



ONTARIO NON-PROFIT  
HOUSING ASSOCIATION

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April 19, 2022

**Subject: Protect low-income tenants' access to critical financial support**

Dear Minister Lebouthillier and Minister Bethlenfalvy,

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 of \$30 billion<sup>1</sup>.

We wish to follow up on a significant issue that we introduced in our [federal](#) and [provincial](#) pre-budget submissions, which highlighted the urgent need for intergovernmental action to protect the financial stability of low-income tenants in Ontario. Recognizing the disproportionate socioeconomic impacts of the COVID-19 pandemic on low-income, racialized, and other marginalized communities, it is incumbent on all levels of government to provide ongoing access to sufficient supports as part of a robust, equitable recovery plan. Moreover, maintaining tenant stability is critical to ensuring the sustainability of landlords providing essential, affordable housing options (especially non-profit housing providers, who are not able to absorb additional, unforeseen costs, such as rental arrears).

Some of our largest housing provider members – who provide safe, affordable housing for tens of thousands of low- and moderate-income households across the province – have recently brought to our attention concerning impacts stemming from their access to property tax exemptions. The Ontario Trillium Benefit (OTB), administered by the Canada Revenue Agency (CRA), seeks to help low-to moderate-income Ontarians pay for energy costs and sales and property tax. However, because tenants living in property-tax exempt housing do not pay property tax directly nor indirectly through rent, they are being forced to repay a considerable portion of the OTB, up to \$1,000 per year.

This poses significant financial risks for seniors and other low-income tenants who rely on the OTB for financial security. As such, we strongly recommend that the federal and provincial governments work together to protect subsidized tenants' access to this critical financial support by immediately implementing the following policy changes:

- 1. Provide forgiveness for current OTB demand payments for the 2021 tax year and halt future demand payments for tenants re-assessed in previous tax years (federal)**
- 2. Review and restructure the OTB to ensure that the energy sales tax component remains accessible to tenants in property tax-exempt buildings (provincial)**
- 3. Ensure ongoing access to the restructured OTB, including clear communications about the changes and requirements (federal and provincial)**



## Background

### *Ontario Trillium Benefit (OTB)*

The OTB is the combined payment of the Ontario Energy and Property Tax Credit (OEPTC), the Northern Ontario Energy Credit, and the Ontario Sales Tax Credit. The OEPTC is designed to help low- to moderate-income Ontarians with the sales tax on energy costs and property tax costs, including property taxes paid indirectly by tenants through their rent. Significantly, the OEPTC's current structure combines both the energy and property tax components into a single credit, meaning that tenants can either claim both or neither component. As a result, tenants living in property-tax exempt buildings who pay their own energy costs are effectively barred from claiming the energy component of the credit.

For the 2022 benefit year, the OEPTC maximum credit amount is \$1,121 for individuals between 18 and 64 years old, and \$1,277 for those over 65 years old<sup>ii</sup>; our members estimate that their tenants typically receive \$700 to \$1,000 in annual OTB payments. For tenants on low or fixed incomes (such as seniors), this is a significant sum that they rely on for financial security, composing approximately three percent of their annual income, or five percent after deducting rent payments<sup>iii</sup>.

Some tenants in property tax-exempt buildings have unknowingly been applying for and collecting the OEPTC erroneously for several years, and are only now receiving notices from the CRA denying their claims and asking them to repay amounts of tax credits that were given over multiple years (the CRA is able to review tax returns and collect payments going back six years<sup>iv</sup>).

### *Property tax exemptions*

Some non-profit housing providers have access to property tax exemptions, granted by their local municipality in recognition of their socially-driven mission of providing affordable housing for low- and moderate-income Ontarians. These exemptions are critical for non-profit housing providers, who operate on razor-thin margins, as they allow for savings to be redirected into much needed, maintenance, capital repairs, and redevelopment (as a result of chronic underfunding), helping to ensure the growth and resilience of the community housing sector.

Non-profit housing providers across the province do not currently have consistent access to property tax coverage: some providers are fully or partially exempt, some receive property tax subsidies, and others have no access to property tax coverage at all.

Despite the fact that many of these property tax exemptions took effect many years ago (in some cases over ten years ago), the CRA has only recently begun to notify affected tenants and demand repayment of credits paid to them over multiple years.

## Impact

ONPHA has been engaging with our membership to better understand the scope of this emerging issue across the province; however, due to the inconsistent nature of property tax coverage within the



community housing sector and the CRA only beginning to act on these erroneous claims in recent months, we do not yet have a fulsome understanding of the impact on low-income Ontarians.

Nevertheless, we estimate that many hundreds of households could be immediately affected by this issue and be asked to retroactively repay the OEPTC over multiple years, with potentially thousands of households impacted overall. For many low-income tenants, this would have significant financial repercussions, putting them in deeply precarious situations. Consequently, these impacts would also be felt by the non-profit housing provider, as they are not able to absorb additional, unforeseen costs, such as increased rental arrears due to a sudden, substantial loss of tenant income. This could ultimately lead to devastating socioeconomic consequences, including increased levels of homelessness, which would deepen reliance on much more costly emergency shelters and other homelessness services.

Community housing providers are committed to supporting their tenants to ensure successful tenancies and a good quality of life. While they recognize that a person claiming a tax credit is responsible for confirming if they are eligible, they are deeply concerned about the impact of this issue on their tenants on low and fixed incomes, including seniors and other vulnerable tenants. In response, non-profit housing providers are taking swift action to support and educate their tenants so they understand the impact of this issue, including:

- Providing tenants with information about tax credit eligibility when issuing rent receipts;
- Engaging Tenant Support Workers to assist in informing tenants;
- Posting information in tax-exempt buildings;
- Sharing information about tax credit eligibility with tenants via newsletters and website updates;
- Informing staff and volunteers who run annual tax clinics for tenants; and
- Raising awareness with CRA's Community Volunteer Income Tax Program to include the property tax-exempt discussion in their webinars and other volunteer training opportunities.

Non-profit housing providers are also raising this issue with their local municipalities and are looking for short- and long-term solutions from all levels of government. As such, ONPHA is calling for immediate intergovernmental collaboration to remedy this issue to ensure the stability of low-income tenants and the long-term sustainability of community housing providers.

### Recommendations

#### **1. Provide forgiveness for current OTB demand payments for the 2021 tax year and halt future demand payments for tenants re-assessed in previous tax years (federal)**

Low-income tenants applied for the OTB (including the OEPTC) in good faith. They have already been disproportionately impacted by COVID-19 (including through job and/or income loss, social isolation, and increased mental health concerns) and are now facing further financial barriers due to increasing inflation. The requirement to suddenly repay these benefits (potentially over multiple years) would further marginalize the very households that the OTB intends to support, forcing seniors and other vulnerable tenants to make the impossible decision to choose between paying rent or buying



groceries and other essential items. Moreover, it could put non-profit housing providers at financial risk and ultimately lead to greater dependence on other much more costly public systems and supports (e.g., emergency shelters and other homelessness services, social assistance, hospitals, etc.).

ONPHA understands that the CRA has committed to working with impacted individuals on a case-by-case basis, including offering payment arrangements. However, recognizing the significant financial repercussions for tenants required to repay the OEPTC (whether for the 2021 tax year only or over the past six years), ONPHA strongly recommends that the federal government direct the CRA to:

- Forgive current OTB demand payments for the 2021 tax year; and
- Halt future OTB demand payments for tenants re-assessed in previous tax years.

## **2. Review and restructure the OTB to ensure the energy sales tax component remains accessible to tenants in property tax-exempt buildings** (provincial)

As noted above, the current structure of the OEPTC component of the OTB includes both a property tax component and an energy sales tax component. To be eligible for both components of the OEPTC, the applicant must pay property tax on their main residence (either directly or indirectly through rent). When a tenant fills out their income tax and benefit return, they must indicate the amount of rent they paid during the tax year in question. This forms the basis for calculating both the energy and the property tax components of the OEPTC.

Due to this structure, tenants in property tax-exempt buildings are ineligible to claim any part of the OEPTC, despite many paying for their own energy costs. This unintended, negative impact serves to unfairly target and penalize low-income tenants in property-tax exempt buildings (wherein the housing provider is exempt from paying property taxes in recognition of their support of low-income and other vulnerable households).

Up until the 2017 tax year, the application form for the OTB and Ontario Senior Homeowner's Property Tax Grant (ON-BEN application form) did not identify this distinction nor the need for applicants to confirm the property tax-exempt status of their building. While this has since been identified on ON-BEN application forms for subsequent tax years (line 6110), it has created confusion in the absence of clear communication around the requirements and eligibility for the OEPTC, while compromising the original intent of the benefit.

ONPHA and our members do not take issue with the intent of this eligibility criteria, i.e., that tenants living in property tax-exempt buildings are not eligible to claim the property tax component of the OEPTC. However, to ensure these tenants have ongoing access to support for their energy costs (as the credit intends), ONPHA strongly recommends that the provincial government restructure the OTB to ensure that tenants who do not pay property taxes directly or indirectly are still eligible for the energy sales tax component of the OTB (i.e., by distinguishing this credit from the property tax credit). This will ensure that low-income tenants continue to receive the credits they are owed for their energy



costs (in addition to other credits they may be eligible for under the OTB), without negatively affecting access to property tax credits for tenants living in buildings that are not subject to an exemption.

### **3. Ensure ongoing access to the restructured OTB, including clear communications about the changes and requirements** (federal and provincial)

Pending the implementation of the two simple yet consequential policy changes recommended above, both the provincial and federal governments must commit to providing ongoing access to the proposed restructured OTB for forthcoming tax years, including:

- The energy sales tax credit for all low-to moderate-income Ontarians paying for their own energy costs (regardless of whether they pay property taxes directly or indirectly through rent);
- The property tax credit for all low-to moderate-income Ontarians who pay property taxes either directly or indirectly through rent; and/or
- The Northern Ontario Energy Credit and Ontario Sales Tax Credit, as applicable.

As noted above, community housing providers have responded swiftly to inform their tenants about this issue, including developing and sharing information, resources, and other supports. However, in addition to presenting significant financial risks for tenants, the sudden change in the CRA's approach to collecting the OEPTC has posed challenges for housing providers looking to communicate the issue to and support their tenants.

As such, ONPHA strongly recommends that the provincial and federal governments work together to develop a clear communications strategy related to the proposed restructured OTB, and work closely with municipalities and community housing providers to ensure all impacted households are informed of the changes and requirements. At a minimum, this strategy should include:

- Eligibility requirements for each credit available under the restructured OTB;
- Access to timely, responsive support for tenants filing their taxes (e.g., by expanding community tax clinics, providing dedicated CRA resources, etc.); and
- Support for community housing providers to develop and share information, resources, and other supports with their tenants, including identifying buildings impacted by this issue.

### **Conclusion**

Thank you for taking the time to review our recommendations on this important issue. While the risk of not taking action is significant (both for low-income tenants and community housing providers), the solutions are simple and cost-effective. ONPHA and our members greatly appreciate your attention to this issue and would be pleased to support both of your governments in developing and communicating an effective remedy (as outlined above). Please do not hesitate to reach out if you would like more information about this issue or our recommendations.



The community housing sector is dedicated to the success and wellbeing of the communities they serve and we look forward to ongoing engagement with all levels of government to develop sustainable, equitable community solutions by opening more doors through housing.

Sincerely,

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

Endorsed by:

Jag Sharma, President and Chief Executive Officer, Toronto Community Housing Corporation

Sarah Button, Executive Director, Centretown Citizens Ottawa Corporation

Stéphane Giguère, Chief Executive Officer, Ottawa Community Housing Corporation

Tom Hunter, Chief Executive Officer, CityHousing Hamilton



Cc:

- The Right Honourable Justin Trudeau, Prime Minister
- The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance; MP, University-Rosedale
- The Honourable Dominic LeBlanc, Minister of Intergovernmental Affairs, Infrastructure and Communities
- Chandra Arya, MP, Nepean
- Matthew Green, MP, Hamilton Centre
- Chad Collins, MP, Hamilton East - Stoney Creek
- The Honourable Doug Ford, Premier
- The Honourable Steve Clark, Minister of Municipal Affairs and Housing
- The Honourable Lisa MacLeod, Minister of Heritage, Sport, Tourism and Culture Industries; MPP, Nepean
- Andrea Horwath, Leader, Official Opposition; MPP, Hamilton Centre
- Jessica Bell, MPP, University-Rosedale
- Donna Skelly, MPP, Flamborough-Glanbrook

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<sup>i</sup> 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](http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf)

<sup>ii</sup> Government of Ontario. (2022). Ontario Trillium Benefit. Available at: <https://www.ontario.ca/page/ontario-trillium-benefit>

<sup>iii</sup> Merali, F. (Feb 25 2022). Toronto Community Housing tenants blindsided by CRA demand to pay back benefits. Available at: <https://www.cbc.ca/news/canada/toronto/tchc-tenants-asked-to-pay-back-by-cra-1.6363896>

<sup>iv</sup> Government of Canada. (2022). How tax returns are selected for review. Available at: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/review-your-tax-return-cra/tax-returns-selected-review.html>