

The

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Alternative

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Made-in-Ontario housing crisis

Technical Paper #12

by Michael Shapcott

Canadian Centre for
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**Ontario Alternative Budget
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The Harris government's radical experiment to stimulate the private rental market by de-regulating private housing and throttling Ontario's vibrant social housing sector has been a costly failure.

Last year alone, tenant households in Ontario paid \$338 million in increased rents, thanks to changes in rent regulation laws in 1998 that allow landlords to rapidly increase rents.

Not only are Ontario tenants paying a lot more, but they're also getting a lot less. Changes in rental housing protection laws by the Harris government in 1998 have speeded up the loss of rental housing in most parts of the province. The modest number of new units built by private developers in the past six years is eclipsed by rental housing losses.

After six years of Harris housing policy, Ontario is facing an affordable housing deficit of at least 74,000 units, according to estimates by the Canada Mortgage and Housing Corporation. It will cost at least \$2.9 billion to create those units, money that is no longer available thanks to the decision by the Harris government to cancel all spending on new social housing just days after it was elected in 1995.

Average rents for a typical, two-bedroom apartment jumped 5.6% in 2000 from 1999 – double the rate of inflation. The dramatic and continuing rent increases mean that the supply of affordable rental housing is shrinking as more existing units are being priced out of the range of low and moderate-income tenant households.

Waiting lists for the province's dwindling stock of social housing (which is being downloaded to municipalities) have grown dramatically. In most parts of the province, households must wait from three to ten years or longer just to get a desperately-needed affordable unit.

The Harris government says it wants to encourage home ownership, but most of the one-third of the province's households living in private rental housing saw the possibility of home ownership slip farther away in 2000.

Increased rents and fewer units leads inevitably to a growing number of tenant households being evicted. Last year, more than 60,000 Ontario households faced eviction – a dramatic increase since the Harris government gutted tenant protection laws in 1998.

The most tragic sign of the province-wide housing crisis is the homelessness disaster, which is growing rapidly not just in Toronto, but in most other parts of Ontario including Peterborough, Kitchener, Sudbury, Brampton, London, Windsor, Ottawa, Hamilton. Even smaller communities, such as Parry Sound, and remote and rural areas report homeless increases.

Families with children are bearing the burden of the biggest increase in homelessness in places like Ottawa, Toronto, Sudbury and other areas.

Rental housing in crisis

The province's rental vacancy rate has dropped to its lowest level in a decade, sig-

nalling a critical shortfall in the supply of affordable housing. Social housing development was cancelled in 1995. Meanwhile, the private sector – which hasn't built much since the early 1970s – still isn't building new rental housing. And in many parts of the province, there is a dwindling supply of private rental housing as properties are converted to condominium or commercial uses.

Overall, Ontario's rental vacancy rate is a critically low 1.6%, down from 2.1% in 1999. That means that, on average, there are only 16 vacancies for every 1,000 rental units. A vacancy rate of 3% is considered the minimum for a healthy rental market.

Every one of Ontario's 10 major municipalities has seen the rental vacancy rate drop over the past year. Rental vacancy rates from Canada Mortgage and Housing Corporation also show that the number of available units has dropped since 1996 in almost every part of the province:

Rental vacancy rate, %

	'96	'97	'98	'99	'00
Hamilton	2.2	3.1	3.2	1.9	1.7
Kitchener	1.8	1.9	1.5	1.0	0.7
London	6.0	5.1	4.5	3.5	2.2
Oshawa	3.7	2.4	2.0	1.7	1.7
Ottawa	4.9	4.2	2.1	0.7	0.2
St.Catharines	5.6	5.4	4.6	3.2	2.6
Sudbury	6.8	7.2	9.4	11.1	7.7
Thunder Bay	5.6	7.7	9.3	7.5	5.8
Toronto	1.2	0.8	0.8	0.9	0.6
Windsor	2.8	4.5	4.3	2.7	1.9

Source: CMHC 2000

Not surprisingly, the tight rental market means that landlords can increase rents dramatically, even as tenant household incomes stagnate. Last year, the average rent for a two-bedroom apartment in Ontario jumped by 5.6%, which is double the rate of inflation.

The 2000 rent increase is also double the 2.6% rental "guideline" set by the province's so-called *Tenant Protection Act*. Tenant protection laws were gutted by the Harris government in 1998. Landlords are allowed to charge any rent they want once a unit is vacant, which creates an incentive for landlords to evict tenants.

More than 60,000 tenant households faced eviction in 2000 – about one in every ten tenant households.

The official "guideline" for 2001 is 2.9%, but actual rents are forecast to increase well above this amount in most parts of the province.

Most parts of Canada have slipped into a housing crisis and homelessness disaster in recent years, thanks in large part to federal cuts to social housing programs in 1993.

But Ontario leads the way in the national race to the bottom. The three worst rental markets in Canada are in Ontario – Ottawa, Toronto and Kitchener. Each of these communities have a vacancy rate of less than one per cent.

The Ontario government started the 1990s with the best tenant protection laws and strongest social housing programs in the country.

The Harris government cancelled 17,000 units of co-op and non-profit housing just days after being elected in 1995. No new social housing units have been funded by the province since then, and the private sector has built only a few thousand new rental units. Factor in the private rental units that have been demolished or converted to non-rental uses, and Ontario tenants have suf-

ferred a net loss of rental housing during the Harris years.

In 1998, the Harris government swept aside two key pieces of legislation that slowed the loss of rental housing, regulated rents and offered some protection to tenants. Ontario's so-called *Tenant Protection Act* creates a fast-track eviction process that can put tenants on the street in five days. Previous laws allowed tenants to have a court hearing before facing eviction.

The new Harris rules have downgraded that to government-appointed official in a handful of rental tribunal offices. But most tenant households facing eviction don't even get a hearing. Their evictions are rubber-stamped by junior bureaucrats – often without the tenant even getting a notice of the action until after the eviction has been approved.

Hamilton – rising rents, fewer rental units

Hamilton and the surrounding area experienced worst of all possible worlds in the year 2000. The rental vacancy rate fell to 1.7% from 1.9% in 1999. The overall number of rental units dropped 763 units to 42,371. Rents rose by 3.3% in 2000, on top of an average rent increase of 5.1% in 1999.

The forecast from Canada Mortgage and Housing Corporation (CMHC) is bleak. The rental vacancy rate in 2001 is forecast to drop to 1.3%. Further losses of rental housing are expected this year. A meagre 15 new rental units were started in 2000 (but any benefit was cancelled by the hundreds of rental units

that were lost during that year) and no new rental units are expected in 2001.

But even if new rental housing is built in future years, it will likely be very expensive. CMHC reports that the average rent of newer units in the city (built since 1974) is \$747, compared to average rents of \$541 in buildings built before 1940.

Meanwhile, Hamilton – like many other areas of the province – reports that home ownership affordability is falling, which makes it almost impossible for tenant households to move into owned units.

Shelters for the homeless in Hamilton-Wentworth reported an increase of 35% in annual usage from 1998 to 2000. While the Harris government proudly proclaims that it is covering much of the increased cost paid by municipalities for temporary shelter for the homeless, the reality is far different. The Ontario-approved daily rate for shelter beds is \$38 in Hamilton. Social agencies put the real cost at \$60 to \$70 per bed per night in Hamilton. In Toronto, the costs are over \$100 per night.

Hostels are forced to rely on community donations to make up the balance. Some advocates want Hamilton to create an additional 120 beds to ease the current overflow in shelters, but that would cost agencies an additional \$1.4 million every year – on top of the paltry provincial commitment.

In nearby Oakville, one of the richest communities in Ontario, the first shelter for the homeless was opened in November 1999. The 10-unit facility was opened because the two motels that previously provided temporary housing for the homeless were

closed. Oakville's shelter was forced to move to a new location soon after opening as the original site was redeveloped to ownership housing.

Kingston – falling vacancies, rising rents

Kingston and area tenants faced a rental vacancy rate of 1.8% in 2000, a big drop from the 3.4% in 1999 and the lowest rate since 1991. CMHC forecasts that vacancies will drop to about 1% in 2001, and fall below 1% in 2002. There was no new rental construction in 2000. Rents rose by 3.2% on average during the year 2000.

Kitchener – rental vacancies at 10-year low

Kitchener has the third lowest rental vacancy rates in Canada – a critically low 0.7%. This is the lowest rate in Kitchener in 10 years. The rent for two-bedroom apartments jumped by 5.6%. Even with a growing population creating increased demand for new rental housing, only 611 new rental units have been built in Kitchener since 1994, and only 116 were built in 2000.

The forecast for 2001 is more bad news: a rental vacancy rate stuck at an unhealthy 0.8% and rents rising by 4.7% for two-bedroom apartments. In Kitchener, as elsewhere, rents in newer units are much higher than older units (\$568 in pre-1940 buildings as compared to \$795 in post-1986 buildings), which means that any new rental housing will almost certainly be high-end – well out

of the affordable range for most tenant households.

A recent study on homelessness in Waterloo Region says 1,500 to 2,000 people experienced homelessness in the last year and spent time in shelters. This doesn't include people who are "sleeping rough" in alleys and under bridges, because they're hard to count. More than 4,000 families are on the region's list waiting for help with housing. They will wait, on average, for seven years or more until an affordable units comes available.

London – big drop in vacancy rates

The rental vacancy rate fell to 2.2% in London in 2000, a huge drop from the 6.0% rental vacancy rate in 1996 and the lowest level in London in a dozen years. A key factor has been the drop in the number of rental units. A total of 299 rental units were built in 2000, but 335 rental units were lost. Since 1993, London has lost more than 2,500 rental units.

Rents increased for two-bedroom apartments by 2.8%. CMHC forecasts an increase of 3.5% in 2001. The rental vacancy rate is predicted to drop to 1.9% in 2001.

Homeless shelters in London reported a 22% increase from 4,319 annual admission in 1995 to 5269 in 1999.

Ottawa – worst ever conditions

Ottawa's rental housing market has set all sorts of unenviable records in the year 2000. It has the lowest rental vacancy rate in the country at 0.2% - that's two vacancies for

every 1,000 rental units in the city. The dangerously low rental vacancy rate is an all-time low for the city. Rental vacancy rates are expected to remain below 1.0% for several years.

Ottawa also marked the highest increase in average rents – a staggering 12.6% increase from \$783 in 1999 to \$882 in 2000.

Only 74 rental units were built in 2000 in Ottawa, but this modest increase was cancelled by the overall loss of 33 rental units as private landlords continued a brisk pace of demolitions and conversions. Ottawa has had a net loss of 1,480 rental units since the Harris government was elected in 1995.

“Tenants have practically nowhere to turn for choice and availability of rental units anywhere across the new City of Ottawa,” according to normally cautious officials at CMHC.

The exceptionally tight rental market has spurred a huge increase in homelessness. More than 800 people, including children, sleep in homeless shelters every night. Many more sleep under bridges and on the streets. An increase in homeless deaths prompted one Ottawa shelter to open an eight-bed palliative care facility to allow homeless people to “die with dignity”.

St. Catharines-Niagara – fewer rental units

The region’s rental vacancy rate dropped to 3.2% in 2000, and is expected to fall to 2.3% in 2001. Rents increased by 3.0% in 2000 and are predicted to rise by another 2.5% in 2001.

Only 75 new rental units were started in the region in 2000, but new starts have been cancelled out by a significant drop in the overall rental universe. There were 16,373 rental units in St. Catharines-Niagara in 2000, down by 462 units since 1993. Tenants in the region faced reduced affordability for home ownership once again in 2000.

Sudbury – big drop in vacancy rates

Sudbury, which has the highest rental vacancy rates in Canada, witnessed a big drop from 11.1% in 1999 to 7.7% in the year 2000. CMHC predicts a further decrease in 2000 to 7.0%. Rents rose by 2.2%. No new rental construction is expected in Sudbury. Demolitions and conversions should create a slight decrease in the overall number of rental units.

Thunder Bay – continuing fall in vacancies

Thunder Bay tenants faced a rental vacancy decrease to 5.8% in 2000, the third straight year of falling vacancies. The rental vacancy rate is expected to drop to 4.0% in 2001. Rents inched up. Northwestern Ontario tenants, like those in many other parts of the province, faced declining affordability for home ownership, leaving them increasingly caught in a downward rental market.

Toronto – big drop in rental supply

Rental vacancies dropped to a 10-year low of 0.6% in Toronto, where more than half of

the households are tenants. Average rents rose by 7.5%, on top of a 4.6% average rent increase in 1999. The forecast by CMHC is for continuing pain – a rental vacancy rate of 0.7% in 2001 and average rent increases of 6.0%.

The total supply of rental units fell by 1,834 from 303,912 in 1999 to 302,078 in 2000. Almost no new rental units are expected in 2001, and any new construction will be more than offset by losses due to demolitions and conversions.

As in other parts of the province, Toronto tenants faced deteriorating home ownership affordability, making it harder for tenants to move into ownership.

The homelessness disaster has been well-documented in Toronto by the Toronto Disaster Relief Committee, the City of Toronto's annual report cards on homelessness, the Toronto Mayor's Homelessness Action Task Force and numerous studies.

Homelessness is rising rapidly in Toronto:

- 25% increase in hostel admissions from 1994 to 1999 (to almost 30,000 annually);
- 44% increase in number of homeless children from 1994 to 1999 (to more than 6,000 annually);
- more homeless people per capita in Toronto than New York City or other U.S. centers, according to a Canadian Press survey, which reported: "Once population differences are taken into account, the percentage of people in Toronto using shelters is actually 15.8 per cent higher than in New York".

Homelessness is deadly for Torontonians:

- 33 confirmed homeless deaths in 2000 (the actual number of deaths is much higher, but many homeless deaths escape official notice);
- young homeless men are eight times more likely to die than housed men;
- homeless suffer a higher degree of disease, including asthma, bronchitis, heart disease, kidney problems, seizure disorders, cancer, tuberculosis, HIV, hepatitis B and C, malnutrition, dehydration, chronic stress, anxiety, sleep deprivation, depression.

But it's not just the inner city. The veneer of prosperity in surrounding regions like York, Durham and Peel, mask growing housing and homelessness problems. "Among Canadian cities, York Region is one of many to face the challenge of homelessness. Its residents are, on average, among the best-educated, best-housed and most affluent in Canada. Its business sector is thriving. But many of its residents face the prospect of having no place to live or are already dependent on shelters, friends and relatives or the streets for accommodation," reports *From Awareness to Action, Responding to Homelessness in York Region*, prepared for the York Region Community Services and Housing Department.

Brampton also reports a big increase in homelessness as single rooms in the downtown are lost to redevelopment. About one-third of the homeless people in Brampton shelters are working, but their income is not high enough to afford the region's rents.

Windsor – net loss of rental housing

The rental vacancy rate in Windsor fell to a five-year low of 1.9%. Meanwhile, rents for an average two-bedroom unit increased by 5.7% to \$736 – the biggest increase in a decade.

Only 44 new rental units were built in Windsor in 2000, while 75 units were lost to demolition and conversion, leaving a net loss of 31 rental units for a growing number of tenant households.

Windsor recently opened its first daytime drop-in centre for the homeless, a dubious advancement.

Smaller communities – crisis is growing

Meanwhile, smaller communities across Ontario reported similar trends: fewer vacant units, rising rents, deteriorating home ownership affordability, reduced rental supply.

Owen Sound's rental vacancy rate dropped to 2.8%, a dramatic drop from the 9.1% vacancy rate in 1998. Rents increased by an average 3.0% and there was a net loss of 19 rental units in 2000. The rental vacancy rate dropped in Peterborough from 4.4% to 3.2%. The rental vacancy rate in Sarnia dropped to a seven-year low of 7.3%.

CMHC doesn't document trends in small towns, rural and remote communities. But anecdotal information from Parry Sound and elsewhere shows that rents are rising rapidly, while the rental housing supply remains stagnant. Some of the housing is sub-

standard, but tenants have almost no options.

Homelessness is up in smaller communities. "In a municipality where a majority of dwellings are second homes for their owners, it is incongruous to think that some families may have no home at all. Nevertheless, there has been growing awareness that Muskoka may not be immune from the growing problem of homelessness that is more visible in larger centres like Toronto," reports *Understanding Homelessness In Muskoka*, prepared for the District Municipality of Muskoka

Muskoka has more than 200 annual admissions to its interval house. Over the course of a year, it gives out about 40 emergency housing vouchers and provides housing to homeless people in 43 motel rooms.

Peterborough has carefully documented its growing homeless problem. The city has the unfortunate distinction of having the highest percentage of tenant households on the brink of homelessness in Ontario. A Peterborough Social Planning Council survey of 206 homeless or near homeless people (a total of 502 family members) in March found that as many people were staying temporarily with friends or on the streets as were in shelters. Nine families, including 18 children, were homeless.

One-in-four homeless people were employed, a trend that appears in many other parts of the province, including Peel and Toronto. Homeless people are working, but their meagre income is not enough to pay rapidly rising rents.

Two-thirds of homeless households are not on social housing waiting lists, which suggests that the real number of people needing affordable housing is well in excess of the tens of thousands on waiting lists.

Among those Peterborough households that were close to being homeless, 70% could not afford basic necessities such as food, clothing, personal hygiene products, telephone, transportation or recreation.

The study found that affordability is the biggest barrier to finding housing. Among the homeless and near-homeless people in the Peterborough sample, fully 77% said that they simply needed access to affordable housing. Fifty-nine per cent needed additional income to afford the available rental units.

Growing evictions

More than 60,000 tenant households in Ontario faced eviction in the year 2000, with more than 40,000 of them losing their homes without even a formal hearing under the fast-track eviction process created by the Harris government.

More than 500 tenant households face eviction every week in Toronto. The reason for eviction in almost every case is that tenant households cannot pay the rent, not surprising considering the huge increase in rents set against stagnant or declining tenant household incomes. Tenant household incomes fell by 6.0% from 1990 to 1995 and have continued to fall since then. Rents for

two-bedroom apartments rose by 38% from 1989 to 1998 – almost double the rate of inflation.

Applications for eviction in Toronto rose by 9% in 1998 (the year that tenant protection laws were gutted) over the previous years. Evictions jumped by 12% in 1999 and grew by 5% in 2000. Ottawa saw a 16% increase in evictions from 1996 to 1998.

The reason for the rapid increase in evictions is built into the new rent regulation laws enacted by the Harris government in 1998. In occupied units, landlords are supposed to keep rent increases to the guideline (2.6% in 2000). But once the unit is vacant, landlords can increase the rents as high as they want. A Toronto study found that among evictions for arrears, about 50% were for amounts of less than \$800 (which is less than the average one-month rent).

Some tenants have faced eviction for amounts as little as \$40 as landlords take advantage of vacant units to jack up rents.

One of the biggest factors in increased evictions was the decision by the Harris government in the fall of 1995 to cut welfare rates, including the shelter allowance portion of the welfare cheque, by 21.6%. With inflation, the real value of those cuts is close to 30% in 2001.

Most welfare recipients live in private rental housing. Faced with 30% less money to pay for steadily increasing rents, it's no wonder that some communities reported a 75% increase in evictions in the months following the welfare cuts.

The Harris housing record

The Harris government was elected in 1995 on a promise to “get out of the housing business”. Since then, it has:

- cut about 17,000 units of co-op and non-profit housing that were under development (1995);
- cut funding to existing social housing projects (several times since 1996);
- downloaded the \$905 million in social housing costs to municipalities (1998);
- downloaded administration of social housing to municipalities (2001);
- cut welfare rates, including shelter allowances, by 21.6% (1995);
- gutted tenant and rental housing protection laws, including rent controls (1998).

The government has also offered a package of incentives to private developers to build new rental housing, including:

- direct grants of \$2,000 per unit;
- rent supplements;
- reduced building regulations;
- reduced municipal taxes.

The first set of policies were successful in raising rents and slashing social housing.

But the second set of policies haven't produced much new private rental housing. Once the losses due to demolitions and conversions are factored in, there has been a net loss of private rental housing in Ontario since the election of the Harris government, even though there has been a huge and growing need for new housing.

Since 1999, as the province-wide homelessness disaster has grown so bad that even the Harris government could not ignore it, the provincial government announced a series of limited initiatives. It funded a modest new supportive housing program, with the goal of converting existing rental housing instead of building new units. It has announced a new rent supplement program to assist up to 10,000 low-income households. Both programs are funded by surplus federal housing dollars that Ontario received as part of a deal it signed with Ottawa in 1999.

The rent supplement plan by the Harris government is a good example of its convoluted and ineffective housing policies. By the time that the government announced its plans to offer up to 10,000 new rent supplements to private sector landlords in March of 1999, the government had already cancelled 3,400 rent supplements units that it was funding under a separate program.

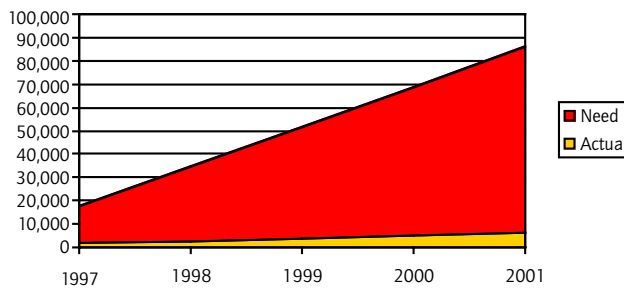
Private landlords were dubious about the new supplements and only about 500 units were committed 18 months later. The Harris government then decided to offer the rent supplements to co-op and non-profit housing providers, which were eager for the additional rent subsidies since the province had been steadily cutting rent-geared-to-income funding to many social housing providers since 1995.

However, the new rent supplements – funded by federal dollars – will only last for three years. Then the cost will be transferred to cash-strapped municipalities, which will have to decide whether they can afford to continue the subsidies to low-income house-

holds. The Harris government didn't put a penny into the new rent supplement program, yet was touting its benefits at the same time it was cutting other subsidies to low-income households.

According to CMHC, Ontario needed a net gain of at least 80,000 rental units from 1996 to 2001 (roughly coinciding with the current reign of the Harris government). But the private sector has built only about 6,000 – leaving a shortfall of 74,000 units.

Rental housing units, need vs. supply



If the Harris government hadn't cancelled development of new social housing, then another 55,000 co-op and non-profit units would have been created in Ontario – closing up the big gap created by provincial policies.

The private sector – unwilling and unable to build

The Harris government's plan to gut rent controls was supposed to lead to a big increase in new rental construction by private developers. The housing minister at the time, Al Leach, confidently predicted that this policy alone would generate 10,000 new

rental units in Toronto over a two-year period.

In fact, over six years that has been virtually no net gain in the number of rental units in most parts of the province. Many areas have suffered a net loss. And tenants have been walloped with year after year of rent increases that have often been well above the inflation rate.

Ontario tenants paid \$338 million more to private landlords in 2000 over 1999, but almost none of that money was reinvested in new rental housing. Since the election of the Harris government in 1995, the private development sector has got almost everything that it has asked for: higher rents, reduced regulation, lower municipal taxes, direct grants and subsidies.

But the private sector still isn't building. And the reason is simple: there's no profit to be made from building housing for low and moderate income tenant households.

In Toronto, for instance, the average weekly wages are less than \$700, which puts the affordable rent at about \$800 per month. The shelter allowance for Ontario Works is about \$600 per month. It costs at least \$130,000 per unit to build new rental housing. Even with free land and various subsidies, the rent for a new unit would have to be \$1,200 to \$1,400 per month for a landlord to cover costs and gain a reasonable return.

While costs in Toronto are among the highest in the province, the situation is not much different elsewhere. It makes little financial sense to invest in rental housing, especially when investors can get a bigger return in other forms of real estate, or other

investments. That's why developers pulled out of new rental construction in the early 1970s (before rent controls were introduced in Ontario). And that's why they won't jump back into new construction.

There is simply no money to be made by private developers.

Meanwhile, Ontario tenants are paying huge rent increases every year based on the Harris government fiction that higher rents equals more rental supply. For tenants, higher rents simply means less money for food, clothing and other necessities.

Back to the future

It's time for the Ontario government to get back into the housing business, where it belongs.

Social housing has a 30-year record of success in Ontario. Studies have shown that it is more cost-effective than subsidies to the private sector, tax incentives or other giveaways. The Harris government cancelled new social housing spending in an ideological fit, then tried to cloud its decision by talking about a "billion dollar boondoggle".

But the "boondoggle" grew out of a deliberate fudging of housing numbers. While the province's social housing has a large mortgage liability, since most of it was built in the late 1980s and early 1990s. But it is also a substantial public asset. And each year, as principal and interest are paid down, social housing becomes a better value for the money.

While subsidies steadily decline for social housing over the years, subsidies to pri-

vate developers – such as shelter allowances – increase every year. Social housing is a better bargain with time, while the costs for private subsidies just keeps mounting.

Studies that directly compare subsidies to private sector developers (through tax incentive programs such as the failed federal MURB program or provincial shelter allowances) with social housing show that co-op and non-profit housing provides the best value for the dollar. And it creates better-quality housing in well-managed communities.

The 2001 Ontario Alternative Budget (OAB) is proposing a comprehensive, four-part provincial housing strategy that includes uploading the cost of Ontario social housing programs back to province; funding the development of 15,000 new and renovated social housing units annually for five years; funding 15,000 new rent supplement units annually for five years; and, topping-up shelter allowances paid to welfare recipients to 85% of average market rents.

The province dumped the cost of Ontario social housing programs on municipalities in 1998. In the year 2001, Queen's Park is planning to complete its scheme to transfer the administration of these programs to municipal service managers. But local property taxes cannot, and should not, bear the cost of social housing programs. The Ontario Alternative Budget will return the cost of these programs to the province.

The OAB plan would create 15,000 community-based co-op and non-profit housing units every year for five years. The target is realistic. About 15,000 new social housing

units were being built in Ontario in the early 1990s, before Harris killed provincial programs. The target is also necessary. After six years of government-induced drought, Ontario needs a big program to deal with the huge housing deficit created by the Harris government. A total of 75,000 new and renovated units would be built over five years at a cost of approximately \$3 billion.

The OAB plan would also create 15,000 new rent supplement units annually for five years. Rent supplements are subsidies paid to private or non-profit housing providers for units occupied by low-income households. In exchange for the subsidies, the landlords agree to maintain the units to a proper standard and charge fair rents. Over five years, our plan would assist 75,000 households at a cost of \$1.2 billion.

In addition, the OAB housing plan would create a special fund for some of the poorest households in the province – tenants living on social assistance. Welfare households would receive a top-up to bring the shelter allowance portion of their welfare cheque to 85% of the average market rent in Ontario. The annual cost, based on average

rents from the year 2000, would be \$210 million.

A province-wide housing crisis demands a province-wide solution. The Ontario Alternative Budget plan provides housing, rental assistance and income support. It will reverse the growing tide of homelessness and, over time, will ease the province-wide housing crisis.



Statistics for this report are drawn from rental market reports by the Canada Mortgage and Housing Corporation, along with provincial and local studies. More information on housing in Ontario is posted in the “resources” section of the Housing Again Web site at www.housingagain.web.net.



Michael Shapcott is an expert on housing and homelessness. He is a Research Associate at the University of Toronto’s Centre for Urban and Community Studies.