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Alliance to End Homelessness (ATEH)

Submitted by Perry Rowe, Chair, to:
Ontario Standing Committee on Finance and Economic Affairs
Ottawa Pre Budget Consultation, December 19, 2008

The Alliance to End Homelessness and its highly active Steering Committee represents over 70 organizations helping people who are homeless or at risk of losing their homes in Ottawa. In this submission on **Strategic investment recommendations and reasons to act now** –

1. Current realities in brief
2. A Provincial Stimulus package: Strategic investment Recommendations for Ontario & Six Reasons to act now!
3. Immediate Help for renters is in Ontario's Hands
4. Progress in ending homelessness in Ottawa
5. Immediate action to link federal and provincial efforts

1. CURRENT REALITIES: our community now & in 2007

For the past several months in Ottawa

- Cornerstone women's shelter is so crowded that they cannot take any more than their regular 52 women and sometimes up to another three on couches if there are no other options. Their issue is really that they are turning away about 10-15 women a night due to lack of space; women are usually asked to go to Hope Outreach at Shepherds of Good Hope.
- The three men's shelters, the Shepherds of Good Hope, the Salvation Army and the Mission, have people sleeping on floor mats every night and this started before our current economic crisis.
- The number of families in shelters has significantly increased since the summer and we are using overflow accommodation in motels for them. Last year it took an average of 42 days to find housing for families.
- Our housing support workers experience delays and problems in finding affordable and safe housing that homeless families and individuals can move to when they don't need ongoing supports.
- Over a year, as many as 30% of the men and women in our shelters are chronically homeless. They could move into housing today **if** affordable, safe housing were available and **if** there were sufficient supports and resources available to assist them in maintaining a stable home.

Housing, homelessness and incomes in 2007 (See page 5 for details)

- only 73 new affordable housing units built in 2007 (only 239 units in 2006)
- 9,370 households are on the social housing waiting list and 2000 are on the supportive housing waiting list
- 8,915 individuals stayed in shelters in 2007
- 1,237 children were among the homeless in 2007
- Modest provincial increases in minimum wage and income supports did not help to reduce homelessness in Ottawa.

2. STRATEGIC INVESTMENT RECOMMENDATIONS FOR ONTARIO & SIX REASONS TO ACT NOW!

1st Recommendation

Act on substantially increasing public investments in affordable housing with new funds in the 2009 budget as part of an overall economic stimulus package.

- New money for affordable housing is a priority in a recession because it benefits all residents. In terms of economic multipliers, public investment in housing delivers just about the biggest bang for the buck in terms of direct and induced jobs, other economic activity, and increased taxes back to the Ontario government.

2nd Recommendation

Act on and fund poverty reduction in the 2009 budget, but recognise that homelessness is the extreme indication of poverty.

- Homelessness is a profound signal that the province needs to strengthen its expenditures for all aspects of homelessness. This includes services for those who are already homeless, services for those at risk of becoming homeless and the creation and maintenance of affordable housing along with other poverty reduction measures.
-

Six reasons to act now...

1. HOUSING IS GOOD FOR THE ECONOMY

When the Province of Ontario adds new money to its current housing allocation to stimulate the economy, every new dollar invested in housing will create two dollars in additional economic activity, and induces as much as seven additional dollars in economic activity.

- A 2007 study of nine U.S. cities found that every dollar invested in affordable housing had a multiplier effect of 1.93.
- A detailed study of three housing projects in Oregon put the multiplier at 2.1, and noted that the housing also leveraged as much as seven additional dollars for every dollar invested.
- An Ontario study in the early 1990s found that every 1,000 new co-op homes generated 2,210 person-years of employment.

2. HOUSING IS GOOD FOR THE GOVERNMENT

New affordable housing increases tax revenues for the province and for municipalities as well, through direct and induced jobs and other economic activity.

- The latest annual report from Toronto Community Housing Company (the biggest landlord in Canada and largest provider of affordable housing) reports that its single biggest expense in fiscal 2007 was \$111 million in municipal property taxes - almost 20% of the entire budget. TCHC's annual tax bill is 10% larger than the entire amount that it spends annually on building operations, maintenance, community support and community safety.
- An Ontario study in the early 1990s found that every 1,000 new co-op homes generated \$45 million in tax revenues.

3. STABLE HOUSING IS A PRECONDITION FOR ECONOMIC STABILITY

All the other poverty reduction or stimulus measures to assist people on low incomes will not be effective if individuals and families are not stably housed.

- Systemically, the combination of high rents and too little affordable housing with low incomes is continuing to create homelessness. In other words, homelessness is created by policy.
- The Report Card on Homelessness in Ottawa now has four years of data that show the trend in the shelter use is at best flat in spite of provincial and other government's spending to assist homeless people. Over the same period the trend in the amount of affordable and supportive housing was also relatively flat.

4. HOMELESSNESS IS BAD FOR THE GOVERNMENT AND IT IS NOT FREE

The province can pay for the creation of affordable housing in combination with other poverty reduction measures or it can pay for emergency shelters, hospitals or jails for homeless people. There are no other options, so Ontario politicians have a choice.

- The Government of British Columbia says that the annual public cost of homelessness is \$30,000 to \$40,000 per person annually. This is the most-often cited official estimate and includes social services, health and policing costs.
- We do not have an Ontario breakdown on the number of homeless people. In Ottawa it is one percent of the population. An estimated 150,000-300,000 Canadians are homeless and the annual public cost of homelessness is estimated at \$4.5 billion in a report prepared for the Sheldon Chumir Foundation for Ethics in Leadership.

5. HOUSING INSECURITY IS BAD FOR PEOPLE

Homelessness undermines and halts an individual or a family's ability to contribute to and participate in all aspects of civil endeavor from work and education to physical and mental health to engaging with others in their community.

- Numerous research studies at the World Health Organization, Canada's Public Health Agency of Canada, our Canadian Institute for Health Information and local levels all draw the direct link between poor housing and increased illness and premature early death.

6. HOUSING INSECURITY IS BAD FOR THE ECONOMY

We offer a quote from TD Economics: "We are used to thinking of affordable housing as both a social and a health issue...However, working to find solutions to the problem of affordable housing is also smart economic policy. An inadequate supply of housing can be a major impediment to business investment and growth, and can influence immigrants' choices of where to locate." (2003)

- In Ottawa, our downtown business association remains concerned about the impact on a tourist driven area when so many people are without a home.
- Toronto Board of Trade (2003): "The severe shortage of affordable housing is one of the major issues facing the city. It is a longstanding concern of the Toronto Board of Trade and a key component of the Board's call for a new deal for Toronto.

3. IMMEDIATE HELP FOR RENTERS IS IN ONTARIO'S HANDS

In Ottawa the vacancy rate for apartments is 1.4% and the average rent increased by 3.6%

This submission is very timely; the Province can act now to provide housing security for Ontario's renters. We are in a rent crisis in Ottawa. The Alliance to End Homelessness was dismayed to see that the vacancy rate for apartments is down to 1.4% as of October 2008 and the average apartment rent increased by 3.6% over October last year in Ottawa.

We ask this committee and the Ontario Government to act immediately to help Ottawa renters. Ottawa's vacancy rate is at its lowest since 2001. Ontario's rate decreased to 2.7% this October down from 3.3% last year, the province's lowest vacancy rate since 2002, when it was also 2.7%.¹ At the same time the consumer price index for October is down to 2.6%.

Whenever an apartment is vacant in Ottawa, landlords set rents higher than the guideline for occupied apartments. The occupied rate increase is 1.4% for 2008. Clearly, the province's approach on rental policy does not work in the interests of renters. Ontario needs to act swiftly to protect all tenants, but especially those on low to moderate incomes.

On average all Ottawa rents went up:

- A bachelor unit is \$671 (up by \$28),
- A 1-bedroom apartment is \$827 (up by \$29),
- A 2-bedroom apartment is \$995 (up by \$34) and
- A 3-bedroom apartment is \$1,227 (up by \$83).

There are 35,000 households in Ottawa living on \$18,000 or less a year and another 35,000 households getting by on \$18-\$32,000. In the current recession, our coalition expects that many people will have their hours of work reduced while others will lose their jobs. The concern is that even more families and individuals will become homeless.

Many people who are now housed will need to find cheaper apartments when their incomes drop after Christmas. Where will they find places to move to when so few are available and rents are this high?

It is time the province stopped counting on emergency shelters to be their last resort solution to the housing problems in Ontario.

Ottawa Apartment Rents, 2007-2008

Size	Rent		Increase
	2007	2008	
Bachelor	\$643	\$671	\$28 (+4.3%)
One Bedroom	\$798	\$827	\$29 (+3.6%)
Two Bedroom	\$961	\$995	\$34 (+3.7%)
Three Bedroom	\$1,144	\$1,227	\$83 (+4.0)
Total (includes units of any size)*			3.6%

* CMHC's survey found 849 units available for rent in Ottawa compared to 1,361 a year earlier. That include 74 bachelor (112 in 2007), 365 (619) one bedroom, 362 (559) two bedroom and 48(71) three bedroom. The lower vacancy rate was as a result of increased demand.

Source: Canada Mortgage & Housing Corp.

4. PROGRESS IN ENDING HOMELESSNESS IN OTTAWA

TABLE 1:
Progress Indicators of the Alliance to End Homelessness
Report Card on Ending Homelessness in Ottawa, 2007

	2004	2005	2006	2007
HOUSING	Baseline	C–	C–	C–
Affordable Housing				
Pre-1995 social housing units (total stock)	22,400	22,400	22,400	22,400
Post-2000 affordable units (total stock) (i.e., Action Ottawa & NHI units)	509	521	760	833
Rent supplements (City of Ottawa & CMHA)	3,000	3,085	3,198	3,198
Supportive housing spaces	650	863	865	885
Waiting Lists				
Households on social housing waiting list	10,500	9,914	10,055	9,370
Supportive housing waiting list	2,000	2,214	2,630	2,000
Housing				
Rental vacancy rate	3.9%	3.3%	2.3%	2.3%
Average rent for a 1-bedroom apartment	\$771	\$762	\$774	\$798
INCOME	Baseline	C–	C	C
Ontario Works for a single person	\$520	\$536	\$548	\$560
ODSP Assistance for a Single Person	\$930	\$959	\$979	\$999
Average monthly # of Ontario Works cases	17,879	17,552	16,541	15,296
Minimum Wage	\$7.15	\$7.45	\$7.75	\$8.00
Increase in Consumer Price Index	1.8%	2.3%	1.1%	2.0%
HOMELESSNESS	Baseline	C–	D	D
# of times shelter beds were used	323,612	310,299	323,625	342,165
# of individuals in an emergency shelter	8,664	8,853	9,010	8,915
Single men	4,845	4,905	5,007	5,029
Single women	1,221	1,267	1,451	1,337
Youth	509	543	607	515
Total Families	631	668	615	639
<i>With Children</i>	1,092	1,035	1,163	1,237
<i>With Adults</i>	997	1,103	782	797
LENGTH OF SHELTER STAY	Baseline	C–	B	D–
Average length of stay in shelters (days)	37.5	36.1	33.7	38.4
Single men	39.8	39.1	38.4	39.1
Single women	30.7	31.9	28.1	32.6
Youth	23.0	17.4	16.2	25.0
Families/Children	45.0	36.7	30.9	41.8

SOURCES – City of Ottawa (includes *Homeless Individuals and Families Information System* (HIFIS), National Homelessness Initiative, Canadian Mental Health Association, Ottawa Supportive Housing Coalition, The Housing Registry, Canada Mortgage & Housing Corporation, Province of Ontario & Statistics Canada.

The Alliance to End Homelessness releases an annual **Report Card on Ending Homelessness in Ottawa** to track our community's progress in its efforts to end homelessness.

- Our coalition is very mindful of the generosity, concern, and commitment that people and community organizations in Ottawa have to ending homelessness.
- Homelessness in our community persists in spite of effective assistance given to individual homeless people.
- We know that only a portion of Ottawa's homeless population is chronically homeless (perhaps 30%). We know that some people experience repeat episodes and that for others it is a one time but highly disruptive, often harrowing, event.

We went backwards in 2007

- A 3.9% increase in families with **1,237 children** stayed in a shelter.
- There were 8,915 individuals who used emergency shelters.
- A sharp increase in average length of stay to 38 days in an emergency shelter (+13.9%).
- An overall 5.7% increase in the times emergency shelter beds were used (342,165).

OUR GRADES

Measure Progress Each Year Towards Ending Homelessness

A = Significant Progress
B = Some Progress
C = No or Slight Progress

D = Some Loss
E = Significant Loss

The trend over 2004 – 2007

Our data analysis for 2004 to 2007 shows a disturbingly flat trend in the impact of current efforts, whether provincial, federal or municipal, to reduce, let alone end, homelessness. It is this flat trend that focusses ATEH attention on the urgent need for Ontario to call for a *National Housing Strategy*.

- The number of people using shelters in Ottawa remained relatively constant ranging from 8600 to a little over 9000 in 2007. The population numbers for men, women, youth families and children have also remained remarkably constant with small fluctuations.
- Average length of a person's shelter stay increased in 2007 to its highest level over the four years, after successive decreases from 2004 to 2006.
- Shelter bed use has increased for the third year in a row, with beds filled 18,540 more times in 2007 than in 2006.
- Trends in income and housing indicators show little positive impact over the four years. There was little growth in affordable units, 2004-2007. Modest increases in minimum wage and income supports have not led to reducing the incidence of homelessness in Ottawa.

Families and Individuals living at-risk of homelessness *Indicator Data for 2006 and 2007*

Households Helped to Remain Housed (with provincial, federal and municipal funding for *Housing Loss Prevention*. Note that these households are in addition to those individuals who stayed in a shelter.)

- In 2007 – 9,567 households
- In 2006 – 9,143 households

Waiting for affordable housing – the number of households on *The Social Housing Registry of Ottawa* waiting list reflects need across the population.

- In 2007 – 9,370 households (includes 3,689 households with children), 2,101 households housed.
- In 2006 – 10,055 households (includes 4,054 households with children), 2,165 households housed.

In conclusion...

5. IMMEDIATE ACTION TO LINK FEDERAL AND PROVINCIAL EFFORTS

Affordable housing to stimulate the economy

We urge the Ontario Government to immediately advocate with its Federal counterparts so that short-term economic stimulus funding is used to create new affordable housing especially for people living on low incomes. This will be an infrastructure investment with benefits across the community in Ontario.

An infrastructure investment in affordable housing will provide greater and longer lasting benefits. An estimated 150,000-300,000 Canadians are homeless and the annual public cost of homelessness is estimated at \$4.5 billion.² Affordable housing with supports is five times less expensive than institutional responses to homelessness (prison, detention, and psychiatric hospitals), and about half the cost of emergency shelters.³ Currently more than 1.4 million Canadian households (slightly more than 10% of all Canadian households) spend more than 30% of income on housing.⁴

In a recession, the possibility of job losses puts these Canadians at significantly greater risk of homelessness. Particularly vulnerable are lower income and fixed income Canadians as well as renters, female lone-parent families, seniors, immigrants and aboriginal households.

Construction investment represents approximately 12% of Canada's annual GDP.⁵

More than one million Canadians (one in 16 Canadian workers) earn a living in the construction industry.⁶ Each new home built creates an estimated four to six person years of direct and indirect employment for Canadian workers.

We also note that it requires no budget increase to stabilize Canada's affordable housing sector by committing all money saved as federal social housing mortgages (CMHC) expire and reinvesting these funds in the maintenance, modernization and expansion of Canada's affordable housing supply. We ask Ontario to advocate and work with the Federal Government to create new and truly affordable housing in the current recession.

The Alliance to End Homelessness is asking all federal politicians to...

1) Invest an additional \$2.5 billion over two years to create 30,000 to 50,000 units⁷ of affordable housing. This would include:

- A significant number of new affordable rental units (i.e., 30% or higher) for homeless or very low income Canadians who can afford no more than \$300-400/month in rent.
- New supportive housing units.
- Repair of existing social housing; and purchase & conversion, adaptive reuse or renovation of property for affordable housing.
- A federal funding model that is flexible to meet local needs and allows for capital construction as well as short term supports for stable housing until stable support funding is achieved.
- Delivering funding through existing mechanisms to save time using programs such as the Homeless Partnering Strategy and Affordable Housing Initiative (AHI), and the Residential Rehabilitation Assistance Program (RRAP).

2) Amend the *Income Tax Act* to eliminate the capital gains tax on donations of land and buildings to registered public charities for the purpose of providing perpetually affordable housing to create more affordable housing without tax leakage.

- Possible "tax leakage" would be reduced or eliminated by: restricting the registered charity's use of capital gains exempt donations to develop the donated land or buildings as perpetually affordable housing; limiting the use of the donated land or buildings to address the housing needs of beneficiaries who meet the Core Housing Need⁸ criteria as defined by the Canada Mortgage and Housing Corporation; and requiring the donated land or buildings to remain an asset for the registered charity in perpetuity. This can be ensured by registering the occupant income requirement and other eligibility criteria as a covenant on title for the affordable housing project or unit.
- The intent of this tax change is very specific and available only to charities for the purpose of developing affordable housing.
- Administrative processes for this program could be similar to the existing Canadian Cultural Property Export Review Board in the case of gifts of certified cultural property and those of the Minister of the Environment for donations of ecologically sensitive land.

Respectfully submitted on behalf of the Alliance to End Homeless, December 19, 2008

¹ THE ONTARIO RENTAL STORY

According to the October 2008 CMHC rental market survey,

- two-bedroom rents increased in 14 of the 15 Ontario CMAs, except for Windsor (rent decreased by \$1, from \$773 to \$772)
- one-bedroom rents increased in 14 out of the 15 Ontario CMAs, except for Brantford (decrease from \$676 to \$674 – a \$2 difference)
- the highest monthly rents in Canada's major centres for two-bedroom apartments were in Calgary (\$1,148), Vancouver (\$1,124), Toronto (\$1,095), Edmonton (\$1,034), Ottawa (\$995), Kelowna (\$967), and Victoria (\$965)

Ontario rental starts

- 1995-2007 - Ontario averaged 2,827 rental starts annually
- 1995-2007 rental starts averaged 16,000 units annually

There was a net loss of 13,061 rental housing units in 21 of Ontario's major municipalities in the decade between 1995 and 2005 according to the 2006 *Where's Home* report produced by Ontario Non-Profit Housing Association & Co-operative Housing Federation of Canada – Ontario Region.

45% of Ontario tenant households (580,265 out of 1,301,395) pay 30% or more of their household income on shelter costs

- 20% of Ontario tenant households (261,225 out of 1,301,395) pay 50% and over of their household income on shelter costs; the risk for homelessness increases where rental costs consume more than 50% of pre-tax household income for a tenant household
- 124,032 low-income households across Ontario were on the active waiting lists for social housing at the beginning of 2008. Among the 43 Service Managers which track applicant incomes, on average 72% of the low-income households on their waiting lists had gross incomes below \$20,000 and, therefore, could not afford monthly rent of more than \$500.

² Laird, Gordon. 2007. "Shelter - Homelessness in a Growth Economy: Canada's 21st Century Paradox," prepared for the Sheldon Chumir Foundation for Ethics in Leadership. Online at: <http://www.chumirethicsfoundation.ca/files/pdf/SHELTER.pdf>.

³ Pomeroy, Steve. 2005. "The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities," prepared for the National Secretariat on Homelessness. Online at: <http://www.cahhalifax.org/DOCS/costofhomelessnessjune06report.pdf>

⁴ CMHC. 2006 "Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991-2001". Online at: http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/data/upload/115139_1.xls

⁵ Statistics Canada. 2008. "Residential Construction Investment." Online at: <http://www.statcan.gc.ca/daily-quotidien/080303/dq080303b-eng.htm>

⁶ Construction Sector Council. n.d. "A Snapshot of the Construction Industry." Online at: <http://www.csc-ca.org/english/industry.html>

⁷ \$2.5 billion @ average of \$75,000/door = 33,333 units. Different regions will have different opportunities and limits based on the local housing market and affordable housing funds available.

⁸ CMHC considers a household to be in Core Housing Need if members live in housing that is below one or more of the adequacy, suitability, or affordability standards, and have incomes that are too low to allow them to rent alternative local market dwellings that meet acceptable standards for less than 30% of their before-tax income (CMHC, 2008).