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## GLOBE Handout for EB-2005-0150 Consultation on Energy Issues Relating to Low Income Consumers

Topic 1: Should the Board implement policies, programs or other measures designed to assist low-income energy consumers?



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# ONTARIO SOCIAL HOUSING PRIMER

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## 1.0 -- HISTORY

Social housing was developed for four main reasons:

- (a) to provide affordable rents for low and moderate income households;
- (b) as part of neighbourhood strategies to replace deteriorated or low-quality housing, preserve affordable rental buildings, and ensure mixed-income neighbourhoods;
- (c) to provide new rental housing - during the past two decades, private developers have not built moderately priced new rental housing, resulting in a shortfall in housing supply; and
- (d) to provide supportive housing (housing with support services) for those who need it (e.g., long-term homeless people, people with mental health disabilities, frail elderly).

Social housing is an important part of the "social safety net" for low-income tenants that cannot afford market rents. Social housing tenant households are typically a mix of seniors, families, and others (singles and couples). There are non-profits and co-operatives built for young single mothers, for people who are hard-to-house or who are homeless, for seniors. Some residents receive support care services that allow them to live independently or to build life skills. Most non-profits and co-operatives have some units that are modified for accessibility. Some have been built with the goal of integrating a larger number of applicants with disabilities into their housing communities. Many community non-profits, particularly those built for seniors, were built by a particular ethnic community. While a building with a particular ethnic profile may attract applicants of the same community, waiting lists are open to all.

## 2.0 -- SOCIAL HOUSING PROVIDERS

In addition to and consequent with social housing *programs*, the social housing sector can be understood in terms of social housing *providers*. Social housing providers can be grouped into six types: local housing corporations, non-profit housing providers, supportive housing providers, co-operative housing providers (community and federal), affordable rental housing providers, and emergency and transitional housing providers.

#### *LOCAL HOUSING CORPORATIONS (LHCs)*

There are approximately 127,000 housing units owned and operated by Local Housing Corporations. Sole shareholders of the 47 Local Housing Corporations are the individual Service Managers. LHCs accommodate a range of households including families, seniors, singles and couples requiring rental assistance. Some LHCs have entered into third party agreements with support service providers such as the March of Dimes, Associations for Community Living and the Canadian Mental Health Association to make available a limited number of housing units for their clients within the LHC portfolio.

LHC portfolios are comprised of low and high-rise apartment buildings, row houses and single family homes.

#### **Local Housing Corporations (LHC) – DEFINITION**

Local housing corporations are owned and managed by Service Managers - the local government body responsible for housing, social welfare and ambulance services. Until 2001, Local Housing Corporations were owned by the provincial government and called "public housing." Some municipal non-profit housing corporations (MNP) have been amalgamated with LHCs whereas some have remained separate.

#### *NON-PROFIT HOUSING PROVIDERS*

There are approximately 83,227 housing units owned and operated by non-profit housing providers. The volunteer Board of Directors of these corporations are usually members of community-based organizations such as religious organizations, ethnic groups, and local government. Non-profit housing providers accommodate a range of households including families, seniors, singles and couples requiring rental assistance, as well households paying the full market rent. Some non-profit housing providers have entered into third party agreements with support service providers such as the March of Dimes, Associations for Community Living and the Canadian Mental Health Association to make available a limited number of housing units for their clients within the non-profit housing portfolio.

Non-profit housing portfolios are comprised of low and high rise apartment buildings, row houses and scattered units. Approximately 5 percent of non-profit housing units have been modified to meet the needs of persons with physical disabilities.

#### *SUPPORTIVE HOUSING PROVIDERS*

There are approximately 11,317 units of supportive housing in Ontario. This number is a subset of the 83,227 private non-profit units in the province. A form of non-profit housing, supportive housing is defined as housing that provides personal support services and essential homemaking in community residential settings for frail and/or cognitively impaired elderly persons, persons living with physical disabilities, persons with developmental disabilities, persons with mental illness, people with psychiatric disabilities or acquired brain injuries and those living with HIV/AIDS. These residents typically have their own medical professionals who visit them on site. The types of care provided by Supportive Housing Providers include personal care, food service, 24-hour supervision, educational and social service.

Most supportive housing providers own and manage small projects in a group home setting (4- to 5-bedroom home) or small apartment complex (under 20 units). Some supportive housing providers have larger portfolios, which include a mix of households requiring support services, and those who do not. These larger portfolios are usually found in an apartment building.

### *EMERGENCY AND TRANSITIONAL HOUSING*

There are approximately 2660 units of emergency and transitional housing in Ontario. This number is a subset of the 83,227 private non-profit units in the province. A form of non-profit housing, emergency shelters, temporary and transitional housing providers provide short term accommodation for a range of households including abused women and their children, and homeless men, women and families. Emergency shelters and temporary housing is usually for a period not to exceed six weeks. Transitional housing is usually provided to qualifying households for a period up to two years.

Emergency shelters, temporary and transitional housing may be owned and managed by a non-profit housing provider, supportive housing provider or local municipality.

The Ministry of Community, Family and Children's Services and local Service Managers fund most emergency and transitional housing.

Most supportive housing providers receive funding from the Ministry of Health and Long-Term Care and/or Ministry of Community, Family and Children Services; however, some supportive housing providers also receive funding from their local Service Manager.

### *CO-OPERATIVE HOUSING*

There are approximately 44,000 housing units of co-op housing in Ontario. Co-ops are controlled by their residents, who are members with a voice and a vote in decisions about their housing. There is no outside landlord. Co-op housing offers a home, not an investment. In a typical Canadian co-op, from one-quarter to three-quarters of households pay a reduced monthly charge, based on their income. The others pay the full monthly charge set when the members approve the co-op's yearly operating budget. Housing co-ops operate as close to cost as possible. The full monthly housing charge rises only as the co-op's costs increase. In a non-profit housing co-op residents are voting members who elect a board of directors made up of other residents. Co-ops are run on a non-profit basis and are never resold.

Co-ops come in many different shapes and sizes, ranging from collections of single unit townhouses and small buildings with 4-12 units to large apartment-style buildings with hundreds of units. Approximately 5 percent of co-op housing units have been modified to meet the needs of persons with physical disabilities.

### *AFFORDABLE RENTAL HOUSING*

Since the download many municipalities have been supporting the development of new forms of housing for low income households. Municipalities have received funding from the federal and provincial governments under the Canada-Ontario Affordable Housing Program. New homes are being created for low-income families, senior citizens, persons living with mental illness, and victims of domestic violence. Some of these buildings have been built by private sector landlords; others by non-profit housing providers.

### **SERVICE MANAGER (SM) – DEFINITION**

**Service Manager:** The term used in the Social Housing Reform Act for a CMSM or DSSAB. The term has been misperceived as a job position within the municipality or DSSAB. (see CMSM/DSSAB below)

**Consolidated Municipal Service Manager (CMSM):** A municipal government responsible for carrying out the funding and administrative responsibilities of the Social Housing Reform Act. A CMSM could be a regional government, a county or a separated city, depending on the local

circumstances. The CMSM is also responsible for administering other social service programs such as Ontario Works and child-care (see also Service Manager).

**District Social Service Administration Board (DSSAB):** Special agencies created by the Province and given the funding and administrative responsibilities of a Service Manager. These were created, in the north, where there is no existing municipal government with the legal jurisdiction to act as a Service Manager.

### 3.0 -- LEGISLATIVE FRAMEWORK

The provincial government first announced the devolution of social housing in January of 1997 as part of the Local Services Realignment. The Province designated 47 Consolidated Municipal Service Managers (service managers) to carry out the delivery of social housing program administration and other related functions.

In late 1997, the Province passed The *Social Housing Funding Act*, which gave it the power to bill municipalities for the cost of social housing. Since January 1998, the service managers have been paying the former provincial share of the costs of social housing in Ontario.

On December 12, 2000, Bill 128 (Ontario), The *Social Housing Reform Act*, received Royal Assent. The *Social Housing Reform Act* (SHRA) requires municipalities to assume responsibility for the funding and administration of social housing programs previously funded and administered by the Province of Ontario and/or Canada Mortgage and Housing Corporation (CMHC).

On January 1, 2001, in Stage 1 of the transfer, direct responsibility for the Ontario public housing units (Local Housing Corporation properties) was transferred to the 47 service managers. In Stage 2 of the transfer, service managers assumed the funding and other obligations that the provincial and federal governments had previously under operating agreements with housing providers, municipally-owned non profit housing companies and community-based non-profits and co-operatives. Operating agreements with housing providers in the provincial programs were terminated and replaced by an "operating framework" which forms part of the SHRA. Operating agreements with housing providers in the federal programs remain in force.

Administration of the social housing programs involves the management of the transfer payments system, ensuring housing providers adhere to program requirements, establishing operating policies and providing advice and guidance to housing providers. Housing providers continue to own and manage their properties.

### 4.0 -- SOCIAL HOUSING COSTS

Service manager's social housing costs fall into two categories:

- (a) administrative costs for oversight of the programs; and
- (b) program costs to be allocated as transfer payments to housing providers.

#### *FINANCIAL RISKS ASSOCIATED WITH SOCIAL HOUSING TRANSFER*

Since social housing devolution was first announced, municipalities have expressed concerns about the problems associated with paying for social housing programs on the property tax base.

Social housing programs face serious cost risks associated with:

- (a) mortgages – as interest rates increase so do housing provider's costs
- (b) capital repairs – potential repair costs are greater than the funds available in the present social housing funding envelope;

- (c) operating costs – costs for utilities or other building components are increasing at a faster rate than rent revenues;
- (d) geared-to-income subsidies – if incomes of subsidy recipients decline, RGI subsidy requirements increase;
- (e) federal program step-out – as federal operating agreements end, federal subsidy ends. By 2036, Ontario will have lost \$525m in subsidy which must be made up by the province and/or municipalities and
- (f) even though mortgages will have been paid in full, rent revenues may not be sufficient to cover costs such as capital repairs or geared-to-income subsidies on an ongoing basis.

With the enactment of the SHRA, both the federal and the provincial governments have withdrawn from their previous administrative responsibilities for existing housing programs. and for the creation of affordable housing. The federal government still continues to provide block funding to the province however this funding is due to expire over the next 25 years. While the service managers are mandated to take on the administrative responsibility for these programs, the funding mechanism, levels and associated financial risks are of significant concern.

## 5.0 -- SOCIAL HOUSING PROGRAMS

To review, social housing providers have the following corporate structures.

- a private non-profit corporation (usually affiliated with a church, service club or social/community organization); (PNP) – **83,227 Units**
- a co-operative non-profit corporation (operated solely by resident members, but members have no individual ownership rights) – **44,003 Units**
- a local housing corporation (LHC) – **37,415 Units**
- a municipal non-profit housing corporation (MNP) – **13,624 Units**
- amalgamated LHCs and MNPs – **89,619 Units**

In addition to being understood in terms of providers, social housing can be broken down according to program and funding type.

### *PROVINCIAL SOCIAL HOUSING PROGRAMS*

#### 1978 Municipal Non-Profit Program:

The Province has developed and operated a variety of social housing programs since 1978. The initial federal/provincial program (known as the Municipal 1978 program) only included municipal non-profit corporations.

#### 1986 – 1993 Provincial Programs:

From 1986 to 1993, the Province developed a number of additional programs:

- Federal/Provincial Non-Profit Housing Program;
- Homes Now;
- The Ontario Non-Profit Housing Program (P3000, P3600, P10,000); and
- Jobs Ontario Homes.

These programs were open to municipal non-profits, private non-profits and co-operatives. These programs all operated using similar program rules and guidelines. Each housing provider follows a "targeting plan", established for the housing provider which specifies the minimum number of geared-to-income subsidized units and market rent units that the provider must have.

### *FEDERAL SOCIAL HOUSING PROGRAMS*

In November 1999, the Province of Ontario signed a Social Housing Agreement with the

Government of Canada, through Canada Mortgage and Housing Corporation (CMHC). This agreement transferred the responsibility for funding and administration of a number of public and social housing programs from CMHC to the Province of Ontario. In exchange, Ontario receives a pre-determined amount of block funding for social housing annually until 2037. All existing cost-sharing arrangements for social housing between the two levels of government were terminated with the signing of the Social Housing Agreement.

The SHRA transfers the responsibility for the funding and administration of former federal non-profit housing programs from the provincial government to municipalities. The federal programs that were transferred are:

- Limited Dividend (National Housing Act, Section 26);
- Municipal Non-Profit (National Housing Act, Section 26);
- Private Non-Profit (National Housing Act, Section 27);
- Non-Profit 2% Write Down (National Housing Act, Section 95); and
- Urban Native (National Housing Act, Section 95).

CMHC has retained responsibility for the funding and administration of the federally sponsored co-operative housing programs built under sections 27 and 95. They are not transferred to municipal administration.

#### *RENT SUPPLEMENT PROGRAMS*

Rent supplement programs provide market rent units for tenants who pay geared-to-income rents. A contract signed with the owner of the rental units provides a fixed number of units for subsidized tenants. The owner receives a supplemental payment for the difference between the rent paid by the tenant and the market rent for the unit.

## **6.0 -- SECTOR ORGANIZATIONS**

### **SOCIAL HOUSING SERVICES CORPORATION (SHSC)**

SHSC is a non-profit corporation led by social housing representatives who are committed to providing Ontario's housing providers and service managers with programs that add significant value to their operations.

The functions of capital reserve pooling, bulk purchasing, group insurance, benchmarking and best practices are the responsibility of the Social Housing Services Corporation (SHSC) under the SHRA. Though the federal providers are not obliged under the Legislation to participate in the SHSC, they can choose to become members and have these functions undertaken by the SHSC.

### **ONTARIO NON-PROFIT HOUSING ASSOCIATION (ONPHA)**

ONPHA unites 770 non-profit organizations providing housing in 220 communities across Ontario and provides information, specialized education and strategic connections and lobbying. Members include municipal and private non-profits of all sizes, with all types of funding.

### **SERVICE MANAGERS HOUSING NETWORK (SMHN)**

The Service Managers Housing Network is a group of service managers who share documents, exchange ideas and meet monthly. Service managers use a secure site as both a network and a knowledge-base of housing-related information – all with the goal of doing business better.

### **COOP HOUSING FEDERATION ONTARIO (CHF)**

CHF is the provincial voice for the 125,000 people living in 550 co-ops across Ontario. They provide information, specialized education and strategic connections and lobbying for their members.

**MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING (MMAH)**

The ministry works to strengthen Ontario communities by promoting a housing market that serves the full range of housing needs, protects tenants, and encourages private sector building. The ministry also provides opportunities for supportive programs for low-income tenants and housing for special-needs tenants, and supports the creation of affordable housing. The Ministry is responsible for the Social Housing Reform Act.

**CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)**

Backed by 60 years of experience, CMHC works with community organizations, the private sector, non-profit agencies and all levels of government to help create innovative solutions to today's housing challenges, and improve the quality of life for all Canadians.

**Last Update:** Jan 29, 2008

**Table 1- summary of social housing by number, household type and type of dwelling**

<b>Type of housing provider</b>	<b>No. of housing units (approx.)</b>	<b>Type of households</b>	<b>Types of dwellings</b>
Local Housing Corporation	127,000	Families, seniors, singles and couples	Low- and high –rise apartments, row house and single family homes
Non-profit Housing Providers	83,227	Families, seniors, singles, couples, households paying full market rent	Low- and high –rise apartments, row houses, and scattered units
Supportive Housing Providers	11,317	Frail or cognitively impaired elderly persons, persons with physical disabilities, persons with developmental disabilities, persons with mental illness, people with psychiatric disabilities or acquired brain injuries, those living with HIV/AIDS	Group home setting (4-5 bedroom home), or small apartment complex (<20 units), and apartment buildings
Emergency and Transitional Housing	2,660	Abused women and their children, homeless men, women and their families	Emergency shelters, and temporary and transitional housing
Co-operative Housing	44,000	Not available	Single unit townhouses and small buildings (4-12 units, large apartments with hundreds of units)
Affordable Rental Housing	Not available	Low-income families, senior citizens, persons living with mental illness and victims of domestic violence	Not available

Adapted from SHSC, *Ontario Social Housing Primer*, January 29, 2008.

The supportive housing units and the emergency and transitional units are a subset of the 83,227 non-profit housing units.