



Ontario Alternative Budget 2003

Technical Paper #2

State of the Crisis, 2003:

Ontario housing policies are de-housing Ontarians

Highlights

Over the past eight years, Ontario has lost 45,000 private rental units and 23,300 affordable social housing units, along with another 59,600 affordable social housing units that should have been built. Tenants in Ontario's 1.4 million rental households face a growing affordability squeeze as rents in existing units have increased significantly since 1995 – as much as 30% or higher in some areas – at the same time that renter household incomes have been stagnant or declining.

Social housing losses: 82,900 units

Total social housing losses in Ontario since 1995: 82,900 homes (enough housing for 224,000 women, men and children).

The main reason: the decision to cancel government-funded social housing programs and download the cost and administration of existing programs to cash-strapped municipalities.

Private rental losses: 44,780 units

Total private rental losses in Ontario from 1996 to 2001: 44,780 units (enough housing for 121,000 women, men and children).

One major reason: In 1998 Ontario cancelled the *Rental Housing Protection Act*, which had allowed municipalities to regulate the demolition and conversion of private rental housing.

Vacancy rates

A rental vacancy rate above 3% is considered healthy, while rates below 3% are in the danger zone. According to the Canada Mort-

gage and Housing Corporation (CMHC) rental market survey (November 2002):

- The overall provincial vacancy rate is still in the danger zone at 2.7%. More than three-quarters of the province, including most of the biggest cities (Toronto, Ottawa, Hamilton, London), have vacancy rates below 3%.
- About half the regions saw rental vacancy rates drop in 2002 from 2001, a clear warning sign.
- In a number of centres, such as Toronto (home to almost half the conventional rental units in the province), vacancies were clustered at the upper end of the rent scale—unaffordable to the majority of tenants.

Guarantee denied:

No subsidies for tenants

While the government quickly delivered on its promises to investors and developers, it failed on the one promise that it made to tenants – shelter subsidies for “all Ontarians who need help in affording a decent level of shelter.”

Shelter subsidies are expensive. A plan that would help the 885,000 renter households with incomes less than \$23,000 (the median renter household income in 1999) could cost more than \$4.3 billion annually. According to NYU researcher Scott Susin, construction subsidies may do more to improve the housing conditions of the poor than rent subsidies which have an inflationary impact on the overall rental market.

The province announced on November 19, 1999 that it was using part of its share of fed-

eral money (as a result of signing the Social Housing Transfer Agreement) to fund 10,000 new rent supplement units. Those same rent supplement units were re-announced by the province at least four more times (January 14, 2000; November 2, 2000; May 2, 2002; August 20, 2002) and are expected to be announced yet again in the Ontario budget in March 2003.

More rent: Same old housing

By the year 2001, 60% of Ontario's rental housing stock was more than 30 years old. Overall, almost one-third of the province's rental housing needs repairs.

Ontario cuts housing spending

Ontario led all the provinces and territories in the dollar amount of housing cuts in the late 1990s, according to a survey by CMHC in 2001. Ontario cut \$303.8 million in housing spending between 1993-94 and 1999-00 – fully one-quarter of its overall housing budget. Since 1995, the government has cut \$879.1 million from provincial housing programs.

Private programs:

Big spending, little regulation

The federal and Ontario governments have tried a number of large, expensive private sector housing programs since the late 1940s which produced expensive private rental units, but have been unable to deliver affordable rental housing.

A 1997 study funded by CMHC found that the cost of subsidizing co-op and non-profit projects was far less than subsidizing private investors, developers and landlords. In year 25 alone, social housing projects cost taxpayers \$800,000 less than the private projects.

Ontario's not-so-affordable housing program

The province's 295,000 poorest households (800,000 women, men and children) have incomes of \$11,201 or less, according to Statistics Canada. The CMHC average rent for Ontario was \$836 in 2002 – three times higher than the amount that the poorest renter households can actually afford, and almost double the amount that moderate-income renter households can afford.

The Affordable Housing Framework Agreement was welcomed as a first step towards a fully-funded national housing strategy. The 2003 federal budget added another \$320 million over five years to the Affordable Housing Program, another welcome step at the national level. The Ontario share of the new 2003 federal money could be as much as \$115 million over the next five years, but only if Ontario produces matching funds.

OAB plan for new housing

The Ontario Alternative Budget for 2003 has a housing plan that would generate 15,000 new social housing units annually, plus rent supplements for 40,000 low and moderate-income renter households annually.

- \$630 million annually for 12,600 new provincially-funded affordable units;
- \$72 million annually for 2,400 new units as Ontario's share of the federal-provincial Affordable Housing Program; and
- \$196 million annually for 40,000 new rent supplement units.

Over five years, this sustained investment will generate 75,000 new affordable rental units and rent supplements for 200,000 low and moderate-income households.



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