

January 31, 2024

Dear Minister Bethlenfalvy,

On behalf of the Ontario Non-Profit Housing Association (ONPHA), we thank you for the opportunity to provide recommendations in advance of the upcoming 2024 provincial budget. Our organization represents over 700 non-profit landlords and local housing corporations across all areas of the province, who together provide safe, affordable, and stable housing to over half-a-million low- and moderate-income Ontarians.

We see the community housing sector as a critical piece in the government's solution to achieve long-term sustainability and housing affordability. ONPHA is prepared to act as a leading partner with the government in your efforts to address the affordable housing crisis in Ontario, so that all your actions can be comprehensive and address needs across the entire housing spectrum. Together, we can make a difference and ensure that everyone in Ontario has access to safe, secure, and affordable housing.

We are calling on the province to implement the following recommendations:

- Build at least 99,000 new co-op and non-profit homes that are needed immediately. This includes 30,000 supportive housing homes over 22,000 new Indigenous-owned and operated homes in urban, northern, and rural areas over 10 years.
- In addition to:
 - **Tax Credits or Exemptions:** Introduce provincial tax policies that incentivize the private sector to construct housing for people to live, as opposed to short-term speculators.
 - **Bolster Sector Capacity:** Develop a community housing growth fund.
 - **Leveraging Tax Revenues:** Proceeds from the Non-Resident Speculation Tax and other housing-related taxes – such as the Land Transfer Tax – should be earmarked to support housing initiative.
- Develop a new capital repair program to protect Ontario's existing stock of 305,000 community housing homes.
- Invest in community housing to obtain cost savings in other government expenditures and prevent Ontarians from entering cycles of homelessness.

We look forward to continuing our work together to build, protect and support the community housing sector. Thank you for taking the time to review our submission.

Priority: Build

Build at least 99,000 new co-op and non-profit homes that are needed immediately, create at least 30,000 supportive housing homes over the next 10 years.

Ontario and Canada's affordable housing crisis is well understood. As it continues to worsen, more and more Ontarians are finding it harder to find or afford a home of any kind. Every day, tens of thousands of Ontarians face housing insecurity and the possibility of homelessness. Ontario's housing costs have skyrocketed over the last decade with the average rent increasing by nearly 50% while over 735,000 Ontario households cannot access a home that they can afford, that does not need major repairs and/or is not overcrowded – an increase of nearly 20% over the last ten years. Now, even financial institutions are calling for the urgent need to invest in community housing.

Scotiabank called for a doubling of community housing in Canada, noting that we have significantly underinvested compared to other countries, resulting in a per-capita community housing stock of approximately half the OECD and G7 average, and less per-capita stock than the United States. In the Canadian Housing and Renewal Association's (CHRA) economic impact study, it was determined that there is a causal connection between the proportion of community housing within the overall housing stock and gains in economic productivity. Bringing Canada's community housing stock to the OECD average by 2030 would boost economic productivity by a staggering 5.7% to 9.3%. The economic benefit would increase GDP by an estimated \$67 billion to \$136 billion, without adding to inflation since gains in productivity boost our economy's ability to grow.

ONPHA wants to assist the province in building 1.5 million homes. It is important these homes are distributed across the housing continuum to ensure Ontarians can continue to advance towards home ownership. With this in mind, we are calling on the government to introduce additional incentives and policies to enable the government to directly build or incentivize the construction of deeply affordable housing units.

99,000 deeply affordable housing units:

To meet the immediate needs of Ontario alone, 99,000 non-profit or co-operative housing units need to be constructed. Despite an increase in recent rental construction in Ontario, new developments are not meeting the needs of low-income households: for example, only 0.2% of new purpose-built rentals in the Greater Toronto Area are affordable for the lowest income households. Ontario is not immune to the deficits in deeply affordable housing stock that are felt across the Country – recent research found that Canada is well-behind other nations across the globe in terms of deeply affordable housing stock.

Due to a lack of affordable housing, in Ontario, over half of renter households who have to relocate will not secure affordable housing. This is the highest rate in the country. Furthermore, Ontario's population is expected to grow 39.3% by 2041, and most newcomers are expected to be renters. Ontario needs to be proactive in expanding affordable housing, otherwise the rapid increase in homelessness, particularly observed in Ontario, will only get worse.

30,000 supportive housing units:

Currently, Ontario has less than half of the supportive housing units it needs for mental health and addictions alone, with waitlists extending as long as seven years. This does not include the growing need for persons with disabilities nor the increasing support needs stemming from the current cost-of-living crisis.

Community housing in all its forms (non-profit housing, supportive housing, co-operative housing) is an important part of the solution to Ontario's affordable housing crisis. Not only is adequate housing across the housing continuum needed to holistically solve the epidemic but low-end-of-market and community housing investments will save the government in downstream costs.

We have listed below additional policy opportunities we encourage the government to consider:

Tax Credits, Exemptions, and Preferred Pricing:

We are calling on the province to provide financial breaks to community housing providers across Ontario. Initiatives such as preferred rates and tax breaks will decrease operating costs and allow for further expansion of community housing units. Preferred pricing for utilities and insurance will reduce expensive operating costs that limit expansion and renovation of units. Similarly, government tax breaks such as property tax or carbon tax breaks reduce operating costs and allow for reinvestment into community housing organizations.

Bolster Sector Capacity:

We are calling on the province to develop a community housing growth fund that would introduce funding envelopes or tools that the community housing sector can draw on to acquire more existing (or newly constructed supply). Developing the capacity of the community housing sector is a key component to addressing Ontario's housing crisis and growing the sector is essential to increasing the supply of affordable housing options.

To do so, the sector requires the resources to oversee new developments and manage ongoing operations effectively. We are calling on the government to create a provincial funding mechanism that will support the non-profit and supportive housing sector to acquire land and/or existing stock to increase their supply.

Recent models have shown that acquiring existing housing, or building on land already owned by the sector are way to efficiently expand supply while cutting expenses. For example, BCs provincially funded \$500M acquisition fund has enabled non-profits to purchase existing housing, expanding the supply of affordable housing with significantly reduced costs in comparison to building new affordable housing.

In addition, cities across the country are looking at government land donations to make development of affordable housing viable, through the elimination of expensive land costs. In a recent ONPHA survey, 76% of community housing providers surveyed, reported they had capacity to build on their own land. With support from the provinces, a national acquisition fund will protect at least 10,000 affordable homes within 2 years, with the opportunity to scale to 100,000 homes by 2034, stabilize rents and protect tenancies for over 20,000 Canadians within two years and recapitalize \$1 billion in new market housing supply across Canada.

Leveraging Tax Revenues:

Ontario now has the highest Non-Resident Speculation Tax in Canada, recognizing the need to make more housing available as a place to live rather than a place solely to invest. The revenue raised from this tax should further the government's goal of providing everyone with the opportunity to find a home. Proceeds from the Non-Resident Speculation Tax and other housing-related taxes – such as the Land Transfer Tax – should be earmarked to support housing initiatives.

Aim to build at least 22,000 new Indigenous-owned and operated homes in urban, northern, and rural areas within the next 10 years through a new approach to administering and delivering funding for Indigenous housing.

ONPHA's Urban and Rural Indigenous Housing Implementation shows that Ontario can build 22,000 new subsidized off-reserve Indigenous owned and operated units, with additional government investment. Building these homes will add 95,000 jobs to the construction industry, while adding \$3.8 billion to the province's economy through construction multipliers and saving \$14.3 billion in system efficiencies. However, to reach the goal of 22,000 new Indigenous owned units, immediate investment by the province is needed.

Adequate community housing addresses many of the socio-economic issues disproportionately impacting Indigenous people. 85% of Indigenous people in Ontario live off-reserve, of which 18% are in core housing need. In the current system, Indigenous housing providers face significant barriers to success, including limited access to funding and red tape.

Actions government could take to move forward with this new approach include:

- Allocating more money to invest in Indigenous housing across Ontario.
- Developing regional, Indigenous-led entities to administer and deliver funding for Indigenous housing in their respective areas (e.g., Toronto, London, Sudbury, and Thunder Bay)
- Having an existing entity or entities administer and deliver funding for Indigenous housing (e.g., ONPHA,) Ontario Aboriginal Housing Services (OAHS), Miziwe Biik Development Corporation (MBDC), etc.)

Indigenous housing leaders have already been working closely with government on solutions. They are the experts. We recommend that the government continue to work with them to co-design solutions and ensure appropriate, easy-to-access funding.

Priority: Protect

Develop a new capital repair program to protect Ontario's existing stock of 305,000 community housing homes.

While building new housing stock is essential to address the housing crisis, it is also important to maintain and repair the existing supply that is becoming outdated and inhabitable. Capital investment is required to maintain and protect Ontario's existing stock of 305,000 community housing units. Most of these homes were built between the 1960s and 1990s and require new investment for renewal, and importantly, to safeguard the significant public investment made into their development.

Unlike private operators, community housing providers cannot raise rents to fund repairs and still fulfill their mandates to provide affordable housing. The average cost per unit to bring these homes to a state of good repair (approximately \$10,000 per unit) is significantly lower than the cost for replacing the units in their entirety, totaling upwards of \$65 billion.

Priority: Support

Invest in community housing to obtain cost savings in other government expenditures and prevent Ontarians from entering cycles of homelessness.

We continue to witness the disproportionate impacts of the pandemic on marginalized and vulnerable communities, including Black, Indigenous, and other racialized communities, 2SLGBTQIA+ people, low/limited- income people, people experiencing homelessness, people with disabilities and seniors. The housing affordability and cost of living crisis we are facing across the province has put marginalized and vulnerable Ontarians at further risk of homelessness.

Investing in community housing will save the province millions of dollars a year in diversion from emergency rooms, temporary shelters, social services, and the justice system. It is critical for Ontario government to make upfront investments in community housing to realize significant savings in other social services expenditures.

<i>Sheltering Options for Homeless</i>	<i>Cost per Day in Ontario</i>	<i>Cost per Week in Ontario</i>	<i>Cost per Month in Ontario</i>	<i>Cost per Year in Ontario</i>
<i>Social housing (Household)</i>	\$20	\$153	\$613	\$7,356
<i>Shelter</i>	\$70	\$525	\$2,100	\$25,200
<i>Long-term care</i>	\$132	\$992	\$3,969	\$47,628
<i>Ontario provincial prisons</i>	\$388	\$2,906	\$11,625	\$139,500
<i>Hospital</i>	\$450	\$3,375	\$13,500	\$162,000

****We recognize individuals are in and out of hospital/shelter systems.***

Housing an individual in community housing is substantially less expensive than other tax supported services such as social, justice or health services. Due to the inadequate stock of social housing, more Ontarians have little to no options along the housing continuum. Cities across Ontario are experiencing rapid increases in homelessness (e.g., the City of Toronto has seen more than a doubling in chronic homelessness since 2018 and there were 10,500 actively homeless in the last 3 months), meanwhile the rate of individuals transitioning out shelters.

With the ongoing strain on the healthcare sector and hospital emergency rooms over capacity, it is important for the government to alleviate the load on the healthcare sector by working to create more community housing supply.

Conclusion

Partnership is Critical to Success

Overlaying all the recommendations and opportunities in this document is a critical need for the Ontario government to partner with other levels of government, and the sector itself to ensure the changes introduced enable the sector to remain sustainable and viable for future generations of Canadians. Through ONPHA’s recent sector survey: *Unlocking Opportunity and Activating Growth in the Community Housing Sector*, our members have overwhelmingly indicated that there is a strong willingness and capacity to build more deeply affordable housing units on community housing land if capital funding is made available. We see the

community housing sector as a critical piece in the government's solution to achieve long-term sustainability and housing affordability.

Given that the land and infrastructure is already in place, the community housing sector can mobilize quickly, with capital resources from the province. Based on a recent ONPHA survey, there is enough land owned by the community housing sector to support our target of 99,000 units. ONPHA is prepared to act as a leading partner with the government to put the solutions in place to solve the housing affordability crisis.