

February 10, 2023

The Honourable Peter Bethlenfalvy  
Minister of Finance  
Frost Building North, 3<sup>rd</sup> Floor  
95 Grosvenor Street  
Toronto ON M7A 1Z1

***Re: 2023 Budget Consultation Submission***

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 provincial budget. Our organization represents over 730 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.

The remainder of this letter includes proposed actions and policy changes that are based on our deep experience and expertise of our organization and its members. We are very supportive of the work done by government to-date to address the ongoing affordable housing crisis in our province. This includes the goal of constructing 1.5 million homes in the next ten years, and your government's goal of supporting the long-term sustainability of our sector through the Community Housing Renewal Framework.

Ontario has been responding to a deepening of the housing affordability crisis, which is being further exasperated by complexities within our health, justice, and social service systems along with added external pressures in the global marketplace. We see the community housing sector as a critical piece in the government's solution to achieve long-term sustainability and housing affordability. We are therefore calling on the government to prioritize investments to build, protect and the community housing sector so that we are in the position to continue partnering with you in our shared vision for the future.

## 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. With this in mind, we are calling on government to introduce additional incentives and policies to enable 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.
- **30,000 supportive housing units:** Currently, Ontario has less than half of the supportive housing units required 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 coming out of COVID-19 and the current cost-of-living crisis.

Community housing in all its forms (non-profit housing, supportive housing, co-operative housing) are an important part of the solution to Ontario's affordable housing crisis. We are encouraged by the government's commitments and policy action to-date including through Bill 23 and the Community Housing Renewal Framework. We have listed below additional policy opportunities we encourage government to consider:

- **Tax Credits or Exemptions:** continue to introduce provincial tax policies that incentivize the private sector to construct housing for people, as opposed to investors and speculators. This includes implementing some of those incentives included in Bill 23, and mitigating the negative ripple effects that could disproportionately impact our sector.
- **Bolster Sector Capacity:** introduce funding envelopes or tools that the community housing sector can draw on to acquire more existing (or newly constructed supply). For example a non-profit acquisition fund that enables community housing providers to purchase newly constructed housing stock suited to the needs of their residents/potential residents.
- **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.
- **Support through Transformation:** the mortgages and inter-governmental funding agreements signed 20-30 years ago are set to expire, and the government has introduced regulatory change through the Community Housing Renewal Framework that will introduce a new regime for the ongoing funding, administration, and management of community housing in the Province. ONPHA is prepared to partner with government to ensure our sector is supported through this change with the resources and means to negotiate agreements with municipal service managers that are comprehensive and can sustain quality operations over the next ten years.

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**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 how Ontario can build at least 22,000 new subsidized off- reserve Indigenous owned and operated units. 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.

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:

- Establishing a centralized, Indigenous-led entity to administer and deliver funding for Indigenous housing.
- 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

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**Develop a new capital repair program to protect Ontario's existing stock of 260,000 community housing homes.**

Capital investment is required to maintain and protect Ontario's existing stock of 260,000 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 (\$10,000 per unit) is significantly lower than estimated replacement costs totaling upwards of \$65 billion.

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For the over 650 co-ops and non-profits entering Ontario’s new Service Agreement framework, the province must ensure that the outcomes of the agreements support the renewal of these communities and their long-term viability.

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. 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.

### Priority: Support

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. We call on the province to:

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Expand rental assistance and enhance other income support programs, such as the Canada - Ontario Housing Benefit (COHB) to keep people housed and prevent pathways into homelessness.

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 or who are increasingly at risk of homelessness. In Ontario, 45% of tenant households spend 30% or more of their total income on shelter (the highest rate across the country). 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.

### *Conclusion – Partnership is Critical to Success*

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.

Overlaying all of the recommendations and opportunities in this document is a critical need for the government to partner with all 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. Our organization is prepared to act as a leading partner with government in your efforts to address the affordable housing crisis in Ontario so that all of your actions can be comprehensive and address need across the entire housing spectrum.

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.

Sincerely,



Marlene Coffey, MA, MAES, MCIP, RPP

Chief Executive Officer, ONPHA