



Office of the Commissioner  
Community and Health Services Department

## MEMORANDUM

To: Members of Committee of the Whole

From: Katherine Chislett  
Commissioner of Community and Health Services

Date: December 10, 2020

Re: Estimated Investment Required to Address Unmet Supportive and  
Community Housing Needs in York Region

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### **Memo responds to a request from Council to provide additional context and a cost estimate to address all supportive housing needs**

This memorandum responds to a request from members of Council made at the November 5, 2020 meeting of Committee of the Whole for an estimate of the cost to York Region to address supportive housing needs. The request followed a deputation made by Reena seeking annual funding from the Region for 30 rent supplements for the Lou Fruitman Reena Residence in the City of Vaughan.

To provide additional context to the request for funding for rent supplements for supportive housing, this memo also estimates the cost to address current housing need within the Region's mandate as Service Manager. The Region is required to fund and administer community housing, and homelessness and housing stability services.

### **Supportive housing is a provincial responsibility**

As outlined in a [November 2020](#) report, supportive housing is a provincial responsibility; however, the provincial supportive housing system is fragmented and does not consistently match funding for support services with housing subsidies. As a result, supportive housing providers occasionally request Regional funding to ensure their programs are affordable to residents with low income.

## **Supportive housing programs combine housing and support services to enable people with a broad range of needs to live as independently as possible**

“Supportive housing” is an umbrella term that includes diverse housing and accommodation types and support models, designed to enable people with many different needs to live in their communities as independently as possible. People who may need supportive housing include individuals with developmental or physical disabilities, serious mental illness, problematic substance use and high-risk seniors. Many supportive housing programs are intended to provide long-term or permanent homes for individuals who will require ongoing assistance, although the depth and type of support required may change over time. Housing subsidies are also an important component of supportive housing, as many residents, particularly those receiving social assistance, cannot afford private market rents.

Most supportive housing programs in Ontario are funded and administered through the Ministry of Health, the Ministry of Children, Community and Social Services or the Ministry of Municipal Affairs and Housing. The Region has funding agreements for rent subsidies for some supportive housing sites that received federal/provincial capital funding, as it does with other non-profit providers that received funding under these programs.

Because the supportive housing system in Ontario is fragmented and diverse, it is challenging to provide an accurate estimate of the number of supportive housing units in any given community. Based on available information, Housing Services estimates the current supportive housing stock in York Region includes approximately 124 group homes and other residential care facilities with an estimated 650 beds. Most of these programs serve people with developmental disabilities. There are also several provincially funded supportive housing programs serving people with serious mental illness and/or addictions that offer supported independent living or shared apartments, however the number of units within these programs was not available.

## **An estimated \$1.4 billion is needed to address unmet need for supportive housing in York Region, which falls under provincial mandate**

The Region has limited data available to estimate the need for supportive housing, as the province does not maintain a coordinated wait list for supportive housing programs, and does not release local wait list data for programs that it funds through the Ministry of Health and Ministry of Children, Community and Social Services. Table 1 shows an estimate of the number of York Region residents who may need supportive housing, based on estimates of province-wide need and the Region’s share of the Ontario population.

**Table 1:  
Estimated Supportive Housing Need in Ontario and York Region, 2017**

Population	Ontario	York Region***
Developmental Disabilities*	15,700	1,330
Serious Mental Illness and/or Addiction**	33,000	2,800
Total	48,700	4,130

\* [Final Report](#), Ontario Developmental Services Housing Task Force (2018)

\*\* [Supportive Housing in Ontario: Estimating the Need](#), Wellesley Institute (2017)

\*\*\*The York Region numbers were calculated by Housing Services and assume that the percentage of people waiting for these services in York Region is proportionate to the Region's share of the Ontario population (8.5%).

To build the required 4,130 supportive housing units for York Region residents with developmental disabilities, serious mental illness and addictions, it is estimated that approximately \$1.4 billion in capital funding would be required. An additional \$25.7 million could be needed annually to fund rent subsidies to ensure these units are affordable to households with low income. This estimate is based on current needs and does not account for population growth.

The estimates provided are over and above the investment required to fully meet the need for affordable housing within York Region's mandated role, and do not include land costs, which vary widely throughout the Region. The estimates also do not include the cost to provide support services. Not all residents would require 24/7 care or housing that meets care occupancy standards; however, providing units that meet those requirements would increase construction costs.

### **The creation of community housing units is not keeping pace with the growth in demand**

As Service Manager, York Region is responsible for the delivery of community housing programs that provide rent subsidies for residents who cannot afford private market housing, as well as a range of housing and services for people who experience or are at risk of homelessness. While Council requested an estimate of what it would cost the Region to address the affordability component of supportive housing under provincial jurisdiction, staff have provided a comparative figure to contextualize the costs based on the current level of unmet need for housing programs that do fall within the Region's mandate.

Growth in the community housing supply continues to lag growth in the demand for affordable housing. In 2019, the number of applicants on York Region's subsidized housing wait list grew by 7.5%. For every household housed from the wait list, five new applicants were added.

In contrast, between 2010 and 2020, York Region added 1,096 new community housing units to its portfolio. At an average of 110 units per year, this is well below the rate of growth in the wait list. As rents required by the federal/provincial programs that, in part, funded these units are not affordable to residents with low income on the wait list, Council approved a Regional Rent Assistance program in [2008](#) to provide greater depth of affordability. In 2019, 305 units were funded under this program, at a cost of \$2.2 million from the tax levy.

Demand is also increasing for the supports the Region funds and administers in its role as Service Manager for homelessness and housing stability services. As of October 31, 2020, there were 206 households on York Region's "By Names List" for people experiencing homelessness, including 50 who meet the criteria for chronic homelessness. These numbers are a best estimate; there are additional York Region residents who may be at risk of losing their housing, including households in receipt of Ontario Works, who do not appear on any wait lists. Data from the Region's [2018 I Count](#) survey of individuals and families experiencing homelessness found that 70% of the participants were social assistance recipients and a further 8% had no income. Although households who become homeless may need a range of supports, most, if not all, will also need a long-term subsidy to afford stable housing.

### **Addressing current unmet housing need within the Region's core mandate as Service Manager for community housing, and homelessness and housing stability services would require an estimated \$6.2 billion in capital funding**

Despite steady investment in recent years, the Region faces a growing gap in its capacity to meet the need for community housing. The gap is expected to increase in 2023 as the provincial Strong Communities Rent Supplement program comes to an end; this provincial program currently funds approximately 350 rent supplement units in York Region at \$2.8 million per year. Without extension of the program or replacement by a new program, there will be increased pressure on the tax levy to maintain the subsidy for current tenants, and these units may be lost entirely as they turn over, if permanent funding is not available.

In addition, over time, federal/provincial capital funding that has been essential to expanding supply of community housing in York Region is expected to decrease and ultimately taper off, while investment in portable housing subsidies such as the Canada-Ontario Housing Benefit increases. Given York Region's limited supply of private rental housing, however, there will be a continued need for capital funding to expand the community housing supply.

As the supply of private rental housing in York Region is limited, with a vacancy rate of just 1.2% in 2019 (well below the healthy rate of 3%), construction of approximately 17,700 new units would be required to eliminate the wait list for subsidized housing and provide stable housing for currently homeless residents. Based on the historical construction costs for Housing York Inc. of \$350,000 per unit, this would require a Regional investment of \$6.2 billion, in addition to land costs and inflation. Many units would also require an additional operating subsidy to provide deeper affordability to low-income households. Assuming current average rent subsidy costs, it could cost up to \$130 million annually to provide an operating subsidy for 17,700 units. The subsidy amount used in this estimate is higher than that used for supportive

housing as the subsidized housing wait list is expected to include more households with dependent children and households with income from Ontario Works. Although Housing York Inc.'s 2021 to 2024 Strategic Plan sets an ambitious target to expand its portfolio, planned and funded investments in community housing will not be sufficient to meet the current level of need.

### **The Region does not have a dedicated budget or process to respond to requests from housing proponents to fund rent subsidies for projects developed under new funding and incentive programs**

Since 2004, federal/provincial capital funding for affordable housing in Ontario has been allocated through Service Managers. Under these programs, including the Affordable Housing Program, the Investment in Affordable Housing Program, and the current Ontario Priorities Housing Initiative, funding for new construction was allocated to the Region. The Region, in turn, allocated funding to new Housing York Inc. developments or to community groups through a request for proposals process. This approach allowed the Region to draw on the tax levy to provide operating funding for rent subsidies to increase affordability of new units when budgets permitted.

Following the announcement of the National Housing Strategy in 2017, the Canada Mortgage and Housing Corporation launched the National Housing Co-Investment Fund, which provides a mix of grants and loans for non- and for-profit developers to build affordable housing. The program is directly administered by the Canada Mortgage and Housing Corporation. Some providers that have received capital funding through the Co-investment Fund, such as Reena, are now approaching the Region to request additional investment in these projects to provide a deeper level of affordability than required by the Canada Mortgage and Housing Corporation, to ensure their units are accessible to residents with low incomes, including those in receipt of social assistance. This impacts the Region's ability to coordinate available capital funding with available rent subsidy funding, as there is no way to know which projects will receive funding or when. Currently there is no standard process to evaluate proposals and no budget to expand rent subsidy programs to meet need.

As local municipalities pursue affordable housing strategies and look to implement planning tools such as inclusionary zoning to increase the supply of affordable housing, the Region has also been approached about the possibility of providing rent subsidies to units secured using these tools. While combining affordable units with rent subsidies would help to provide deeper affordability to residents living with low income, the Region is challenged to consider these requests without dedicated funding for additional rent subsidies.

### **Any additional budget to consider rent subsidies must come with an equitable process to allocate available capital or operational funding to housing providers under new federal/provincial programs**

The Region has no control over which projects receive funding through sources such as the National Housing Co-investment Fund, which may or may not align with the Region's priorities

and mandate as Service Manager. At the same time, proponents may require, or anticipate, Regional contributions to ensure their projects' viability.

While all initiatives that increase the supply of affordable housing in York Region are welcome, Regional investment should be guided by the Region's [Corporate Strategic Plan](#) and [10-year housing and homelessness plan](#), support key Regional housing objectives and align to the Region's scope and mandate.

If there is a Council commitment to provide available Regional resources to community-driven housing projects, it is essential to establish a fair and equitable process to evaluate them and make allocations.

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Commissioner of Community and Health Services

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