



Ontario Non-Profit Housing CEO Survey - 2023

A frank report on the opinions of
leaders in Ontario's non-profit
housing sector

Dedication

To the staff, leaders, and volunteers in Ontario's Non-Profit Housing Sector. Your energy, resourcefulness, and kindness help provide a place to call home for close to 500,000 Ontarians.

Ontario Non-Profit Housing CEO Survey - 2023

An exploration of the opportunities and challenges in Ontario's non-profit housing sector.



StrategyCorp is Canada's trusted government affairs, communications, and management consulting advisory firm.

We specialise in providing strategic advisory services – government relations, strategic communications, and management consulting – to organizations operating in complex, highly regulated, and scrutinised environments.

We are a trusted advisor to clients with interests and mandates throughout Canada, as well as in the United States, the Middle East, Europe, Latin America, and the Caribbean.

Since 1995, we have been involved in some of Canada's most critical business issues and charged public policy matters. Our unique service capabilities enable us to provide critical advice and to create the conditions for success.



StrategyCorp could not have completed this project without the support of the **Ontario Non-Profit Housing Association (ONPHA)** who encouraged members to participate in our candid and confidential 1-on-1 interviews.

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The photos in this document reflect the communities that **StrategyCorp** has served over the years. They should not be taken as an indication of the housing providers who participated in the survey.

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Special thanks to Valrie Oldfield

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Introduction

This is StrategyCorp's first Non-Profit Housing Corporation CEO Survey.

Through it, we aim to bring to light the most pressing challenges and exciting opportunities facing non-profit housing providers in Ontario.

Our Non-Profit Housing CEO Survey interviews took place over the summer and fall of 2023. The last few years have marked a turning point for housing policy in Ontario and Canada. The lack of affordable housing is now one of the major issues facing communities across this province – and each day it seems that more policymakers, politicians, and sector leaders are turning their attention to the needs of the housing sector. As the focus continues to shift towards building more homes, no other sector is as uniquely positioned as the non-profit housing sector to both articulate the perils of our inadequate housing supply and to provide ideas that can lead to improved affordability and livability for our most vulnerable neighbours.

As such, this was an opportune time to interview non-profit housing leaders for a few reasons:

- **Housing affordability is at crisis levels in Ontario and many providers are facing increased demand, with evolving and often complex needs of their tenant communities, and a lack of support to build additional units;**
- **Many subsidized housing providers are facing the end of operating agreements for their buildings and preparing for new relationships with municipal service managers; and,**
- **The sector is eager and, importantly, ready to embrace change.**

Ontario's non-profit housing sector has been through significant upheaval over the last three decades, and more recently through the COVID-19 pandemic. As a result, the insight and expertise of the dedicated

staff and leaders who work each and every day in this sector are crucial to ensuring that governments respond accordingly to the growing crisis of affordable housing in this province.

This work builds on StrategyCorp's experience surveying municipal Chief Administrative Officers (CAOs) across this province. Since 2016, StrategyCorp has conducted an annual survey of municipal CAOs and City Managers from across Ontario, seeking to get their opinions on the most pressing issues in the municipal sector.

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Previous editions of the municipal CAO report focused on:

- **2016: CAOs from Ontario's larger municipalities**
- **2017: CAOs from Ontario's smaller and medium sized municipalities**
- **2018: CAOs from across Canada**
- **2019: Ontario CAOs from northern and upper-tier municipalities**
- **2020: Paused due to COVID-19**
- **2021/22: CAOs from across Ontario – a pandemic recovery lens.**
- **2023: CAOs from across Ontario**

More recently, StrategyCorp has also conducted a survey of Ontario Police Service Board Chairs in 2023 that provided insight into the evolving expectations of police governance.

SURVEY METHODOLOGY

We conducted virtual interviews with 20 non-profit housing provider CEOs. Interviewees were provided with the list of seven questions ahead of time and while they were taken through the questions in sequential order, participants were encouraged to speak openly and not feel as if they were required to spend equal time discussing each question.

As always, StrategyCorp made two promises to the participating CEOs:

- **We committed to faithfully and accurately record and report on what they told us.**
- **We assured them that their comments would remain non-attributable.**

We acknowledge that there are many great ideas in this report that are worthy of attribution, but that would defeat the promise of anonymity and potentially compromise participation or candor.

It is always our intent to let the voices of the participants be as we heard them: honest and forthright. In some cases, quotes have been edited for brevity, readability or to protect anonymity, while remaining faithful to the sentiment expressed by the participant.

Lastly, this report should be understood as qualitative, and not quantitative, research. We do not suggest that our sample is representative or capable of scientific statistical analysis. We also acknowledge our role in collating, grouping, and analyzing the data. Nevertheless, we believe that the participants provided us with an honest look into the trends and challenges facing Ontario's non-profit housing sector and that we have done justice to what we heard in the pages ahead.

We believe that further work of this kind is valuable. This survey provides non-profit housing CEOs with an opportunity to reflect on their roles and responsibilities, to communicate what worries them, and what they require to seize opportunities. We hope that this report will prove useful for those interested in understanding the opinions and experiences of Ontario's non-profit housing leaders at this particular moment in time. We also hope that our findings will invite further discussion about the state of Ontario's non-profit housing sector and provide useful context and insights for decision makers at all levels of government.

What We Asked

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Question 01

Managing Existing Units

What is going well and what are the areas of improvement in your ability to manage your existing units?

What We Heard

Housing providers need to ensure their existing units are well managed and support the needs of current tenants.

In a time of scarce resources, it came as no surprise that participants referred to the importance of getting the fundamentals right:

- Building the team
- Strengthening management processes
- Building partnerships
- Optimizing the use of resources

Adversity can be an opportunity to innovate. Not surprisingly for a sector that has faced immense challenges over the last two decades, our survey found that finding innovative ways to stay ahead of the curve was crucial to successfully manage existing housing.

The survey confirmed challenges around capital repair needs, as well as deeper affordability needs for tenants. Disparity between truly affordable Rent-Geared-to-Income (RGI) households and other renters needing affordability help was noted as a major challenge.

Housing providers are also bearing the brunt of Ontario's inadequate mental health system as tenants with support needs put pressure on staff and budgets.

Here is a sampling of what we heard.

TENDING TO THE FUNDAMENTALS

Strengthening management capabilities through increased capacity and improved policies and procedures is helping a number of providers balance their budgets and improve their results.

- “Focused on improving standard operating procedures.”
- “What we can do better is streamline.”

- “Our internal structure is good. Everyone does what they do best. They used to have multiple accountabilities.”
- “We have come out of [the pandemic] more resilient as an organization.”
- “We stripped away some of the duplication and brought efficiencies [regarding a new end of operating agreement.]”

Building the team. Many participants commented that they are investing in the skills and capacity of their teams. In management, people always matter.

- “We have staff that have been there for 30 plus years – they feel very strongly about the work they do and probably the backbone of our organization.”

“We are investing intentionally in people resources.”

- “Capacity within our organization has seen a lot of growth.”

Optimizing the use of resources: Being ready to seize opportunities can make all the difference. Our survey shows that non-profit providers do not have the luxury of waiting for governments to act or for circumstances to change. Many providers are innovating and using their own strengths to help improve their operating situation or add new units.

- “We don’t have some of the challenges on stock quality because of our multi-year capital plan.”
- “We have to be more attentive to how we maintain and sustain our current buildings. [The current stock] provides so much housing. [...] But we have to make them more accessible and more sustainable. And that is where partnerships come in.”

“We are adapting some of our existing stock to make it more suitable for the needs of our current tenant mix.”

Making the best of what they have: There is opportunity to improve conditions based on providers’ individual circumstances as well as their ability to secure provincial and federal funding.

- “We have created a redevelopment strategy for our housing stock.”
- “The end-of-mortgage problem has caused us to do a review of all of our properties to assess where we should make our investments.”
- “We are doing some intensification of our own.”
- “Participating in the COCHI funding allowed us to do a number of upgrades.”

RELATIONSHIPS

Governance relationships need to be managed. The survey highlighted that positive, trusting relationships helped develop solutions and when those relationships were absent, opportunities fell through the cracks.

- “We have a very high level of support from our council for our housing and homelessness initiatives and in particular, the board of directors. That is something that is new, and our staff feel differently about their work because of it, they feel there is a lot of support for their work.”
- “Our relationship with our service manager is great.”
- “One service manager was so difficult to work with that we divested a property back to the municipality.”
- “[We’re] trying to operate effectively within the Ontario Health Team system.”
- “[The] linkage of healthcare system to homeless, shelters, and housing is important.”
- “[We have a] good working relationship between mental health and addictions services and the Ministry of Housing, although we still suffer from receiving inconsistent and insufficient allocations.”



FUNDING CHALLENGES – CAPITAL AND RENT SUPPORT

Provincial, federal and municipal funding was too often inadequate and ineffective. Many providers cited the need for capital investment from government to manage repair and maintenance needs, as well as to support the affordability needs of tenants.

- “Benchmarking has made our funding predictable – predictably not sustainable.”

- “The provincially prescribed benchmarks for non-profit housing do not make sense.”
- “We are struggling to prioritize what repairs and capital projects we need to do.”
- “Capital grant funding is insufficient.”

Some suggested that if more resources could not be forthcoming, they could at least be predictable.

- “If resources are limited, at least let us know what we’ll have for a couple years ahead. The province did provide three-year allocations recently for some programs, but we need more of that.”

Disparity between truly affordable Rent-Geared-to-Income households and other renters needing affordability help was noted as a major challenge.

- “We need to provide deeper affordability... Affordable as 80% of Average Market Rent is not affordable for the clients we serve.”

NEED FOR BETTER ANALYTICS

Gaps in data still exist, to the detriment of management. Here is one example.

- “I don’t think many people just understand how severe [the problem of disruptive tenants] and how high risk these situations are. How do we better share that story? What are the analytics we need to show that this is just becoming an untenable situation. And you know what? We don’t have them. And so we need to get better.”

INCREASED NEED FOR MENTAL HEALTH SUPPORT

No issue galvanized survey respondents more than the pressures faced by the increasing mental health needs of their tenants. Providers were most concerned about outcomes for their tenants, but the increasing mental health pressures also impact staff and the operations of their buildings.

- “Our staff is feeling that pain.”
- “There is a culture shift underway from a technical property management mindset to a supporting customer service mindset, driven by the changing needs of tenants and lack of outside service supports.”

“We’re housing higher-acuity people and the funding doesn’t reflect that.”

- “... the increasing needs of our tenants ... is resulting in the need for changing skills and new demands on our staff.”





Question 02

Removing Barriers To Manage Existing Portfolio

Are there any changes that would
make it easier to operate your
existing portfolio?

What We Heard

The non-profit housing sector continues to face external barriers to its ability to conduct its operations in an efficient manner. Unlike the private sector, operations fundamentally are not financially feasible – the subsidy provided for each unit does not always reflect the true gap between rent revenues and the cost of operations.

This situation is increasingly challenged as clients remain in the system longer and pose greater needs. External organizations may be engaged to fund wrap-around services, but the indirect operations costs associated with clientele that have evolving challenges is not addressed. For example, non-profit housing providers may experience more instances of property damage due to mental health and addictions challenges.

The complexity of accessing government funding, including the number of conditions and requirements of the funding, does not serve sound long-term planning for rental housing providers. Existing units are aging and require substantial repair, but requirements such as environmental standards result in extra cost to the system.

Inability to address landlord-tenant challenges in a timely manner often poses significant pressure on operations.

Here is a sampling of what we heard.

DECISION MAKING TOO FAR FROM TENANT REALITIES

There are too many layers between decision makers and those who best understand how to serve tenants in need. The lines of communication between providers to the province need to be appreciated and used effectively.

- “If we were empowered to do so, I think we would communicate more directly [efficiently] with the funders rather than always going through the [intermediaries].”
- “We as a housing corporation have our own board, and then we have a service manager and I think the communication stops there.”
- “I think we should look at streamlining governance structures.”
- “...[Make] sure service areas are covered so that [there are not] areas that are left to fend for themselves because they have no voice at the service manager level.”



RUNNING OPERATIONS LIKE A FEASIBLE BUSINESS

Many participants told us that the current community housing operating model is not set up for success. Operators do not have flexibility to make holistic decisions. The way the government subsidizes housing operations does not adequately cover the true costs of housing. This negatively impacts both service levels and quality of housing.

- “Essentially, instead of running one business and having one pot of money, we have to separate into three pots of money.”
- “We have almost a billion dollars’ worth of assets, but we can’t borrow \$1 against it because it hits their books.”
- “Rent supplements – even when you get one – the tenant pays what they can but what the government subsidizes is not ...what it actually costs to operate.”
- “Come up with an alternative to Average Market Rent (AMR) that’s more representative of the reality on the ground...that influences our rent structure.”



APPROPRIATELY ALLOCATING FUNDING

Many participants noted that the mix of client needs has changed. Two decades ago, the majority of clients were fully capable of independent living. Providers built their operating model to reflect this. Today, a significant number of clients are not ready for independent living and require additional supports. Housing providers are increasingly facing challenges that they are not funded to address. In some cases, external organizations fund wrap-around services, but the shifting client profile is resulting in increased operational costs. The allocation of government funding for housing providers should take that into consideration.

Dedicating funding for mental health services that work for non-profit communities was highlighted.

“Community housing is the new supportive – we need to fund accordingly.”

- “Significant investments to address mental health and addiction that would be #1 for us.”
- “Funding for 24-hour support at housing provider locations should be built-in by default; providers should not need to go cap-in-hand to governments for this essential funding.”
- “A lot of housing providers are dealing with people with high mental health, high health related issues.”

Developing a better approach to finding the right housing for people on the waiting list would benefit both the tenants and providers.

- “Some people on the regional wait list are not appropriate for independent living and you don’t really find that out until after they’ve moved in.”
- “...greater autonomy for providers when it comes to taking people from the wait list, given that we would be ultimately the one responsible for supporting. There is no money that’s coming from the funder to add supports.”

New options to prevent damages would bring about significant savings.



COMPLEXITY OF FUNDING

Trying to navigate the various funding options is a challenge. The opportunities come and go. They are often tied to addressing a broader policy priority of the day, such as energy efficiency. These programs are also administratively cumbersome to pursue. This complexity of government funding does not provide the predictability required for sound long-term planning.

- “There are numerous funding streams for retrofits, but they are complicated and tedious to access. Sort of like a bunch of small pools of money rather than a single large one.”
- “Energy efficiency and accessibility constraints can be hard to meet – we have been building as green as we possibly can.”
- “Would like to see a lower administrative burden for rent-geared-to-income units (RGI). [The current changes are] making it more complicated by adding asset limits and income requirements.”

“[It] takes two whole years to go through a CMHC process.”

- “We need real long-term predictable funding programs that can’t just be attached to the election cycle.”

In addition, tax policy incentives may end for some providers along with their operating agreements. There could be a solution to ensure these incentives are maintained in appropriate situations.

- “Another thing that isn’t going well is around tax policy ...we need to start going in and get property tax exemptions [after End of Operating].”
- “If there was a way that public service body rebates could start to happen after End of Operating Agreements that would be great.”

- “We have tenants that cause fires in their unit and then run away. The unit was destroyed, and it’ll cost us \$100,000. But this is someone that came to our attention as someone who can’t live independently.”
- “... our budget for security in 2016 was \$700,000 a year and today we’re spending \$2.6 million on third-party security.”
- “Every dollar I spend in support is a dollar I don’t spend in pest control or security.”

And despite eviction being a last resort for most providers, the Landlord and Tenant Board delays was a noted challenge.

- “The LTB is absolutely paralyzing ... the ability to be able to respond to some of these needs of not only the organization but for the tenants and for communities.”
- “If a tenant moves out you have to be able to serve them, but it is challenging to track them down.”



Question 03

Changing Needs of People You Serve

Thinking of the people you serve, are you seeing changes in their needs that are affecting the services you need to provide?

What We Heard

The non-profit housing sector has always provided housing to people across a wide range of demographic and social descriptors. Housing providers are directly feeling the gaps in mental health and addictions supports. When providers are able to use a mixed tenancy approach, the variety of tenants helps to balance operating budgets, build vibrant communities and improve the ability of providers to support those tenants most in need.

The impacts of government decisions and delays are forcing providers to make challenging decisions, but also to respond to tenant needs in creative ways. ONPHA members provide shelter and a place to call home, but they rely on other agencies and governments to provide supports that are essential to promoting well-being and maintaining healthy and safe communities.

Many providers have relationships and partnerships with organizations that provide mental health services, but the gaps in the system result in too many tenancies that end poorly and residents that are not equipped to build a positive life.

Here is a sampling of what we heard.

AT A HIGH LEVEL, THE PROBLEM IS POVERTY

“I think society as a whole is struggling.” If housing providers are having a particularly challenging day, it may be helpful to remember this quote from one respondent. Many tenants of non-profit providers are facing the brunt of these challenging times.

Providers are serving a class of tenants who are under greater pressure than ever before.

- “It’s changing the way we need to help. Our community development team is now serving food.”
- “The [challenge of] food security of our tenants is huge.”

- “For the next 2-3 years it’ll be going back to the basic needs of the resident.”

Tenants in market rent units are also facing challenges.

- “97% of tenants pay rent on time, but the ones who aren’t are in the market-based rental units. It is the working poor who are struggling most recently. The RGI tenants aren’t struggling as badly. That’s a really important one because although they [market-based units] only make up about one third of our units, they are our main source of revenue for the rents.”

MORE TENANTS WITH COMPLEX PROBLEMS INCLUDING MENTAL HEALTH AND ADDICTION ISSUES

For many, the limitations of the non-profit housing system were exposed by growing caseloads and need during the pandemic.

Tenants continue to feel the pressure.

- “We are seeing people very isolated with serious mental health issues.”
- “It seems like as time goes on, there are more challenges to operating affordable housing because of the people who live there and the challenges that they’re going through — in part because of impact of the pandemic.”

So are operators.

- “[Our existing stock] wasn’t built to accommodate those individuals or facilitate stability; integration of those services, as well as the design, is how we need to be thinking about building moving forward.”

EXPANDING DEMOGRAPHICS IN TENANT MIX

The lack of adequate housing targeted to specific demographics like international students, new immigrant families or seniors long-term care are forcing more of those groups into the affordable housing sector. (Can the sector support these groups with specific needs? The non-profit model was not meant to be a permanent solution for students and the elderly.)

- “We used to serve a population with time-limited affordability issues. Today, we increasingly serve very vulnerable people who are often tenants for life. They lack fundamental capacities to work their way out of the system.”

Seniors are a group that is increasingly in representation in the tenants of non-profit housing providers.

- “Seniors are a growing group.”
- “Seniors stay with us a lot longer than they probably should.”

International Students

- “[We are serving a growing number] of students and immigrants. We are seeing way more of these people on the waiting lists and in shelters.”

Recent Immigrants

- These changing demographics are forcing providers to take a look at their stock and assess how typologies and bedroom counts need to change to accommodate new applicants.



Low turnover rates are a problem.

- “The interesting part is there is such a low turnover rate – we can’t expect them to move to a different building. How can you bring more support where they live?”

Long tenure can also be a problem when household compensation changes leave bedrooms empty.

- “We do have a significant amount of over-housed households.”
- “We do actively move people into right-sized housing.”

Changing needs for the size of units.

- “Not enough and not the right size of units, but emphasis has been on building one-bedroom units.”
- “Our current revitalization strategy is one-for-one – if we take down a 4-bedroom, we build a 4-bedroom.”



LANDLORD AND TENANT BOARD DELAY IS A REAL CONCERN

The tenant eviction process is not serving tenants or providers well.

“Our arrears are higher than they’ve ever been – a three-fold increase.”

- “If you’re a tenant who is really bad – dealing drugs, causing safety concerns with other tenants – it is harder to be evicted. Those tenants are in your building longer and our other tenants come to us looking for solutions. The Landlord and Tenant Board adjusted the rules to be more forgiving and add on a huge backlog to that.”
- “There’s a heightened level of tension on properties in some areas.”
- “We’re waiting for a year to get a [LTB] hearing when we need one.”

Some noted that if they cannot be evicted, it is even more important that they have access to the services they need...

- “It’s a challenge to evict [tenants for poor behaviour], but if they could stay with us and get the supports that they need that would be good, because it seems like they’re not going anywhere.”

PROVIDERS ARE MAKING IT WORK

The desire to find and implement solutions in the sector is **palpable**. Many providers are developing innovative solutions internally.

- “We created a role focused on tenant relations to both manage RGI but also to build community.”
- “We have a large senior tenancy group and they require a lot more support because they are aging in place. Lucky enough we are also a social service provider.”

Others are working hard to develop or advocate for new partnerships with varying levels of success.

- Development of local partnerships to secure social supports for tenants is a long and difficult process.”
- “We partner with a mental health provider who places their clients in our units and they provide the services.”
- “The system needs embedded funding for supports or at least clearer mandated cooperation from ministries to create a more holistic system.”

A photograph of a man and a young child sitting at a wooden table, focused on drawing together. The man is on the left, leaning over the table, and the child is on the right, also leaning over. They are both wearing white shirts. The table is covered with papers and drawing supplies. A large blue circular graphic is overlaid on the right side of the image, containing text.

Question 04

Building More For Your Portfolio

Are you building more for
your portfolio and if so,
more of what?

What We Heard

Overall, the housing providers we surveyed are indeed expanding their portfolio with new developments, albeit slowly and in the face of several obstacles. Not surprisingly, of these, the biggest is funding.

Here is a sampling of what we heard:

New development is occurring – but nowhere near the levels required to improve affordability. However, the pace of new affordable housing construction must increase greatly to make a meaningful improvement in affordability.

- “We are not even coming close to addressing need. We are doing a lot, doing innovative things and financially doing what we can but not addressing the need in any meaningful way.”

One noted that at least there is growing consensus that more needs to be done.

- “When a big five bank is telling us to double the number of social housing units in this country, we are getting closer to getting everyone on the same page.”
- “I like smaller builds in communities but, the reality is, with the numbers [of new units] needed, we need bigger builds.”

Some reported that they are tailoring new developments with an eye to better serve the end user.

- “We have done a ton of consultation with existing communities, folks on the wait list, etc., asking ourselves how do we design for now and in the future?”

Some are using their redevelopment projects to transform communities with a focus on family spaces with amenities for children and parents.

- “We are trying to build communities. Sort of the idea that the community gets to know one another and actually form some relationships with each other, as opposed to a 200-unit mammoth of a building where there’s a bit more anonymity and maybe people don’t care quite as much.”
- “We look at what more can we do than simply housing – we look at building community centres or rec spaces, and community parks. Developers contribute millions in terms of scholarships to kids in the community and try to incorporate tenants into the jobs. This is a really important part of our developments.”



Many are developing mixed-income communities with a blend of market and non-market units. As we heard, getting a greater mix of two and three-bedroom family-sized units, where costs are feasible, is important to meeting changing demands.

- “We’re being intentional particularly if we’re replacing units. We start to look at who are we going to be taking into our units in terms of the demand on the city’s wait list and the demands on our own internal wait list.”
- “The people who want to live in our housing want it to be close to lots of amenities and transportation, and that’s usually in a downtown core, which can be quite expensive.”

Some report designing with sustainability as a focus. Building sustainably can reduce operating pressures.

- “It’s not just about getting [housing] built but building for a more sustainable future.”
- “We’re building everything to a passive house standard with the intention of obviously meeting our climate change goals, but also to reduce our operating costs so that we can be a bit more sustainable.”

Some are designing senior spaces with accessibility in mind...

- “One new build is potentially for seniors – designing units that will support them now and in the future.”
- “We try to mix our market and affordable to be roughly about the same and then we’re trying to build as many family units as possible as long as it pencils out.”



BARRIERS TO NEW DEVELOPMENT

But there is more to do to stimulate sustainable units.

We heard again and again that it is hard to make the numbers work. When inflation and interest rates are high, time really is money.

- “We’re building more but we can’t even close the delta on the projects we have in flight.”

Capital is still the biggest barrier to building affordable housing. The need for increased capital from higher orders of government was a common theme among participants.

“The issue for a not-for-profit is really finding the equity to even get the process started.”

- “We need resources to expand – we need access to low interest government loans and the right mix of government grants.”
- “It all depends on if the funding is available and we have a project that can fit into that funding at the right moment.”

Access to land is also a problem. Many markets, if you don’t already have it, you probably cannot afford to compete with what private developers would be willing to pay for it.

- “We could build a lot more if we didn’t need to buy the land.”
- “Only now have we started to generate a lot of money that could be used towards purchasing a piece of land, but again, we just can’t compete.”
- “You have to pay for the land, pay for the building and that can be really difficult when you have to keep the rents low.”

Inflation in Construction costs...

- “The construction costs are starting to impact us – the changes to the development charges – erodes some of the funding we have relied on.”

Inflation in the cost of operating new units: Participants note that capital costs are just the beginning. The need for ongoing operating funding, rather than capital funding alone, was also highlighted.

- “There is such a huge focus on getting things built, but no one is focusing on what happens afterwards.”

“Expanding future need is in conflict with maintaining current stock.”

- “If your existing housing portfolio breaks even, you’re lucky.”

Faster land use approvals have real benefits for providers.

- “There is a disconnect between housing providers and the federal and provincial governments, with city councils nonetheless having final decisions on builds.”
- “If we could see less bureaucracy ... from the time that we buy the land to the time the building opens its doors, we would be in better shape because then we would be getting rental revenue much sooner.”

Local opposition to new housing projects is also still a problem.

- “Neighbours come out in force and their ability to sway opinion is quite effective.”

Delay is not just due to land use approvals. We heard from some respondents that cumbersome processes when accessing funding from higher orders of governments are delaying projects, particularly during the initial stages. A shift in urgency is needed.

- “Sometimes I think my cynical side of my brain says that governments like to announce these funding initiatives, but they don’t actually want to pay the money out.”
- “We have a bunch of bank managers making decisions about affordable housing, so projects are sitting while they evaluate the risk.”

Programs that are burdensome or misaligned with policy goals: In some cases, government programs may not necessarily be designed with the right structure of incentives to get the desired outcomes.

- “A lot of the government programs give you grants based on units, not bedrooms so there’s this disincentive to build family housing. If you do a three-bedroom or a one-bedroom, it might be the same grant.”
- “CMHC timelines never seem to be feasible and don’t seem to reflect actual development time needed to build.”
- “The speed at which it happens or the lack thereof — it has a cost to it. How do we speed that up for those processes?”

Capacity and experience in development: Beyond capital and operating funding is the question of the lack of development expertise, particularly in smaller operators or those that have not had recent experience in development.

- “Capacity on development or redevelopment, both at the board and the staff level, is not something you can take for granted.”
- “We have valuable real estate in our portfolio – we are going to have to start asking ourselves hard questions [about how to optimize it and what it would take].”

In this instance, the “hard questions” related to what would have to be done to unlock the value of underutilized land that could be intensified. These were described as managing the re-location of existing tenants (over anticipated objection) and entering into a partnership with a private sector developer for the redevelopment – both beyond the comfort of the operator in question.

A photograph of a woman with red hair reading a book to a baby. Another woman with long brown hair is looking on. The scene is framed by a large blue circle. The book being read has the title "I love my family!" and "MOMMY, MAMA" visible on the pages.

Question 05

Changes To Ontario's Planning System

What do you think about
the recent changes to the
planning rules?

What We Heard

Overall, recent housing supply initiatives were met with a mix of reactions, ranging from cautious optimism, uncertainty, or outright skepticism by participants.

- “We all agree [with the provincial goal] and the fact that we need more stock, but I’m not convinced [the package] will help affordability.”

The most popular changes are those that directly reduce the cost of construction, such as the announced reduction in GST on new rental construction. Measures that can reduce restrictions on sites and better enable their intensification were also popular.

- “They’re all welcome changes. [But they are not all equally beneficial.] For example, the federal government GST rebate reduces the cost [of building]. [This is a bigger benefit to us than] some of the planning policy changes that the Ford government has talked about.”

Measures to speed up the process are also well received – provided that they work. Some respondents were cautiously optimistic that timelines could be accelerated and may put their organization in a better position when competing for limited government funding. Site plan approval changes, in particular, were viewed positively and may increase the speed of development. However, non-profit providers still need to be virtually shovel-ready when funding is announced, which often places smaller organizations at a disadvantage.

- “How quickly you get in the ground is how quickly you can get the money from the government, and they have a limited amount of money.”
- “Definitely those things are going to help, but you have to be ready to build.”
- “The site plan approval process is going to expedite some of our approvals. Being able to create four units out of one has some potential application for us.”





Others expressed the view that land use planning rules are just one piece of the development puzzle and are not the main limiting factor. Other resources, particularly capital, remain the largest obstacles for non-profit providers. While time is money, the amount of time saved by new approval rules is not expected to yield enough savings to increase the number of units built.

- “I don’t feel like planning is the barrier for housing development – they move pretty fast.”
- “To do more, you need land and capital. And if you don’t have land, you need even more capital.”

There are still funding gaps: This is primarily because the policy changes have not addressed the two biggest problems facing providers: access to land and capital.

We also heard that there are often too few opportunities to buy land or buildings in the first place, or an absence of willing development partners.

- “There are not enough developers that want to build affordable housing.”
- “We work with a lot of developers – if they are more attracted to building more purpose-built rental, we can have a partnership with them where we might be able to build units within the building.”
- “They’re here to build more homes and they don’t regard what we build as homes.”

PRIORITIZING NON-PROFIT DEVELOPMENTS

Housing projects proposed by non-profits should be expedited. We heard that governments need to do more to make sure non-profit providers are more easily able to build much needed affordable housing.

“We’re essential, but we’re not treated as essential.”

- “We should be scrutinized but just adequately – not over-scrutinized or put through the same process as a private development that is trying to go on the same location, because we serve a vulnerable population that the private sector doesn’t.”
- “Private sector has a different mandate, has a different goal, different aspirations. We have a completely different set of mandates – housing providers shouldn’t be treated the same as private developers.”
- “Provincial and municipal governments need to understand that certain permissions should be automatically extended to affordable housing providers to cut down on regulatory red tape and improve project efficiency.”

CONCERNS ABOUT CHANGES TO DEVELOPMENT-RELATED CHARGES

Bill 23 changes to collecting development charges and other growth-related charges are a concern. We heard from respondents who worry that cutbacks to municipal development-related charges will impact municipal budgets, which will hinder their ability to develop new affordable housing.

- “The negative part is that it is taking money out of the city’s pocket. That’s money we would be using to fund our programs.”
- “Obviously, [changes to] the development charges really ends a significant funding source for us. Not a very clear path as to where that funding is going to be filled unless it’s on our property tax bill, which is already stressed quite significantly.”

GOOD IDEAS STILL ON THE DRAWING BOARD

Province should be focused on other changes in the planning process that would benefit non-profits and their communities. Some respondents noted that they would like to see more action on building developments on transit or setting aside public land for non-profit housing.

- “... make sure we build from a transit perspective. Our tenants are more likely to not have access to vehicles, they would rely on transit, they need to be able to access food and other services.”
- “Municipal governments should have funded land banks mandated by the province.”
- “Not-for-profit housing should have right of refusal on municipally owned lands.”



Question 06

Imagining More
Future Autonomy
For The Sector

Can you imagine a future
that is more (or completely)
autonomous from government?

What We Heard

Government needs to play a role in supporting below-market, non-profit housing, an overwhelming number of respondents agreed. However, many felt that the future of the sector could look different and in some respects more autonomous. In responding to this question, participants often enforced the belief that government not only has a role to play in housing, but a responsibility.

Considering the growing and changing needs of tenants, it is evident that the future is not just about the bricks and mortar, but also the availability of support services.

The CEOs provided examples where they thought they could be more autonomous in the future and ideas about the future of the sector more broadly.

Some of the themes included the role of government in dictating income policy and its relationship to housing, increased autonomy to be innovative, and more sustainable funding tools.

In looking at the future of the non-profit housing sector, some provided examples from around the world to illustrate what the sector could be.

Here is a sampling of what we heard.

MORE AUTONOMY, LESS GOVERNMENT

Remove the shackles. Some participants welcomed the idea that there could be less government involvement in the future.

- “I would welcome it and that would speak to us addressing the problems that we are facing.”
- “I can imagine a future that is more autonomous from government.”

A few liked the idea of more autonomy but said that they could not imagine it in practice.

- “I like to imagine [greater autonomy from government] but I don’t know if it’s realistic.”
- “I can’t, no. It would be very nice from an administrative point of view.”

The government can help in the right way. Many felt that they could imagine a different relationship with government in the future but not complete independence.

- “I cannot envision a world in where we are completely autonomous.”
- “I don’t know how such a future could happen.”
- “What’s the alternative? That is the question.”
- “No, if you want to be in the sector and develop any kind of housing – even if you are dependent – you are dependent on the government.”

“I can imagine a world where the involvement of government is very different but can’t imagine autonomous and I don’t think it should be.”

GOVERNMENT HAS A RESPONSIBILITY

Beyond having a role to play in housing, many felt that the **government has a responsibility** to invest in housing and housing-related support if Canada truly believes in the right to housing.

- “The [housing] stock really is a public good at the end of the day.”
- “There is a responsibility for the province, municipal and federal governments.”
- “There will always be a role for government. If we are serious as a nation about housing as a right, we need to double the supply of deeply affordable housing.”



THERE IS A ROLE FOR GOVERNMENT INTERVENTION

As opposed to being autonomous from government, many participants felt that the **government has a significant role to play** in intervening in the market to encourage certain behaviours, set policy, and incentivize the building of affordable or deeply affordable housing.

- “What we need to do to address the affordable housing crisis and to address the crisis for people on the street is directly related to government programs.”
- “I also think that government can do a lot of good work in terms of looking at other models of housing and they can do all the policy development.”
- “If we aren’t more attentive to those supports - that’s where I see there needs to be more of a role for government to sustain subsidized housing.”

Incenting behaviour....

- “But I also think that the government can be good in terms of mandating certain kinds of behaviour and incentivizing people to make our buildings more sustainable.”
- “What has to change is having areas where only deeply affordable housing is built in three buildings all together, it’s just not the ideal environment where we can provide support for people to live.”

CONSOLIDATING THE SECTOR

Many mentioned the consolidation of smaller not-for-profit providers with each other, or with larger providers, as part what more future autonomy could look like.

Some are already moving forward.

- “There are opportunities to consolidate; we have had success already.”

Many discussed consolidation as an opportunity to offer a more sustainable portfolio with greater ability to preserve and improve existing units.

- “You have mom-and-pop non-profits that need to consolidate.”
- “The best way to preserve units is through amalgamation [of providers].”
- “Maybe some of the small ones should be thinking about consolidating and maybe some of the larger ones should be thinking about that when we revitalize.”

“There needs to be consolidation of small NFPs for them to be sustainable.”

Other places have demonstrated that more consolidation can be better for a portfolio’s ability to have enough resources.

- “There needs to be continued consolidation in the affordable housing sector; in the UK there are providers with tens of thousands of units, in Canada many just have a few hundred.”

INVESTMENT IN INCOME POLICY

Some participants discussed the **relationship between income and housing**. Suggesting that if government provided support to people through income policy measures, a number of CEOs said the financial measures could alleviate some of the need for certain kinds of housing and related supports.

- “Come back to universal income, all of the pilots are raging successes.”
- “We can’t talk about housing in isolation of talking about income.”
- “What would be great is if governments helped clients through income policy.”
- “You can’t separate the capital from the people, there needs to be ongoing investment into the people because that is the new reality.”



MORE AUTONOMY IN DECISION MAKING

In imagining what greater autonomy for the sector could look like, some pointed to out-of-date policies and red tape at various levels of government, that if removed, would make it easier to be more agile.

- “I think we would like to see some distance from some of the antiquated legacy rules that exist today. The service manager approach to the funding side, these rules no longer really make sense for these organizations.”
- “I actually wouldn’t wish for a completely autonomous model without some check against that piece. But I certainly think that there’s an opportunity for us to be a little bit more independently minded.”

ONTARIO CAN FOLLOW GLOBAL LEADERS

To imagine a different future, some participants pointed to other areas of the world that have exemplary models of housing for affordability. The examples below provide a brief snapshot of the government role in housing in other places and the different housing strategies that have been successful.

- “When I look at a bigger picture view at the front runners in addressing affordability like Copenhagen and Singapore – it’s more government. It’s the government that has taken ownership at a higher level to really intervene in the market.”
- “You can see what affordable housing looks like, ways to build cheaper and smaller sustainable housing. There is so much out there on what people are doing in Australia and South America that we should be adopting it.”
- “If you look at the British model, for example, Manchester. It’s much higher scale and they have the ability to do more.”



Question 07

The Elevator Pitch
To Federal And
Provincial Housing
Ministers

If you had 30 seconds with
the new ministers, what
would you say?

What We Heard

This question called for a classic 30-second “elevator pitch.”

Clearly, momentum is building around the need for all levels of government to respond to the housing crisis. We heard the need for that same urgency toward supporting the non-profit housing sector.

Here is a sampling of what we heard.

The non-profit sector supports the call for more housing supply...

- “I absolutely support and believe in what politicians at all levels across our country are saying, ‘We are in a housing crisis.’”

“We need a wartime effort to build housing. [To achieve the housing supply target goals]”

- “The longer the [homelessness] problem is allowed to grow, we are sinking dollars into addressing problems instead of building housing solutions.”
- “Shelters are not the long-term answer.”

We need to transform the system and the status quo won’t do...

- “We are at a point in our housing journey where we can make transformational changes — the system needs revitalization and rethinking.”

To build more, non-profits must have access to greater financial resources to acquire land, build and operate housing.

- “Reduce focus on loans [and turn to grants.]”
- “We need an upfront equity fund for non-profits.”

“Just build more” is on the right track, but it is too simplistic... The government also needs to think about the level of subsidy.

- “They are pretty focused on where and how much as opposed to what level of subsidy is needed.”
- “We need to put emphasis on deeply affordable, not profit.”
- “Fund based on need. For example, if need is higher for Indigenous persons, [we] need more resources there.”
 - o “It’s not about non-Indigenous needs versus Indigenous needs, it’s simply about need.”

Investment in housing must include investment in tenants.

- “We hear so much more about the ‘build’ than the ‘tenant.’”

“Please fund more supportive housing.”

- “We have to be more focused on how we support the individual, so that their life is more enriched.”
 - o “[We need] operating dollars for wrap-around services to support the people we care for. [We need] to acknowledge that it costs a lot to care for and provide housing for vulnerable persons.”
 - o “Create housing where people aren’t just surviving but thriving.”

Partnerships are key to transforming the sector.

- “Our real strength is information-sharing with partners.”

Better understand connections between housing and healthcare. The needs of the housing sector intersect with the healthcare system in ways that demand increased collaboration between agencies with responsibilities in each space.

- “When we are building housing that might address a health issue, help us to streamline the process so that we can get the health funding aligned to the project. This helps us to know we have the supports in place rather than us having to go find the capital and then go knock on ten doors to get the support dollars.”

Update and improve support programs.

- “You know, whether it’s operating, whether it’s how we manage our money, whether it’s how you provide money, how we attain land. It’s got to be simpler.”

“Recast the CMHC programs to better support the ongoing development of not-for-profit housing.”

- “Federally, please create a separate housing agency.”

Invest in maintaining existing stock...

- “You cannot forget about the current stock that you have and that must be sustained.”
 - o “Most of the housing that we will have in 2050 is already standing.”

The sector needs political will to mobilize itself and governments.

- “We need political will [to modernize ourselves in the sector.]”
- “We need provincial, federal and municipal jurisdictions all working together.”
- “Government policy created the housing crisis and government policy will get us out of this mess.”





Conclusions

StrategyCorp's Perspective

We set out to learn about the challenge of both managing existing and building new units. Here is a summary of the key findings.

What We Think

1. MANAGING EXISTING UNITS

a) The system is chronically underfunded.

This conclusion came as no surprise. Neither did the list of “culprits:”

- Inflexible or inadequate funding models;
- Aging stock and deferred investments in state of good repair; and,
- Inflationary pressures stemming from higher financing, land and construction costs.

What was interesting was the fact that this was confirmed by all participants, without exception. We asked because we really wanted to know if anyone had a different opinion. They all face the same challenge.

It means that at a time when new stock is needed, it is a challenge just to operate and maintain the units that already exist in the system.

b) The level of support needed by tenants is both growing and becoming more complex.

When most non-profit units were constructed, it was assumed that tenants would be capable of independent living and only a minority of residents needed this level of support. Today, this is no longer the case. The challenge of serving tenants has become more acute as the mix of non-profit housing for tenants has changed.

- The level of financial subsidy needed by tenants is greater than ever; and,
- The level of personal support needed by tenants is greater than ever, particularly support related to mental health and addictions.

These changes in tenant need put pressure on every aspect of a provider’s operations.

- Financial models did not assume such high levels of rent subsidy;
- Buildings were not designed with common spaces appropriate to delivering support services; and,

- Housing providers are not funded, or even in the business to, resource and deliver these sort of support services.

Partnerships are essential to fill the gaps. If left unfilled, gaps affect every aspect of building operations and leave residents with less than they need to thrive.

Increasingly, non-profit providers are being used as a last resort for community members who are falling through one crack or another in our housing system. While many providers are adapting through change management, partnerships and hard work, there needs to be an alignment between providers, government, and community about the role of non-profit providers.

c) Sector leaders are doing the best they can to deliver operational efficiencies, but in some cases, the solution is scale.

Some said that they had used their scale to promote efficiency. One instance was described of rolling up operating agreements into an umbrella portfolio, to provide greater financial flexibility and reduce the cost of reporting requirements.

We heard that today, need for scale is a fact of life. Some were very blunt, observing that for some smaller organizations, consolidation is required to deliver the best value and service to both existing, and future tenants.

We also heard many specific actions from management of innovation and organizational excellence. Some examples were:

- Improving the use of data to optimize operations and maintenance; and,
- Improved tenant management strategies to enhance outcomes and reduce costs.

Clearly, there is work to be done to continue to improve the work of the sector. But many cautioned that taken together, these actions would only make “incremental” improvements. At best, they were held up as a way to offset growing pressures. Not solutions to the chronic funding challenges described above.

2. BUILDING NEW UNITS

a) Sector leaders are making the best use of what they have, but again, in some cases, the solution is scale.

There is a consensus opinion that more supply is the most important ingredient to solving the housing crisis. Participants told us that the non-profit housing sector should be part of building that new supply.

Non-profits face the same development hurdles as the private sector. Rising costs in all inputs to development. Delay risks arising from labour supply, approval times and NIMBY opposition. Many commented that public opposition to non-profit housing can take on a particularly harsh tone in today's political climate.

Non-profit providers are using existing resources to expand their portfolios, but those resources vary. For those who are already building, the key enablers are:

- Access to Equity
- Access to Land
- Development expertise and,
- Management bandwidth

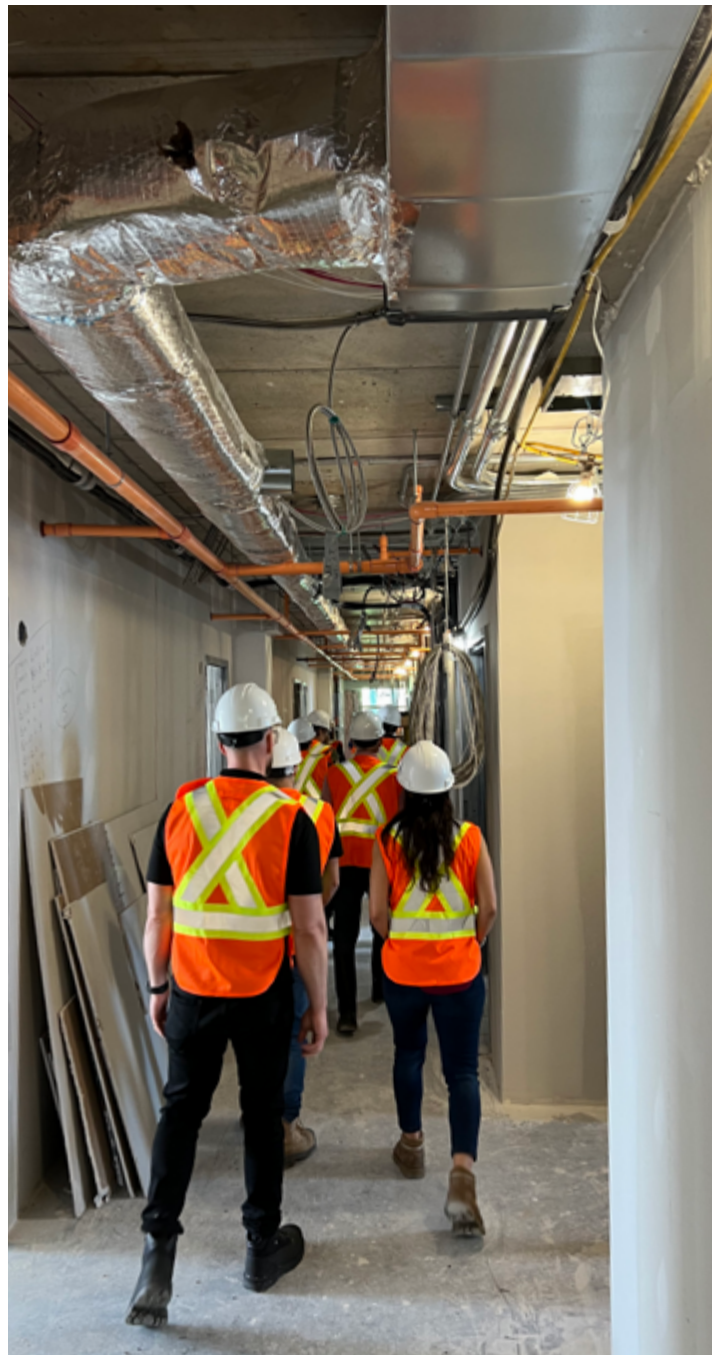
Again, scale was identified as being a key determinant of capacity, be it of access to equity and land or expertise. Boards and senior management need the skills to see their way around the risks of development projects in these challenging times.

We also heard that management bandwidth is a real problem. Many said it is unrealistic to expect non-profit teams to build new projects when they spend their time piecing together solutions to operational and budgetary challenges to their existing stock.

Supporting providers' operating environment and building resilience is not just about managing existing units. It is about creating conditions for growth needed to accommodate more tenants in the future.

b) Continue reducing land use policy and process barriers to new construction.

Fee waivers, fast tracked approvals, and efforts to reduce NIMBYism can all help non-profit providers develop new housing units. Municipalities and the province should continue to look at affordable housing specific solutions that help facilitate more new developments. Planning reform may not be the most important aspect of support for non-profit developments, but time is money whether the development is private or non-profit. Every bit helps.



3. THE FUTURE

a) “Never let a crisis go to waste.”

It was Winston Churchill to whom this quote was attributed.

Politicians, policy makers and housing operators have known about the inadequacy of non-profit funding arrangements for a long time. But there has never been the energy to address it.

Today, both Ontario and the federal government are committed to solving the housing crisis. The newfound political salience of the issue should be used to energize the conversation around redesigning housing programs and operations so that they are:

- Adequately (realistically) funded;
- More streamlined and simple; and,
- Updated to reflect current tenant needs and operational realities.

Let solving the crisis of new supply also create a solution to our existing stock.

b) Rethinking old relationships to meet new challenges

We asked participants if the future of non-profit housing will be more autonomous from government?

We heard that there is opportunity to reduce the red tape and cost associated with current operating agreements and oversight practices.

But participants mostly agreed that the level of support required by tenants means that there is no way to make non-profit providers independent from government funding streams.

This means that for the foreseeable future, the task will not be to sever the relationship, but to make it as functional and efficient as it's ever been.

c) A Path Forward

The upcoming peak of ending operating agreements presents an opportunity to drive a process that leads to the outcomes the sector needs.

Efforts like Ontario Non-Profit Housing Association's [Community Housing transformation initiative](#) is helping more providers position themselves for the future. By doing this work, it will also allow the sector to clearly communicate how all levels of government can help grow the non-profit housing community. A growing population across Ontario is not going to be supported by only private sector housing growth. Ontario needs more deeply affordable units, and they need a strong, stable non-profit housing sector to get there. Governments should be confident that housing providers have never been more ready to fix the challenges and seize the opportunities in the sector.

EXIT

About
StrategyCorp



Our Municipal Services Practice

Our Local Government Practice Group is the Canadian leader in helping local governments and their agencies and corporations achieve their operational and policy goals, while building institutional capacity. StrategyCorp's reputation with local government organizations is based on finding solutions that get results and are implemented.

- We understand local government organizations – we can help!
- Our growing team of more than 80 people in Toronto, Ottawa, and Calgary includes some of the best-known faces in public administration, including former City Managers and CAOs, Assistant Deputy Ministers, City Planners, Housing policy leads, Chiefs of Police and former political advisors to Premiers, Ministers, and Mayors. Detailed profiles of the StrategyCorp team are available on our website.
- Our team combines substantive experience in public policy and administration, planning, law, management consulting and finance. We have a high degree of political acuity and understand the importance of communications and stakeholder engagement in developing strategies and plans that are evidence-based and, critically, implementable.
- Our team has served every municipality in Ontario south of the French River from the smallest to the largest, along with municipalities in other provinces and in the United States.

Our **Affordable Housing Group** works with all levels of the government and broader public sector organizations to achieve their strategic, operational, and policy goals while building capacity and support to deliver the best services possible. Our staff and senior advisors have significant experience in Canada's housing sector, and we understand the unique challenges and opportunities facing housing providers and different levels of the government. In addition to working closely on municipal housing issues, StrategyCorp has extensive experience working with service providers in the housing and homelessness space.

We have worked with several of Canada's key housing and homelessness prevention organizations to support them on their strategic planning journeys.

StrategyCorp's breadth of services include:

- Strategic Planning
- Operational and Organizational Reviews
- Service Delivery Reviews
- Intergovernmental Relations
- Long-Term Financial Planning Support
- Council-Staff Relations Training
- Strategic Communications and Issues Management
- Political Risk Management and Crisis Communication
- Policy Development
- Municipal Governance Reviews
- Ward Boundary and Council Composition Reviews

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For more information about **StrategyCorp**

and our other areas of practice, see

www.strategycorp.com

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