update are welcome, more details are needed to better understand the impact of the recommendations on affordable housing and homelessness in Toronto.

The Province also commits through the LTAHS Update to develop legislation to enable inclusionary zoning but no additional information has been released to date. A separate staff report will be brought forward once additional information is announced.

Legislative Changes to Support Social Housing Modernization

As a short-term deliverable, the provincial government is undertaking some specific amendments to the *Housing Services Act* to support changes to the housing system that are consistent with the themes of the LTAHS Update. Brief descriptions of proposed directions for these changes to legislation and associated regulations for amendment were posted for public comment in March 2016. It is anticipated that technical tables and opportunities to provide further comments on the specific details of the legislative and regulatory amendments will be announced soon.

Over a longer term, the provincial government will be developing a Social Housing Modernization Framework to transform Ontario's social housing programs into a flexible, outcome-based, efficient and coordinated system of housing assistance that better meets the changing needs of individuals, families and communities. MMAH will strike a discussion forum of partner stakeholders, including the housing sector, Service Managers and key partner ministries, to provide advice on the proposed portable housing benefit framework and developing standards for a voluntary accreditation system for housing providers.

COMMENTS

Housing Services Act and Associated Regulations

The following directions for changes to the *Housing Services Act* and associated regulations have been proposed by the provincial government. See Attachment 1 for a table of the proposed changes, the City's recommended position and comments on impacts.

1. Ministerial Consents and Review of Decisions

The Province is proposing to eliminate the requirements for Ministerial Consent for the transfer of social housing property and for changes to Local Housing Corporations. Currently the *Housing Services Act* requires Ministerial Consent if the City, as Service Manager, wants to undertake certain corporate changes to its Local Housing Corporation such as change in ownership, facilitate transfers between non-profit social housing providers, and the redevelopment of social housing.

This change is welcome and satisfies a longstanding request to the Province to remove regulatory barriers that make it difficult for the City to manage its supply of social housing. It will enable the City to have the flexibility and authority to make decisions in the best interests of residents, the social housing stock and the financial resources the City administers.

Further clarification is needed on how Ministerial Consents will be delegated and to ensure that no additional administrative burdens are added to the process.

Another proposed change is to develop prescriptive regulations related to reviews of Service Manager decisions requested by housing providers. The existing section of the legislation allows housing providers to request a review of Service Manager decisions. However, the existing legislation does not specify which decisions can be reviewed or how they will be reviewed.

Additional regulation in this regard is not appropriate or necessary, and undermines the authority and ability of Service Managers to manage their social housing portfolios. Currently, the Act contains appropriate safeguards for housing providers, and all City decisions are reviewable through the Ombudsman, City Council or a judicial review process. Further consideration of this change at this point-in-time is premature and should be deferred as it is pre-empting the legislatively mandated review of the Act scheduled for January 1, 2017.

2. Recognizing Alternative Forms of Housing Assistance as Part of the Service Level Standard

The Province is proposing changes to allow for other forms of Service Manager-funded housing assistance to contribute to Service Level Standards. Currently, Service Managers meet their Service Level Standards through a minimum required number of rent-geared-to-income (RGI) units outlined in the *Housing Services Act*. However, SSHA provides a range of other types of housing assistance programs that also contribute to creating greater affordability, such as housing allowances and up front investments in housing infrastructure that result in lower rental rates for tenants.

A related proposed change is to allow Service Managers to remove households who have accepted alternate forms of housing assistance from social housing waiting lists. Currently, the social housing waiting list is only for rent-geared-to-income assistance.

Therefore, households that are currently receiving a housing allowance are still eligible to remain on the waiting list, although their housing affordability needs may already be met.

These changes are welcome and are aligned with existing Council requests to recognize other models of housing affordability assistance and allow for greater flexibility in managing the housing system. These changes supports the City's current direction to transform the social housing waiting list into a more proactive and responsive part of a coordinated system for accessing a full range of housing benefits and support services.

The Province should continue to consult with Service Managers to ensure that changes are sufficiently flexible to allow for the unique circumstances of local housing systems and programs to be incorporated.

3. Income Mixing in Public Housing

The Province is proposing to remove the requirement for public housing projects to have as many RGI units as possible. Currently, certain Toronto Community Housing buildings, developed under previous public housing agreements, are required to be all rent-geared-to-income units, with no market rental units (or as few as possible as some people may move from RGI to market rent if their income increases).

This change is welcome, as it will enable Service Managers to have the flexibility to respond to the specific needs of neighbourhoods and will support mixed income communities. These changes support the recommendations of the Mayor's Task Force on Toronto Community Housing.

4. Specific Changes to RGI Calculations

The *Housing Services Act* amendments proposed at this time do not make significant changes to RGI calculations required to simplify and improve the process for tenants and providers. They do propose several specific changes. One of these is to exempt scholarships and bursaries for post-secondary study from income for the purposes of calculating a household's Geared-to-Income rent. Under current regulation, scholarships and bursaries impact a household's RGI eligibility, which can be a barrier for youth residing in social housing to pursue post-secondary education.

This change is welcome, as it will advance the policy objective of encouraging youth residing in social housing to pursue post-secondary education.

No specific details are available and further clarification is needed on which scholarships and bursaries will qualify for exemption. The Province should consider establishing some criteria for an upper limit on exempted funds, either an annual financial cap and/or a time limit (e.g. up to the first 4-5 years of post-secondary study, or limited to undergraduate degrees).

Another proposed change is to modernize rules about imputed income for the purpose of calculating income. Where a household owns assets that do not generate interest or a financial return (e.g. non-interest bearing bank accounts), the regulations prescribe a formula for calculating the imputed income from that asset. Currently, a household may have up to \$1000 in their non-interest bearing bank account for which the imputed interest income will not be considered for the purpose of calculating RGI assistance either at the point of eligibility or at the annual review. The Province is considering changes, including raising the exemption amount for non-interest bearing bank accounts.

This change is welcome if the modernization of rules streamline and simplify the process of calculating income for RGI eligibility and do not result in additional costs to Service Managers. Further clarification is needed on proposed changes prior to finalization of the regulations. Any changes to the rules related to imputed income should take into consideration future changes to simplify the RGI system and transition to an income-tax based system. Any changes made now should begin to lay the groundwork for a future simplified system.

5. Homeless Enumeration

The Province is proposing that Service Managers be required to undertake a periodic local enumeration of homeless populations. The City will be in a good position to fulfill this requirement, as the City currently conducts enumeration of homeless populations through the Street Needs Assessment which has been conducted previously in 2006, 2009 and 2013, and is planned for 2017.

Any Provincial requirements should include sufficient flexibility to incorporate Service Managers' existing process and be responsive to local needs. As well, enumeration of homeless populations can be a resource intensive undertaking, and without additional dedicated resources, consideration of these types of existing data collection processes should be incorporated to ensure enumeration efforts are both efficient and effective.

6. Technical Amendments

A number of technical amendments are proposed, which are outlined in the Attachment, including:

- Expanding the range of organizations that can own Program 6 (Non-Profit Full Assistance) housing projects
- Revoking sections 126 & 127 regarding equalization payments for the Greater Toronto Area, as such payments have ceased
- Updating cross-references to other legislation
- Allowing Service Managers to make local rules under Part VII of the Act concerning "occupancy agreements" in co-operative housing
- Deleting housing projects which have been removed from the social housing portfolio and making minor corrections

Ontario Housing Policy Statement

The purpose of the Ontario Housing Policy Statement (OHPS) is to provide policy direction to Service Managers on matters of provincial interest in the development and implementation of their housing and homelessness plans. The Province will be revising the statement to be aligned with the LTAHS Update. Proposed changes to the OHPS include:

1. Updating the statement to be aligned with the vision, goals and directions outlined in the Long-Term Affordable Housing Strategy (LTAHS) Update

This change is welcome, as the shift to focus on housing stability and homelessness prevention and more coordinated, client-centred services aligns with the City's Housing Opportunities Toronto Plan and SSHA's Housing Stability Service Plan.

However, while Service Managers have an important role to play in developing more coordinated service systems, aspects of the housing and homelessness system are not administered by Service Managers (e.g. MCSS and Ministry of Health funded services), therefore they cannot be accountable for the service outcomes of these other systems, nor require their participation in coordination efforts. The role of these other organizations, and the role of the provincial government in providing coordinated direction across Ministries should also be referenced in the policy statement.

2. Update the statement to be consistent with the provincial goal of ending chronic homelessness, and the four provincial priority areas for ending homelessness

This change is welcome, as it supports the use of enumeration and data to track outcomes which is consistent with the directions of SSHA's Housing Stability Service Plan, and is supported by the City's Street Needs Assessment and Shelter Management Information System.

The four provincial priority areas for ending homelessness (youth homelessness, Aboriginal homelessness, chronic homelessness and homelessness following transitions from provincial institutions), are aligned with the directions of the Housing Stability Service Plan and the City supports efforts to solve homelessness for these vulnerable groups. However, the OHPS should recognize that the Province has primary accountability for strategies to reduce people transitioning from provincial institutions (i.e. hospitals, corrections and child welfare). While the City supports this goal and will work collaboratively with the Province and our local system partners to identify solutions, municipalities should not be held accountable for addressing the challenges created by those systems.

- Promote collaboration between Service Managers and Local Health Integration Networks (LHINs) to coordinate social and affordable housing and homelessness services with LHIN-funded services

This change is welcome, as it supports the City's existing efforts to collaborate with LHINs and other service systems.

However, this collaboration is made very challenging by the fact that LHIN boundaries are not aligned with Service Manager areas. Similarly LHINs have to work with multiple Service Managers. This is neither efficient nor effective, and results in a lack of coordinated service for residents. Provincial leadership in facilitating greater coordination by reconciling LHIN boundaries is required to meet this objective.

Next Steps

In the short-term, legislative and regulatory changes will be posted for further comment on the Ontario Regulatory Registry. It is anticipated that MMAH will engage City staff for further technical input once the details of the proposed legislative and regulatory amendments are available.

In the longer-term, MMAH has committed to create a Social Housing Modernization Discussion Forum to guide the transformation of Ontario's social housing programs. This Discussion Forum will be supported by a variety of working groups that will provide technical advice to the ministry.

City staff will continue to engage the Ministry on the implementation of the LTAHS Update and amendments to the *Housing Services Act* and associated regulations.

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ATTACHMENTS

Attachment 1: Proposed Amendments to the *Housing Services Act* and Associated Regulations

Attachment 1
Proposed Amendments to the *Housing Services Act* and
Associated Regulations

Link to proposed amendments:

<http://www.ontariocanada.com/registry/view.do?postingId=21242&language=en>

	Proposed Changes	City Position	Impact
Housing Services Act, 2011	Eliminating the requirements for Ministerial Consent to be obtained for the transfer of social housing property and for changes to Local Housing Corporations by introducing new requirements to obtain Service Manager consent	Support the proposed change. Further clarification is needed to ensure no ambiguity with respect to the change and that no additional administrative burdens are added to the process.	The proposed change will enable Service Managers to have greater flexibility and authority to make changes based on local need.
	Allowing other forms of Service Manager-funded housing assistance to contribute towards a Service Manager's Service Level Standard	Support the proposed change. Requirements should be sufficiently flexible to allow for the unique circumstances of local housing systems and programs to be incorporated that are funded or administered by the Service Manager.	The proposed change will enable Service Managers to have greater flexibility in meeting their Service Level Standards.
	Allowing Service Managers to remove households who have accepted alternate forms of housing assistance from social housing waiting lists	Support the proposed change.	The proposed change will enable Service Managers to have greater flexibility in managing their waiting lists including choice based systems.

	Proposed Changes	City Position	Impact
	Requiring Service Managers to undertake periodic local enumeration of homeless populations	Support the proposed change. Any Provincial requirements should include sufficient flexibility to incorporate Service Managers' existing process and be responsive to local needs.	The City will be in a good position to fulfill this requirement through Street Needs Assessment. Without additional dedicated resources, consideration of existing systems should be incorporated.
O. Reg 298/01 (Determinati on of Geared-to-Income Rent under Section 50 of the Act)	Exempting scholarships and bursaries for post-secondary study from income for the purposes of calculating a household's Geared-to-Income rent	Support the proposed change, however, further clarification is required on the criteria for the scholarships and bursaries to qualify for the exemption. The Province should consider establishing some criteria for an upper limit on exempted funds, either an annual financial cap and/or a time limit.	The proposed change will support youth living in social housing to pursue post-secondary education. May have a minor financial impact on Service Managers.
	Modernizing rules about imputed income for the purpose of calculating income	Support the proposed change, however, further clarification and discussion is required. Any changes made now should begin to lay the groundwork for a future simplified system.	To be determined
O. Reg 367/11 (General)	Removing the requirement for public housing projects to have as many Rent-Geared-to-Income units as possible	Support the proposed change.	The proposed change will enable Service Managers to have greater local flexibility to encourage mixed income communities.
	Expanding the range of organizations that can own Program 6 (Non-Profit Full Assistance) housing projects	Support this technical amendment.	No fiscal impact.

	Proposed Changes	City Position	Impact
	Revoking sections 126 & 127 regarding equalization payments for the Greater Toronto Area, as such payments have ceased	This is a technical amendment to update legislation to reflect previous provincial decision to end GTA pooling.	The removal of GTA pooling has a significant impact on City of Toronto's social housing sustainability.
	Updating cross-references to other legislation	Support this technical amendment.	
	Allowing Service Managers to make local rules under Part VII of the Act concerning "occupancy agreements" in co-operative housing	Support this technical amendment.	
	Prescribing Service Manager decisions for reviews requested by housing providers under Section 157 of the Housing Services Act, 2011	Do not support this change. Regulation that adds additional requirements for oversight is not appropriate or necessary. Further consideration of this change should be deferred as it is pre-empting the legislatively mandated review of the Act.	The proposed change will add considerable administrative burden and will undermine the authority of Service Managers to manage their housing portfolios.
O. Reg. 368/11 (Designated Housing Projects - Section 68 of the Act)	Deleting housing projects which have been removed from the social housing portfolio and making minor corrections	Support this technical amendment.	

	Proposed Changes	City Position	Impact
Ontario Housing Policy Statement	Update the statement to be aligned with the vision, goals and directions outlined in the Long-Term Affordable Housing Strategy (LTAHS) Update	Support the proposed change, with the provision that Service Managers should not be accountable for the service outcomes of other service systems. The role of other service systems and the role of the provincial government in providing coordinated direction across Ministries should also be referenced in the policy statement.	The proposed change may have financial and service delivery impacts if new responsibilities are added without appropriate accompanying provincial funding.
	Update the statement to be consistent with the provincial goal of ending chronic homelessness, and the four provincial priority areas for ending homelessness	Support the proposed change, with the provision that Service Managers should not be accountable for results of the provincial priority areas especially if they are not funded or do not have the authority to do so.	The proposed change may have financial and service delivery impacts if new responsibilities are added without appropriate accompanying provincial funding.
	Promote collaboration between Service Managers and Local Health Integration Networks (LHINs) to coordinate social and affordable housing and homelessness services with LHIN-funded services	Support the proposed change, however, LHIN boundaries should be aligned with Service Manager boundaries for greater efficiency and effectiveness in coordination efforts.	The proposed change may improve collaboration and service delivery.