

# Waterloo Region Yes in My Backyard Regional Budget 2023 delegation

[Note: this document is a slightly adapted version of our February 8<sup>th</sup>, 2023 delegation to Regional Council, where we asked for 1100 units of affordable housing, in addition to what was already proposed by the Region of Waterloo]

The housing crisis intersects with almost every aspect of Canadian politics. This is true for Waterloo Region just the same as the rest of Canada. According to a statistically rigorous survey of the region’s residents, researchers found that when asked for what the most important issues to their community are, “Housing” and “Homelessness” combined, represented a majority of responses: 55%<sup>1</sup>.

## Resident Survey - Telephone

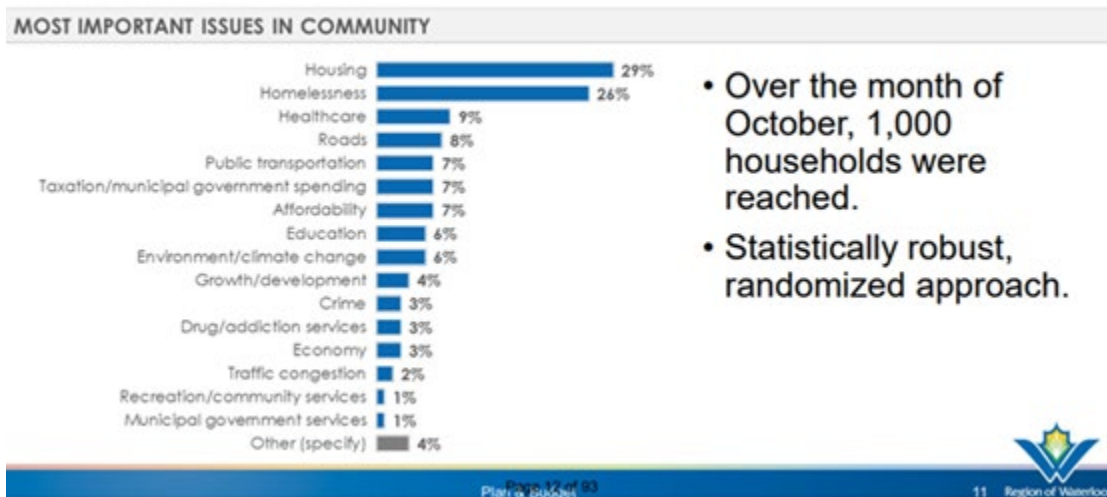


Figure 1 Results of randomized Waterloo Region resident survey shows high concern for housing and homelessness. Strategic Planning and Budget Committee Minutes, for November 30th 2022, page 11 (page 12 in the pdf): <https://calendar.regionofwaterloo.ca/council/Detail/2022-11-30-1300-Strategic-Planning-and-Budget-Committee/0ccf4aaf-91b3-4eab-9106-af58015fca1c>

Waterloo region is one of Ontario’s wealthiest, with a streak of innovation and the ability to take initiative. It’s a region who’s councilors, when discussing the future of transit, looked beyond the Canadian borders,

<sup>1</sup> Strategic Planning and Budget Committee Minutes, for November 30<sup>th</sup> 2022, page 11 (page 12 in the pdf): <https://calendar.regionofwaterloo.ca/council/Detail/2022-11-30-1300-Strategic-Planning-and-Budget-Committee/0ccf4aaf-91b3-4eab-9106-af58015fca1c>



saw what worked in cities across the world, and became the smallest metropolitan area in North America to have its own light rail system.

This sadly has not been true for housing in the region, and the consequences severe.

## Results of past inaction

The rental vacancy rate in Waterloo Region is at the lowest it's been in 20 years<sup>2</sup>. Low vacancy rates are correlated with high market rents<sup>3</sup> and homelessness<sup>4</sup> and it's evidence of a housing shortage. Such a housing market puts more pressure on our non-market housing stock to make housing affordable for people. It suggests that the social housing wait list will continue to rise unless we take very concerted action.

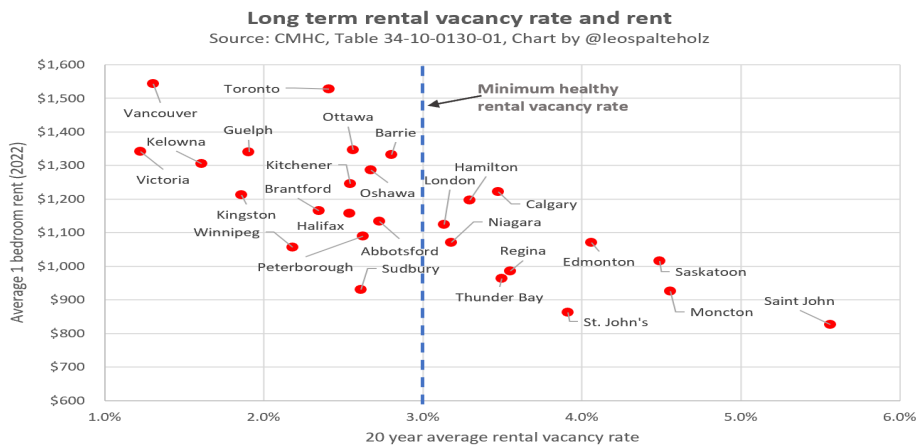
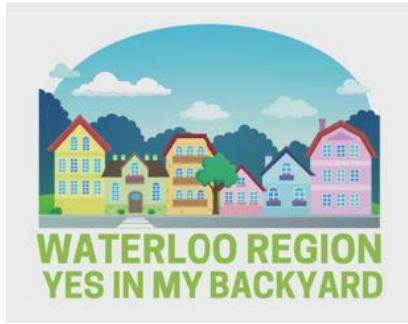


Figure 2 Long Term Rental Vacancy rate and rent- Created by Leo Spalteholz using CMHC data (Table 34-10-0130-01). Accessed: <https://twitter.com/LeoSpalteholz/status/1624090896798224385/photo/1>

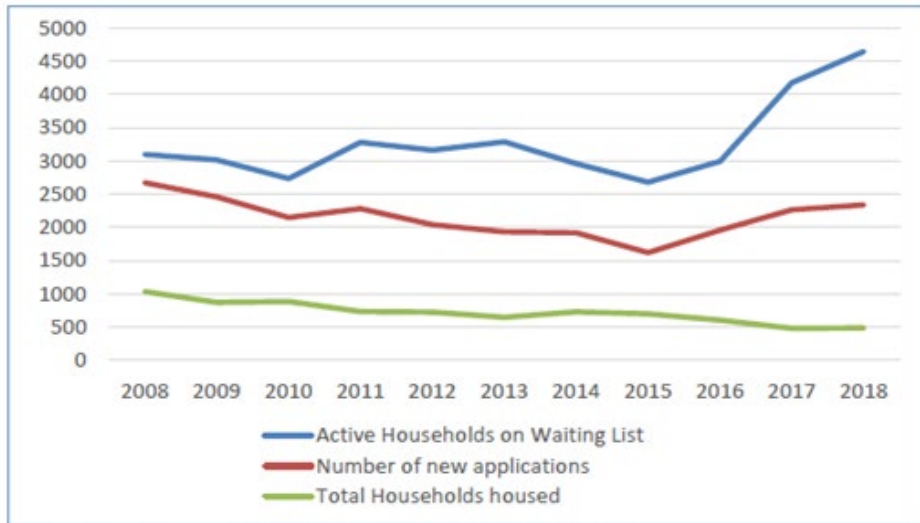
<sup>2</sup> Krista Sharpe, “Rental vacancies in Waterloo region reach 20-year low: CMHC” CTV News (January 27, 2023). <https://kitchener.ctvnews.ca/rental-vacancies-in-waterloo-region-reach-20-year-low-cmhc-1.6249641>

<sup>3</sup> The graph comparing long term vacancy rates and rent can be found here, using CMHC data: <https://twitter.com/LeoSpalteholz/status/1621382464462815232/photo/1>, while numerous graphs for different cities with CMHC and Statscan data comparing rental vacancy rates and rents, finding a similar relationship can be found here: <https://doodles.mountainmath.ca/blog/2018/11/28/vacancy-rate-and-rent-change/>

<sup>4</sup> In their 2022 book “Homelessness is a Housing Problem” Gregg Colburn and Clayton Page Aldern use American homeless point-in-time count data to find a closer relationship between homelessness and rental vacancy rates, than they found for homelessness and mental health and addictions, for example.



Meanwhile, according to publicly available Regional data<sup>5</sup> over a ten-year period, the number of total households housed has been well below the number on the waitlist and even new applications.



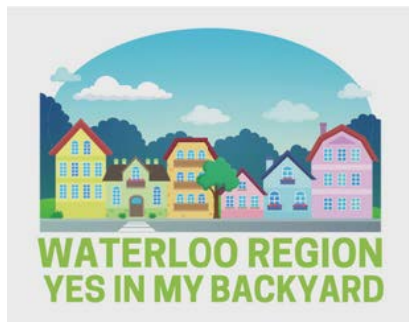
Source: Annual Waiting List Statistics from Yardi in DOCS1558421

Figure 3- Community Housing Wait List Statistics over 10-year period. Region of Waterloo, Community Services. Waterloo Region Housing Master Plan (2020-2040) (November 2019), pg. 31 (Figure 5). <https://www.regionofwaterloo.ca/en/living-here/resources/Documents/Housing/Waterloo-Region-Housing-Master-Plan.pdf>

There's no need to speculate on how this has manifested in our community. According to the Region's point in time count, there were 1,085 people experiencing homelessness in Waterloo Region in 2021, up from 333 counted in 2018, partly due to different ways of counting, partly due to an increase in homelessness<sup>6</sup>.

<sup>5</sup> Region of Waterloo, Community Services. "Waterloo Region Housing Master Plan (2020-2040)" (November 2019), pg. 31. <https://www.regionofwaterloo.ca/en/living-here/resources/Documents/Housing/Waterloo-Region-Housing-Master-Plan.pdf>

<sup>6</sup> Regional Municipality of Waterloo, Committee of the Whole Addendum Agenda, Tuesday, November 9, 2021, page 97: <https://calendar.regionofwaterloo.ca/council/Detail/2021-11-09-0900-Committee-of-the-Whole/7cfc6816-5bac-47ee-9948-adda015fb83a>



	2018	2021	Explanation of increases
Living Rough	80	412	Different methodologies in PiT Count, increase in unsheltered homelessness / living rough
Hidden Homelessness	0	331	Not counted / engaged in 2018
Emergency Shelter	226	191	
Transitional Housing	27	84	University Avenue Interim Housing is a new program/service that was not present in 2018
Institutions	0	61	Not counted / engaged in 2018
<b>Total</b>	<b>333</b>	<b>1085</b>	

Figure 4- Comparing rates of homelessness in 2018 and 2021, with explanations for the increases. Regional Municipality of Waterloo, Committee of the Whole Addendum Agenda, Tuesday, November 9, 2021, page 97: <https://calendar.regionofwaterloo.ca/council/Detail/2021-11-09-0900-Committee-of-the-Whole/7cfc6816-5bac-47ee-9948-adda015fb83a>

Tackling an issue of this magnitude is intimidating, it is clear that the region cannot solve this crisis alone, it requires provincial and federal support, but the region is not helpless.

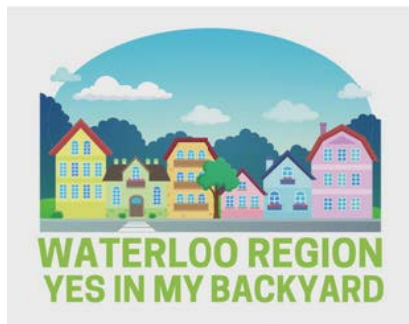
The region has not been voiceless on these issues. There are now plans to address many aspects of the housing crisis, but we will focus on one aspect which has not been given an appropriate solution, the homelessness crisis.

## The Homelessness Crisis

Let's once again as a region, look beyond national borders, to find not only a solution which is simple, but a solution which works.

Finland is the **only** European nation to continue to see a decrease in homelessness, this is even as its population steadily increases. What was its solution? Housing first.

This isn't the region's first exposure to the idea. In Waterloo Region's 5-year review of the earlier 10 year master plan, a recommendation was made. Strategic direction 1 was written, which suggested a "housing first" policy to help tackle our homeless crisis. This recognition of the data was a crucial first step, and the region has continued to affirm its support for the strategy, yet funding remains scarce given the scale of the crisis.



Municipality	Municipally-Owned Community Housing	Arms-length Corporation	# of Units operated	Share of overall community housing stock	# of new units added since 2017
Guelph-Wellington	*		1,244	43%	82 (built)
Windsor-Essex Community Housing Corp.		*	4,700	55%	150 (to be built)
Ottawa Community Housing		*	14,800	66%	148 (in progress)
CityHousing Hamilton		*	7,000	51%	522 (to be built)
Housing York Inc.		*	2,600	52%	162 (in progress)
Simcoe County Housing Corporation		*	1,292	31%	300 (in progress)
Waterloo Region Housing	*		2,722	30%	0

Figure 5 Environmental Scan of Municipal Affordable Housing in Ontario. Region of Waterloo, Community Services. “Waterloo Region Housing Master Plan (2020-2040)” (November 2019) pg. 24, (Table 1). <https://www.regionofwaterloo.ca/en/living-here/resources/Documents/Housing/Waterloo-Region-Housing-Master-Plan.pdf>

At the time of the creation of the Waterloo Region Housing Master Plan (2020-2040)<sup>7</sup>, WRH operated 2,722 affordable homes, compared to Hamilton’s 7000 with a comparable population. If we include all affordable units (not simply those which are social housing), the planned increase in affordable homes would mean that by the end of construction, there would be approximately 2000 less affordable units in Waterloo region than the 2018 level in Hamilton

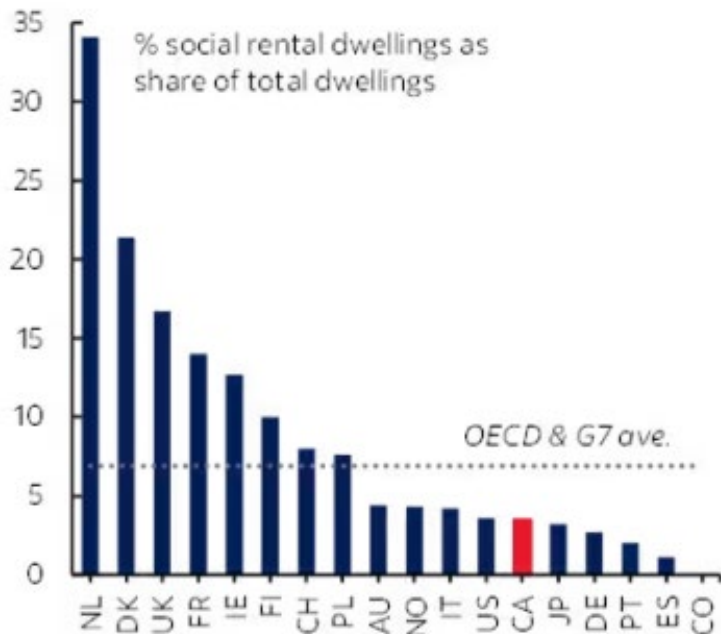
But we must once again look beyond Canadian borders, as Canada remains so far behind in this regard, that a recent Scotiabank report points out that we’d need to double our social housing stock to reach the peer average<sup>8</sup>. Clearly the Region can’t address this discrepancy alone, but we can contribute to doing our part.

<sup>7</sup> Region of Waterloo, Community Services. “Waterloo Region Housing Master Plan (2020-2040)” (November 2019) pg. 24. <https://www.regionofwaterloo.ca/en/living-here/resources/Documents/Housing/Waterloo-Region-Housing-Master-Plan.pdf>

<sup>8</sup> Rebekah Young “Canadian Housing Affordability Hurts” Scotiabank Global Economics, Insights and Views (January 2023). <https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>



## Doubling Social Housing Stock Would Bring Canada *Just* to the Peer Average



Sources: Scotiabank Economics, OECD.

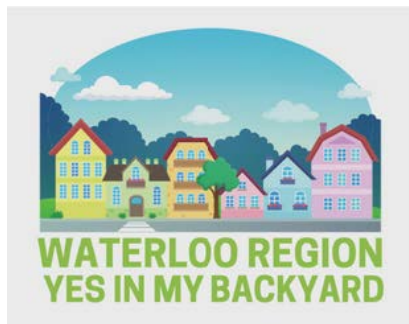
Figure 6- Canadian Social Housing stock half of OECD & G7 Average. Rebekah Young “Canadian Housing Affordability Hurts” Scotiabank Global Economics, Insights and Views (January 2023).

<https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html>

Finland has 7000-9000 units built of social housing every year<sup>9</sup>, with a population of about 10x the size of Waterloo Region. Importantly, this is after having virtually eliminated “living rough” homelessness. In contrast, Waterloo Region, in the midst of a crisis, plans on building on average 500 new affordable housing units per year, only a proportion of which will be social housing.<sup>10</sup>

<sup>9</sup>Jenni Heikkilä. Finnish system for affordable social housing supports social mixing and brings down homelessness. MuniFin, November 18, 2022. <https://www.munifin.fi/whats-new/finnish-system-for-affordable-social-housing-supports-social-mixing-and-brings-down-homelessness/>.

<sup>10</sup>“Affordable Housing Plan.” Region of Waterloo. Accessed March 5, 2023. <https://www.regionofwaterloo.ca/en/living-here/affordable-housing-plan.aspx>.



## Scale and Financing

Acknowledgment of a solution is not enough. To make things work, Finland ensures its housing first strategy maintains a significant stockpile of housing. Scale is essential. It is time for Waterloo region to truly commit to a strategy which has been proven to work.<sup>11</sup>

To begin closing this gap, we recommend adding an additional 1100 units in affordable housing in the next 5 years.

This increased housing stock should be directed *solely* to development of housing first initiatives based on the successes of cities such as Helsinki.

This initially may seem like a difficult burden to bear, but it's important to note that the whole weight of this cost will not be paid for through property taxes, and there are significant savings associated with spending on housing, through limiting the need to spend in other areas such as policing and prisons.

We chose to highlight a quite cautious paper, to buttress our case for significant Housing First cost offsets to the Region or other levels of government. Elijor Cohen (2022) found that “50 to 100 percent of average program costs are offset by corresponding benefits in the medium [7-18 month] - and long-term [19 to 30 months], respectively” (pg. 33).<sup>12</sup>

Cost offsets to other levels of government matter too, given that we all work together to the same goal. However, cost offsets are not by any stretch the main case for investing in ending homelessness.<sup>13</sup> Indeed if we look at the stories behind such “offsets” we see huge improvements in people’s quality of lives that are not easily inserted into cost-benefit analyses.

Ideally, financing for this program should be diverse, with a combination of options like provincial and federal grants, loans (CHMC and/or commercial), and property taxes. However, we should ensure that we do everything in our own power as the Region to fund as much housing and supports as we can.

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<sup>11</sup> Tim Aubrey Geoffrey Nelson, and Sam Tsemberis.. “Housing First for People with Severe Mental Illness Who Are Homeless: A Review of the Research and Findings from the at Home—Chez Soi Demonstration Project.” Canadian Journal of Psychiatry 60,11 (2015)467–74 . <https://doi.org/10.1177/070674371506001102>.

<sup>12</sup> Elijor Cohen, “The Effect of Housing First Programs on Future Homelessness and Socioeconomic Outcomes” Federal Reserve Bank of Kansas City Working Paper No. 22-03 (March 2022), pg. 33  
SSRN: <https://ssrn.com/abstract=4071014> or <http://dx.doi.org/10.2139/ssrn.4071014>

<sup>13</sup> For example, Ly A and Latimer E. (2015) point out that: “A simplistic approach to evaluating health and social programs is to believe that spending on programs such as HF can only be justified if they at least pay for themselves. Such an approach can hardly be justified, as few health care innovations that governments agree to fund do so (for example, new cancer drugs); often, they generate no cost offset at all. Rather, they are judged to yield sufficient benefit to merit their cost.” A. Ly, E. Latimer. “Housing First Impact on Costs and Associated Cost Offsets: A Review of the Literature”, Can J Psychiatry.; 60(11):(November 2015) pg. 486. doi: 10.1177/070674371506001103. PMID: 26720505; PMCID: PMC4679128.