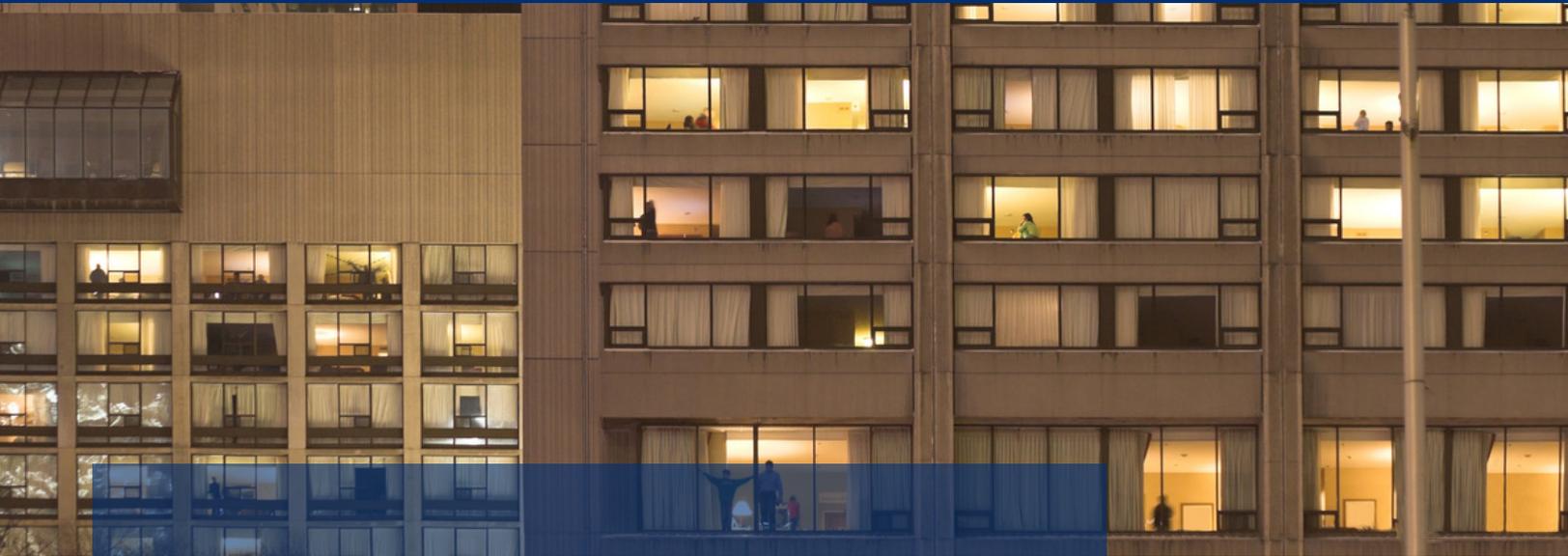


POLICY BRIEF



Understanding what matters

Summary of the Financial Accountability Office's report:
Housing and Homelessness Programs in Ontario

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On March 4, 2021, Ontario’s Financial Accountability Office (FAO) released a report that reviews Ontario’s housing and homelessness programs.¹ The report identifies changes in housing programs and spending over the past decade, outlines the number of people and households that have been supported through various provincial and federal government investments in housing, and projects how many households will be in need of housing support moving forward despite the investments made to date.

What does the report say?

The FAO’s report has a lot of detail. Here is a high-level overview.

Analysis of the number of people in core housing need and supported

- In 2018-19, approximately 297,200 households received support through Ontario’s housing programs.
- Since 2011, the number of Ontario households in core housing need has increased while the number of households receiving housing support from provincial programs has decreased.
- Between 2011 and 2018, the number of households in core housing need grew by 118,000 households—from almost 617,000 to 735,000 households. This represents a 19.1 per cent increase.
 - In 2016, 33 per cent of renter households in Ontario were in core housing need. The most prevalent reason to be in core housing need was that the cost of rent was unaffordable.²

Ontario’s housing programs provide subsidized housing to eligible low- and moderate-income households. These programs fall under two main categories: social housing and affordable housing.

- Social housing units are referred to as rent-geared-to-income units, where tenants pay rent that is 30 per cent of the household’s gross income.
- Affordable housing programs provide construction grants to developers who, in return, create affordable (i.e., below-market rent) housing units in their buildings. Affordable housing programs also provide rent supplements, offer homeownership assistance, and other assistance.

1 Financial Accountability Office of Ontario. 2021. *Housing and Homelessness Programs in Ontario*. Accessed at: <https://www.fao-on.org/en/Blog/Publications/affordable-housing-2021>

2 This data does not come from the FAO. Rather it is from the 2016 Long-Form Census Questionnaire. More details can be found at: <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/characteristics-households-core-housing-need-canada-pt-cmas>

- Over the same period, the number of households receiving housing support decreased by 12,300 or 4 per cent.
- The increase in the number of households in core housing need, combined with a decline in households receiving housing support, drove an increase in unmet demand for social housing.
- From 2011-2018, the social housing waitlist grew by 27 per cent.
 - There are over 185,000 households on the social housing waitlist.³
- The FAO estimates that the number of households receiving support from Ontario's housing programs will reach 352,500 in 2027-28. This is 55,300 more than the number of households served in 2018-19.
- Even though more households will be served by Ontario's housing programs in future years, this will not stop the growth in the number of households that are in core housing need.
- The FAO estimates that the total number of households in core housing need will increase to 815,500 households in 2027. This means that 80,500 more households are estimated to be in core housing need compared to 2018.
- While the introduction of new initiatives like the Canada-Ontario Housing Benefit will help more households, the depth of the benefit won't be enough to help people out of core housing need.

Overview of funding in Ontario's housing programs

- In total, from 2013-14 to 2018-19, Ontario spent \$1.7 billion on its housing programs, the federal government spent \$3.3 billion, and municipalities contributed \$6.2 billion dollars.
- As municipal spending is not accounted for as provincial spending, the FAO summarizes the federal-provincial spending distribution as two-thirds federal and one-third provincial. Despite this, it is important to recognize municipal contributions. They are the most significant.

3 In a 2017 report, the Office of the Auditor General reported that there were 185,000 households on Ontario's social housing waitlist in 2016. We are assuming that the number of households on the waitlist has grown since then. More details can be found at: https://www.auditor.on.ca/en/content/annualreports/arreports/en17/2017AR_v1_en_web.pdf

- On average, from 2014-15 to 2018-19, the FAO estimates that Ontario spent \$856 million per year on housing programs.
 - That means, based on total budget expenditures during these years, Ontario governments have been spending less than 0.3 per cent of their total budgets on housing programs.⁴
- Between 2018-19 and 2027-28, over 80 per cent of federal-provincial funding for Ontario’s housing programs are set to expire.
- In 2018, the federal government announced the National Housing Strategy (NHS), which initially invested \$40 billion into housing programs across Canada. That commitment has since increased to about \$70 billion.⁵
- Under the NHS, the Ontario and federal governments committed to spend \$4 billion from 2019-20 to 2027-28 on the province’s housing programs. The federal government will invest \$2.9 billion, and Ontario will invest \$1.1 billion.
- The FAO projects that the province’s annual spending on housing programs will be lower than 2018-19 levels until 2024-25, as new funding from NHS programs will not make up for lost funding under expiring agreements.
- Furthermore, from 2019-20 to 2027-28, annual spending on Ontario’s housing programs will average \$696 million. This is significantly lower than what was spent on average in Ontario’s housing programs from 2014-15 to 2018-19 (\$856 million per year).
 - This means that from 2019-20 to 2027-28, Ontario’s housing programs will receive \$160 million less per year than they did from 2014-15 to 2018-19. This will translate into a \$1.2 billion shortfall over the course of 2019-20 to 2027-28.⁶

The impact on homelessness

- Ontario has a commitment to end chronic homelessness by the end of 2025.
- The FAO estimates that over 16,000 Ontarians are homeless on any given night. About 40 to 60 per cent are experiencing chronic homelessness.

4 This figure is not stated in the FAO report but based on internal Maytree calculations.

5 Canada Housing and Mortgage Corporation, 2021. *National Housing Strategy: What is the Strategy?* Accessed at: <https://www.cmhc-schl.gc.ca/en/nhs/guidepage-strategy>

6 This figure is not stated in the FAO report but based on internal Maytree calculations.

- From 2013-14 to 2020-21, provincial spending on homelessness programs grew at an annual average rate of 8 per cent due to new spending commitments to address chronic homelessness.
- Between 2014-15 and 2018-19, the number of households supported by homelessness programs grew by approximately 5 per cent per year.
- The FAO concluded that it is unlikely that Ontario will end chronic homelessness by 2025. This is because:
 - Toronto and Ottawa both had increased shelter usage since 2014. This was driven by an increase in the number of families using shelters and the length of time people are staying in shelters.
 - Over the next three years, the FAO projects that spending in Ontario's base homelessness programs will grow at an annual average of 3.4 per cent. This spending growth is significantly lower than the 8 per cent spending growth from 2013-14 to 2020-21.
 - The province's 2020-2025 Poverty Reduction Strategy does not commit any additional spending on homelessness programs (beyond the 3.4 per cent average annual growth noted above).

What does this all mean?

- The FAO's careful review of the spending on and impact of Ontario's housing programs is very necessary. The way that social and affordable housing expenditures are accounted for in Ontario does not include the investments that are being made by municipalities. This analysis from the FAO provides helpful insights on this, and enables a further examination of how deeply inadequate the Ontario government's investments have been.
- Based on Maytree's analysis of the information presented by the FAO, it is clear that Ontario governments have been grossly underspending on housing programs. As illustrated, Ontario spent less than 0.3 per cent on housing programs, as a proportion of its total budget expenditures, between 2014-15 and 2018-19. This absolute lack of investment took place at the same time that the cost of housing in the provinces skyrocketed. That the need for housing support would increase is obvious—as demonstrated through an increase in the social housing waitlist or in the number of households in core housing need.

- Looking forward, the FAO estimates that expenditures on Ontario housing programs will decrease in the coming years. That will only exacerbate housing need. The investments made through the NHS will not be enough to lift many households out of core housing need.
- Given that the rate of growth in Ontario's expenditures on homelessness programs is expected to slow, Ontario will not meet its commitment to end chronic homelessness by 2025. If anything, homelessness in the province will increase. Federal investments through the NHS will not be enough to offset the need.