

Ernie Hardeman, MPP, Chair & Michael Bushara, Clerk
Standing Committee on Finance and Economic Affairs
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January 26, 2022

Subject: ONPHA's recommendations for the 2022 Ontario Budget

Dear Mr. Hardeman and Mr. Bushara,

Thank you for the opportunity to provide comments and recommendations towards the 2022 Ontario Budget to the Standing Committee on Finance and Economic Affairs.

Founded over 30 years ago, the Ontario Non-Profit Housing Association (ONPHA) is a member funded and directed association that represents nearly 700 non-profit landlords and local housing corporations throughout the province. The community housing sector provides safe, affordable, and stable housing for half a million low- and moderate-income Ontarians, with built assets close to \$30 billion¹.

As we approach the two-year mark of the COVID-19 pandemic, our communities continue to face devastating impacts, compounded by pre-existing affordability challenges. It is incumbent on the government to invest sustainably in social infrastructure, like housing and community supports, to ensure a robust, equitable socioeconomic recovery, which will benefit all Ontarians. This must include **targeted support for deeply affordable rental housing options**, in addition to other housing affordability initiatives, to meet the growing needs of those most impacted by the COVID-19 and housing affordability crises.

ONPHA calls on the government to prioritize investments in deeply affordable housing in the 2022 Ontario Budget through the following policy changes based on community experience and expertise:

- 1. Prioritize and invest in community housing development**
- 2. Protect and sustain the existing supply of community housing**
- 3. Support an Indigenous-led approach to urban and rural Indigenous housing**
- 4. Invest in an integrated approach to supportive housing**
- 5. Stabilize and support households in need**
- 6. Ensure housing dollars stay in the housing system**
- 7. Commit to preventing and eliminating homelessness**
- 8. Promote collaboration between all housing sector partners**

Detailed responses to our recommendations are available on the following pages. ONPHA and our members are eager to continue working with the government and other housing sector partners to develop and implement innovative solutions that ensure an equitable, sustainable housing system for all Ontarians.



Overview: Current and growing needs

According to the recent Auditor General report, as of December 2020, 211,419 households were on waitlists for social housing in Ontario, with wait times ranging up to 12 yearsⁱⁱ. Within the next ten years, ONPHA and the Cooperative Housing Federation of Canada's [Affordable Housing Plan for Ontario](#) shows the need to:

- Build at least 99,000 new affordable rental and supportive housing units
- Repair 260,000 community housing units
- Provide income support to 311,000 households

We recognize that as a result of the compounding, disproportionate impacts of COVID-19 and pre-existing affordability challenges on low-income, racialized, and other marginalized communities, the demand for deeply affordable housing and adequate supports has likely grown significantly.

There also remains a considerable gap in meeting the needs of the roughly 85% of Indigenous households living off-reserveⁱⁱⁱ in the absence of a strategy for urban, rural, and northern Indigenous communities. As part of the overall need for 99,000 units, ONPHA's [Urban and Rural Indigenous Housing Plan for Ontario](#) identifies the need for an Indigenous-led approach to build at least 22,000 additional Indigenous-owned and operated subsidized units over the next 10 years, with adequate cultural supports.

By investing in the growth and sustainability of community housing, the government can deliver both short and long-term gains as part of Ontario's socioeconomic recovery. With adequate, affordable housing, people have better health outcomes, higher propensities to spend, and rely less on other costly public sectors such as healthcare, justice, shelter, and social assistance.

1. Prioritize and invest in community housing development

Every investment in community housing ensures public dollars are used efficiently:

- Every \$10 invested in housing and related supports can save up to \$20 in provincial systems like healthcare, justice, shelter, and social assistance^{iv}
- Building one affordable housing unit creates up to two-and-a-half new jobs, putting money into the hands of small-business owners and creating local, skilled trades jobs^v
- When people have affordable housing, they have more money to spend in the local economy and experience improved social, health, education, and employment outcomes^{vi}

Non-profit and co-operative housing providers have traditionally built over 90% of Ontario's below-market rental housing^{vii} and provide good-quality affordable housing in perpetuity, yet only represent approximately 5% of the provincial housing market^{viii}. Despite an increase in recent rental construction in Ontario^{ix}, 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^x.



In order to grow the overall supply of deeply affordable housing, the community housing sector requires an expanded toolkit of programs and policy options designed to increase access to capital, increase funding, and ensure access to greater amounts of surplus land. This could include land contributions, preferential financing rates, tax exemptions, development charge waivers, and community-based acquisition strategies.

Closely related, the community housing sector must be prioritized in the design and implementation of affordable housing supply programs and incentives. These programs have historically favoured private developers who can quickly provide “shovel-ready” projects, but this does not always translate into lasting investment. Affordable housing initiatives have typically capped rents for 20 years. After that, rents in privately-owned buildings often increase beyond the threshold of affordability for Ontarians. When this happens, tenants are in crisis and communities are left scrambling for affordable alternatives.

On the other hand, the community housing sector is committed to providing affordable housing in perpetuity. With no built-in profit margin, every dollar invested in community housing goes directly toward keeping rents affordable and ensuring that public investment will be protected and leveraged to provide affordable housing options for future generations.

2. Protect and sustain the existing supply of community housing

In addition to building new affordable rental units, it is critical to preserve existing stock, especially as needs continue to grow due to the compounding effects of COVID-19 and pre-existing affordability challenges. Between 2011 and 2016, it is estimated that for every one new affordable housing unit created across the country, fifteen existing affordable units were lost^{xi}.

Capital investment is required to maintain and protect Ontario’s existing stock of 260,000 community housing units. As essential components of Ontario’s housing supply and overall social and economic infrastructure, these homes are in need of new investment to serve future generations. 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 (\$10,000 per unit)^{xii} is significantly lower than estimated replacement costs of \$65 billion^{xiii}. Moreover, these repairs would provide an opportunity to undertake accessibility retrofits and improve energy efficiency, creating jobs and helping to lower operating costs in the future.

At the same time, many community housing providers are facing challenges and uncertainty related to the end of their operating agreements and mortgages. 55% of ONPHA’s membership will be affected by the end of provincial mortgages within the next ten years. If no action is taken, we project that 60,000 subsidized units could be at eventual risk of loss or falling into serious disrepair^{xiv}. Without certainty around ongoing funding models, providers reaching the end of mortgages cannot effectively and strategically plan for the future, severely compromising housing affordability across the province.



As mortgages and operating agreements expire, forthcoming regulation development under the *Protecting Tenants and Strengthening Community Housing Act, 2020* must safeguard public investment by protecting the system's existing units and facilitating providers' ability to leverage their assets for further growth. ONPHA will be making a submission to the consultation currently underway on the proposed regulatory amendments for service agreements, service levels, and access, reflecting the perspectives and priorities of our diverse membership.

ONPHA is also wrapping up our Solutions Lab on [Community housing for the future: Taking collective action toward resiliency](#), which brought together key stakeholders from across Ontario's community housing sector, including housing providers, service managers, and sector associations to develop and test creative business models and policy recommendations to ensure the sustainability, growth, and resilience of community housing in Ontario, while addressing the critical end of mortgages issue. Once finalized, the Province should actively engage with the findings and outcomes from the Solutions Lab, and support the collective vision and innovative approaches for the future of community housing.

3. [Support an Indigenous-led approach to urban and rural Indigenous housing](#)

ONPHA's Urban and Rural Indigenous Housing Plan for Ontario identifies the need for at least 22,000 subsidized Indigenous-owned and operated units over the next 10 years to meet the growing housing needs of off-reserve Indigenous populations. The initial \$7.3 billion investment could save \$14.3 billion in system efficiencies, through cost savings in social services, healthcare, shelter services, justice and foster care, while significantly boosting Indigenous personal incomes through improved employment and education outcomes. Moreover, the construction program would create 95,000 year-jobs in the construction sector and other industries, while adding \$3.8 billion to the economy through construction multipliers^{xv}.

ONPHA is now finalizing work on a community-led implementation strategy for Indigenous-led housing solutions in Ontario, based directly on engagement with Indigenous housing providers across the province, with a primary focus on ensuring an Indigenous-led approach and securing funding to develop the units required to meet urban and rural Indigenous housing needs in Ontario.

ONPHA was pleased to see Ontario's recent announcement of \$10 million in new annual funding for Indigenous-led housing and supports. With a commitment at the federal level to co-develop an urban, rural, and northern Indigenous housing strategy^{xvi}, Ontario should call upon its federal counterparts to follow through on a national approach, in addition to supporting Indigenous-led solutions in Ontario with dedicated, sustainable investments that meet demonstrated community needs.

4. [Invest in an integrated approach to supportive housing](#)

Currently, Ontario has less than half of the supportive housing units required for mental health and addictions alone, not including persons with other disabilities nor the growing needs related to COVID-19. Waitlists range up to seven years and a minimum of 30,000 new supportive housing units are required to meet this need^{xvii}. Beyond supporting individuals, consumer choice and community



integration would help end chronic homelessness and achieve major cost savings across health, justice, social services, and shelter systems.

Moreover, supportive housing providers – and their tenants – are facing an imminent threat as a result of a precedent-setting case law decision, the [Houselink Decision](#), which created the legal basis for private owners, who lease units to supportive housing providers, to restructure current head lease agreements, shifting existing residential tenancy arrangements to commercial tenancies. This shift has created financial, legal, and logistical challenges for supportive housing providers, while threatening the well-being of their vulnerable clients.

Commercial lease arrangements remove all protections for supportive housing providers and tenants under the *Residential Tenancies Act, 2006*, leaving already marginalized clients more vulnerable to eviction, while jeopardizing the government's rent supplement program and imposing higher costs on supportive housing providers. If no action is taken, significant, ongoing government funding increases will be required, or program objectives will not be attained, severely impacting the availability and affordability of (the already limited supply of) supportive housing in Ontario. ONPHA and Addictions and Mental Health Ontario are currently finalizing a proposal to address this pressing issue and ensure the sustainability of the supportive housing sector.

In addition, ONPHA's [submission](#) to the Province's 2020 Engagement on Improving Supportive Housing outlined the need for investment in an integrated, client-centred approach, prioritization of the supportive housing sector for development, true partnership with Indigenous communities and organizations based on principles of truth and reconciliation, and meaningful engagement with diverse communities with lived experience.

5. [Stabilize and support tenants](#)

According to the 2016 Census, 33% of renters in Ontario were in core housing need, compared to 8% of owners^{xviii}.

ONPHA and our members were pleased to see the launch of the Canada-Ontario Housing Benefit (COHB) in April 2020. We are extremely supportive of the populations identified as first priority for COHB support, including survivors of domestic violence and human trafficking, people experiencing or at-risk of homelessness, Indigenous people, seniors, and people with disabilities.

However, as rental arrears continue to accumulate at unprecedented and unmanageable levels across the non-profit and private rental markets (with Ontario experiencing the highest rental arrears rate across the country^{xix}), it is critical that individuals and families remain housed. We call on the government to work in partnership with the federal government to increase access to the COHB and expand emergency income assistance to include rent relief and/or arrears management for unemployed and low-earning tenants, prioritizing high-risk, marginalized households.

Targeted support for rental assistance and/or arrears management will preserve tenancies and prevent increased homelessness, reducing reliance on much more costly emergency shelter and



homelessness services. In addition, it will ensure the resilience of the broad housing sector, stabilizing landlords otherwise absorbing arrears costs (which is particularly unsustainable for non-profit housing providers).

Over the longer term, we need to ensure that tenants have ongoing access to sustainable supports. In ONPHA and CHF Canada's Affordable Housing Plan for Ontario, we identify that at least 311,000 households are in need of income supports to be able to afford rental rates across Ontario, with these figures likely much greater as a result of COVID-19.

6. Ensure housing dollars stay in the housing system

To grow and sustain the community housing sector and support households in need, housing-related revenues should be reallocated to the growth and preservation of deeply affordable housing. Retaining housing related tax revenues within the housing sector is critical to ensuring the system's sustainability and managing the long-term affordability of housing for all Ontarians over time. Directing these revenues toward affordable housing would present an enormous opportunity to help ensure that affordability challenges do not worsen as the housing market continues to heat up, providing an economic catalyst for housing affordability.

For example, in the 2021 Ontario Economic Outlook and Fiscal Review, the Land Transfer Tax was projected to draw in revenues of up to \$5.049 billion in 2021-22 (a 37% increase over the previous year)^{xx}. If this was redirected, even in part, to affordable housing development, it would go a long way to easing the pressure on the rental market and help level the playing field for low- and middle-income Ontarians, while ensuring housing dollars stay in the housing system.

Similarly, it is critical that existing levels of public investment in the housing system are maintained for long-term sustainability and not diverted to other priorities. At the provincial level, the government should continue to fund all ministries responsible for housing (i.e., Municipal Affairs and Housing, Health, and Children, Community and Social Services), while promoting stronger, synergistic approaches to break down silos between ministries, increase access to housing and supports, and ensure greater value for housing-related dollars.

At the local level, the Province should also support and safeguard municipal 10-year Housing and Homelessness Plans to ensure funding for critical housing solutions is not redirected to other competing pressures. We understand the critical need for municipal financial stability, especially in light of municipalities' inability to run deficit budgets, increased demand for services, and the ongoing impacts of significant social and economic restrictions into 2022; however, we firmly believe that funding for housing must remain within the housing system and that it must never be at risk of diversion to alternate priorities.

7. Commit to preventing and eliminating homelessness

On any given night, at least 9,600 Ontarians experience "visible homelessness" (e.g., using the shelter system), with an estimated 90,000 Ontarians experiencing this type of homelessness



throughout the course of a year^{xxi}. However, as many as 80% of people experiencing homelessness in Ontario experience “hidden homelessness” (e.g., couch surfing, camping, etc.)^{xxii}.

While new affordable and supportive housing options are critical to meet the diverse, growing needs across the province, urgent support is required for people experiencing homelessness, as shelter systems are increasingly overwhelmed by demand and infection control challenges posed by the highly transmissible Omicron variant (especially in congregate settings). In support of recommendations put forth by the Ontario Alliance to End Homelessness^{xxiii}, ONPHA calls on the Province to expand investment in homelessness responses, both for emergency support through the COVID-19 pandemic (e.g., through the Social Services Relief Fund) and over the long-term (e.g., through the Community Homelessness Prevention Initiative).

Beyond addressing the immediate homelessness crisis, the Province must explore all opportunities to prevent and eliminate homelessness, and ensure the right to housing is maintained for all Ontarians. In addition to stabilizing and supporting tenants as identified above, the government should promote and facilitate stronger integration between ministries and sectors to ensure that people exiting other public systems (e.g., healthcare, foster care, corrections, etc.) are not discharged into homelessness, and have access to immediate, adequate housing and support services.

8. Promote collaboration between all housing sector partners

ONPHA is pleased to see the government moving ahead with initiatives to address the critical, complex, and urgent issue of Ontario’s housing affordability crisis, including through the Housing Affordability Task Force, the Provincial-Municipal Housing Summit and the Rural Housing Affordability Roundtable, and regulatory development as part of the Community Housing Renewal Strategy.

To achieve our shared vision of meeting the diverse, growing needs across the province, it is critical that all housing sector partners are at the table and involved in discussions to address the housing affordability crisis and develop solutions that meet needs along the housing continuum, including deeply affordable rental options. This must include ongoing, strong partnerships between municipal, provincial, federal, and Indigenous governments and leaders, the private sector, and the community housing sector.

The Province has an important role to continue playing as a regulator, enabler, and funder for the community housing system, which must include ongoing coordination across all related systems (e.g., health, homelessness, social assistance, justice, etc.) and alignment of existing policy instruments (e.g., 10-year Housing and Homelessness Plans) with asset management practices (e.g., capital planning requirements over the course of a building’s life cycle of 30 – 40 years) to maintain and grow the community housing sector over the long-term.

Thank you for taking the time to review our submission. ONPHA looks forward to ongoing engagement to develop sustainable, equitable community solutions to support Ontario’s socioeconomic recovery by opening more doors through housing.



Sincerely,

Marlene Coffey, MA, MAES, MCIP, RPP
Chief Executive Officer

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- ⁱ The total value of social housing units in Ontario is estimated at \$30 billion, however this does not include all assets in the community housing sector, including land, which would likely result in a significantly higher real value for the sector. See: Office of the Auditor General (2017). 2017 Annual Report, Chapter 3 (3.14). Available at: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf
- ⁱⁱ Office of the Auditor General of Ontario. (December 2021). Value-for-Money Audit: Homelessness (2021). Available at: https://www.auditor.on.ca/en/content/annualreports/arreports/en21/AR_Homelessness_en21.pdf
- ⁱⁱⁱ Statistics Canada. 2018. Ontario [Province] (table). Aboriginal Population Profile. 2016 Census. Statistics Canada Catalogue no. 98-510-X2016001. Ottawa. Released July 18, 2018. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/abpopprof/index.cfm?Lang=E>
- ^{iv} Gaetz et al, S., Gulliver, T., & Richter, T. (2014). The State of Homelessness in Canada 2014.
- ^v Per person-years of employment. See: Canada Mortgage and Housing Corporation. (2000). Economic Impacts of Residential Construction. Research Highlight, “Socio-Economic Series, Issue 69.” (Ottawa: Canada Mortgage and Housing Corporation); Dunning, W. (2012). Economic and Fiscal Impacts of Residential Construction – 2012 (Ottawa: Canadian Home Builders’ Association); National Association of Home Builders. (2009). The Local Impact of Home Building in a Typical Metro Area: Income, Jobs, and Taxes Generated (Washington DC: NAHB).
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- ^{vii} Office of the Auditor General of Ontario. (December 2017). Annual Report 2017. 3.14 Social and Affordable Housing. Available at: https://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf
- ^{viii} There are approximately 260,000 community housing units in Ontario, and 5,169,175 total dwellings in Ontario as of 2016. See: Canadian Housing and Renewal Association. (September 2018). Affordable Housing Budget Expenditure Highlights in Canada. Available at: https://chra-achru.ca/wp-content/uploads/2018/09/2018_pt_budget_scan_final.pdf; Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016222.
- ^{ix} Canada Mortgage and Housing Corporation. (December 2021). Starts and Completions by Intended Market (Canada, provinces). Available at: <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/starts-completions-intended-market-canada-provinces>
- ^x Canada Mortgage and Housing Corporation. (January 2021). Rental Market Report. Available at: <https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/market-reports/rental-market-reports-major-centres>
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- ^{xii} Re/Fact Consulting (2012). Social housing end dates in Ontario: Assessing impacts and promoting good practices. Available at: <https://www.hscorp.ca/wp-content/uploads/2013/03/Social-Housing-End-Dates-in-Ontario-HSC.pdf>
- ^{xiii} Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario. Available at: https://onpha.on.ca/Content/Advocacy_and_research/Advocacy/Affordable_Housing_Plan_for_Ontario.aspx
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- ^{xx} Ministry of Finance. (November 2021). 2021 Ontario Economic Outlook and Fiscal Review: Build Ontario. Available at: <https://budget.ontario.ca/2021/fallstatement/index.html>
- ^{xxi} Estimates derived from data from communities that have conducted Point-in-Time (PiT) counts or Registry Weeks (RW). A Registry Week is a coordinated multi-day count of people experiencing homelessness on the street, in shelters, and in other community-identified spaces frequented by people experiencing homelessness. It differs from a PiT count in that it includes some individuals experiencing hidden homelessness, rather than being limited to individuals sleeping in shelters or unsheltered.
- ^{xxii} Office of the Auditor General of Ontario. (December 2021). Value-for-Money Audit: Homelessness (2021). Available at: https://www.auditor.on.ca/en/content/annualreports/arreports/en21/AR_Homelessness_en21.pdf
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