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STATUS OF THE FEDERAL GOVERNMENT APPROACH TO AFFORDABLE HOUSING AND HOMELESSNESS

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, January 24, 2007, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council support, in principle, the Federation of Canadian Municipalities (FCM) position regarding the federal government's approach to affordable housing and homelessness.
2. The Regional Chair write to the Honourable Monte Solberg, the Federal Minister responsible for affordable housing and homelessness programs, requesting that a multi-pronged national housing policy, involving a rebalance of expenditures among different levels of governments, be developed. In the meantime, the federal government continue funding programs addressing affordable housing and homelessness.
3. The Regional Chair write to the provincial Minister of Finance, the Honourable Greg Sorbara, requesting that federal funding for affordable housing, currently held "in trust" by the provincial government, be released for the purpose of creating more affordable housing.
4. The Regional Clerk forward this report to local MP's, MPP's, and the Service Managers in the Greater Toronto Area.

2. PURPOSE

The purpose of this report is to update Council on the status of the federal government's approach to affordable housing and homelessness and to recommend that Council endorse the position of the FCM regarding these issues, and that the Province be requested to release federal funding for affordable housing currently held "in trust".

3. BACKGROUND

3.1 Homelessness Funding

Since 2001, the Region has worked with community groups to provide nearly \$3.8 million of funds through the federally funded National Homelessness Initiative (NHI). This funding supported twenty-four projects that included the development of a new youth shelter, the establishment of a number of poverty relief programs and services, and several research and public education initiatives. For the most part, this funding was received under the major component of the NHI, the Supporting Communities Partnership Initiative (SCPI).

In 2006, the federal government committed a further \$697,000 in funding from the NHI/SCPI to extend the Program until March 31, 2007.

Over the past two years, municipalities and community groups across the country have been calling on the federal government to put in place a long-term strategy to address homelessness and those at risk of being homeless. In the interim, the federal government was asked to continue funding homelessness programs at their current levels.

In response to repeated requests from community groups and municipalities to extend its program funding, the federal government announced on December 19, 2006 that it will provide \$270 million nationally over the next two years under the new Homeless Partnering Strategy (HPS). At this time, no details have been provided regarding the allocation of this funding.

3.2 Affordable Housing Funding

The current federal government has indicated that its approach to creating affordable rental housing will be to encourage private sector development of rental housing through the use of a tax incentive program. Although there has been no indication of the form that such a program might take, the federal government has taken steps to extend funding for affordable housing programs already in place.

3.2.1 Summary of Recent Steps Taken Regarding Affordable Housing Funding

Below is a summary of the recent steps taken by the federal government to extend funding to current affordable housing programs.

3.2.1.1 Residential Rehabilitation Assistance Program (RRAP)

On December 19, 2006, the federal government announced that it would extend funding for the Residential Rehabilitation Assistance Program (RRAP) for two years in the amount of \$256 million. This program is mainly targeted to low-income homeowners in need of upgrading their homes to acceptable structural levels. Assistance to homeowners is delivered by a private third party delivery agent in York Region.

Another component of this program, allows for non-residential space to be converted to multi-residential rental space. The Region received \$1.8 million of RRAP funding in this regard in 2003 for the development of Armitage Gardens, a 58 unit seniors apartment in the Town of Newmarket, which involved the conversion of a vacant portion of a long-term care facility. This funding was instrumental in the development of this project.

3.2.1.2 Affordable Housing Program (AHP)

Currently the Region has received an allocation \$25.9 million to create 370 units of affordable rental housing under the Affordable Housing Program (AHP).

Under this program, the average federal/provincial funding is \$70,000 a unit. The federal portion of the funding per unit is \$26,600 which can be received during construction. The remaining \$43,400 of funds, plus interest, is made available by the provincial government on a monthly basis, over 20 years.

The Region has reserved 135 of these units to build projects for Housing York Inc. The remaining 235 units have been reserved for community groups who are presently responding to a Request for Proposal (RFP) for these units.

3.2.1.3 Federal Funds Held “In “Trust” by the Province

As part of a 2004 commitment to provide \$1.4 billion to the provinces for affordable housing, the current federal government has forwarded \$392 million to the Province of Ontario. This funding is widely seen as a continuation of funding under the AHP.

In the fall of 2006, the Province of Ontario announced that it had received the money, but has set it aside “in trust” until such time as the federal government recognizes and funds a “fiscal imbalance” between the two levels of government. The provincial government has indicated it has not decided when, or if, this money will be released to fund affordable housing.

4. ANALYSIS AND OPTIONS

The FCM indicated, in a pre-budget submission to the Federal Department of Finance on October 5, 2006, that there is a clear federal role in addressing homelessness and ensuring the availability of affordable housing. The submission noted that annual expenditures for housing by municipalities increased in real terms from \$489 million in 1988 to about \$2 billion in 2004. FCM indicated that until such time as long term strategies are employed to rebalance the amount of funding spent by each level of government, current programs addressing housing renovation, the creation of affordable housing, and homelessness should be continued. FCM has requested that municipal Councils’ endorse the FCM position by writing to the federal Minister responsible for housing and homelessness.

FCM has released an Issue Briefing which outlines its position on Affordable Housing and Homelessness (*see Attachment 1*).

The FCM recommends that a long-term National Housing Strategy be developed that focuses on:

- Rehabilitation of current housing stock.
- Income assistance to allow for housing affordability that should come from the federal and provincial governments.
- Creation of market rental housing encouraged through tax reforms.
- Continued investments in energy efficient housing technologies and construction.
- Expansion of affordable housing supply when market mechanisms are unable to meet the demand.
- Continued regulatory reform.
- Ensuring federal infrastructure programs allow for development of municipally – owned housing.

The FCM recommends that until such time as a long-term National Housing Strategy is in place:

- Provision be made for the continuation of programs addressing housing renovation, the creation of affordable housing, and homelessness.
- It be ensured that income assistance required to make housing affordable comes from the tax base of the federal and provincial governments, not from the tax base of municipalities.

It should be noted that, in its December 2006 report, *Canada: Competing to Win*, the Federal Standing Committee on Finance supported the continuation of homelessness funding while the federal government develops a National Housing Strategy.

4.1 FCM's Request to Support Long-Term Strategies for Affordable Housing and Homelessness

The December 19, 2006 announcements regarding the continuation of homelessness and renovation funding are welcome. However, these funds represent another short-term investment for affordable housing and homelessness without reference to an overall long-term strategy to address these problems in a comprehensive fashion.

It is recommended that Regional Council endorse the FCM position by writing to Minister Solberg regarding the development of a National Housing Strategy that provides long-term stable funding.

4.2 Federal Housing Funds Held by the Province

The \$392 million of federal funds earmarked for affordable housing, presently held “in trust” by the provincial government pending resolution of fiscal disputes with the federal government, could represent a significant source of funding for York Region. Although it is not known what program parameters could accompany the funding, in 2001 there were 70,000 people in the Region living below the low income cut-off limit. There are also about 5,500 households representing about 12,000 people, many of them children, on the

Region's Social Housing Waiting List. The Region has projected significant funding upgrades required for current social housing stock over the next ten years and beyond.

It is recommended that Regional Council communicate its concern, in writing, to the provincial Minister of Finance, the Honourable Greg Sorbara, outlining the importance of the federal funding for affordable housing currently held "in trust" by the Province and the importance of this funding to the residents of the Region who are in need of adequate appropriate and affordable housing.

4.3 Next Steps

Staff will report to Council when administrative details and funding allocations for the HPS are released by the federal government. Staff will also monitor the status of the \$392 million of affordable housing funding being held by the Province and report back on this issue at appropriate points.

5. FINANCIAL IMPLICATIONS

The amount of federal funding to be allocated to the Region under the recently announced HPS is not yet known. However, based on past allocations of similar programs, the Region could receive about \$650,000 a year representing a significant contribution to help those in the Region who are homeless or at-risk of being homeless.

In addition, as noted, it is not known how much of the \$392 million of federal funds earmarked for affordable housing and being held "in trust" by the Province could be allocated to the Region. However, in the current federal/provincial Affordable Housing Program the Region received about 10% of the total funds received by the Province. On this basis, the Region could be expected to receive about \$40 million of the funding being held "in trust". These funds could significantly help the Region in meeting the affordable housing needs of our residents.

6. LOCAL MUNICIPAL IMPACT

The continuation of federal funding for homelessness and renovation and access to those dollars currently held "in trust" by the Province, will provide important benefits to low-income residents of local municipalities as well as those who are homeless or at-risk of being homeless.

7. CONCLUSION

Federally funded programs for affordable housing and homelessness are important to York Region. The federal government has recently committed to the continuation of several of these programs. The FCM has taken the position that a multi-pronged national

housing policy involving a rebalance of expenditures among different levels of government should be developed and that, in the meantime, the federal government continue funding programs addressing affordable housing and homelessness. The FCM has requested that municipal Councils endorse this position. In addition, it is recommended that the provincial government be requested to release those federal funds for affordable housing currently held “in trust”.

For more information on this report contact Gabe Tropea, Manager, Housing Development and Homelessness Initiatives, Housing Services Branch in the Community Services and Housing Department.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the February 14, 2007 Committee meeting.)