



ONTARIO NON-PROFIT  
HOUSING ASSOCIATION

Neshalia Mohindra  
Manager, Community Housing Renewal Unit  
Ministry of Municipal Affairs and Housing  
777 Bay St., 14th Floor  
Toronto, ON M7A 2J3

February 14, 2022

**Subject: ONPHA's response to proposed regulatory amendments related to service agreements, service level requirements, and access**

Dear Neshalia Mohindra,

Thank you for the opportunity to provide input toward the proposed amendments to O. Reg. 367/11 under the *Housing Services Act, 2011* (HSA) related to service agreements, service level requirements, and access.

As you know, the Ontario Non-Profit Housing Association (ONPHA), founded over 30 years ago, 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 billion<sup>1</sup>.

ONPHA and our members strongly support the intent of the government's Community Housing Renewal Strategy (CHRS), which reflects our shared goals to stabilize and grow Ontario's community housing sector to continue providing safe, affordable housing options that meet diverse community needs. We greatly appreciate the opportunity to share recommendations and priorities from the housing provider perspective to inform the development of regulations that will help build a sustainable, efficient, and resilient community housing system.

The current regulatory amendments have been proposed with the intention of ensuring mutually beneficial relationships between Service Managers and housing providers, modernizing accountability approaches, and improving access to housing assistance for people most in need. ONPHA supports these policy objectives; however, we have some concerns around the narrow timelines under which this consultation is taking place, the vast scope of the proposed regulatory amendments within those timelines, and the limited policy direction provided by the Province to date on these three significant areas of regulatory development. To ensure that the new community housing framework contemplated through these regulatory changes can meet our shared goals, it is critical that all community housing sector partners – including housing providers, Service Managers, tenants, and sector associations – are engaged early and frequently.

Challenges and uncertainties related to the end of operating agreements and mortgages is a top priority for ONPHA and the community housing sector. Over 55% of our membership will be affected by the end of provincial mortgages by 2028, which could put 60,000 subsidized units at risk of loss or falling into serious disrepair if no action is taken. Without certainty around ongoing funding models, providers reaching end of mortgage cannot effectively and strategically plan for the future, severely compromising housing affordability across the province. As such, this regulatory development process



must safeguard public investment by protecting the system's existing units and facilitating providers' ability to leverage their assets for further growth.

Further, without accompanying and increased investment in the renewal and growth of community housing, these proposed changes will not have a substantial impact on decreasing waiting times or increasing access to affordable housing options, especially in light of the compounding, disproportionate impacts of the affordable housing crisis and the COVID-19 pandemic on Indigenous, Black, and other racialized communities, 2SLGBTQQA+ people, low/limited-income people, people experiencing homelessness, people with disabilities, women, seniors, and other marginalized groups.

Following ONPHA's previous submissions to consultations on the [Protecting Tenants and Strengthening Community Housing Act, 2020](#) and [proposed amendments](#) related to income and asset limits for rent-geared-to-income (RGI) assistance, we strongly recommend the following for each area of forthcoming regulatory change to ensure a sustainable, resilient community housing system for the future:

#### A. Service agreements must:

1. Provide a **minimum** baseline of government support for:
  - a. RGI assistance (based on 30% of household income and funded up to a **minimum** of 80% of local average market rents); and
  - b. Property tax coverage (e.g., through exemptions, subsidies, etc.) proportionate to the number of RGI units per building
2. Offer flexible, responsive options for housing providers
3. Facilitate housing providers' ability to operate in a business-like fashion
4. Protect GST/HST tax rebates for housing providers
5. Align with principles of simplification, transparency, and consistency
6. Provide an equitable accountability framework and dispute resolution approach
7. Guarantee long-term tenant stability and support
8. Ensure housing dollars stay in the housing system

#### B. Service level requirements must:

1. At a **minimum**:
  - a. Maintain the current number of RGI units in the system; and
  - b. Create opportunities for expansion
2. Explore opportunities to offer additional types of housing assistance that could be counted towards service levels
3. Provide flexibility to support tenants in moving along the housing continuum

#### C. The access system must:

1. Provide comprehensive, standardized access to all forms of available housing assistance in each Service Manager area
2. Allow simultaneous access to Special Priority Policy (SPP) applicants and other wait list applicants within service level standards
3. Promote expansion of local priorities for SPP access



Importantly, forthcoming regulations must also ensure **dedicated support for an Indigenous-led approach to urban and rural Indigenous housing** in Ontario.

Details related to our recommendations are presented below, reflecting feedback we have received from our members and sector partners through a recent ONPHA member survey, a time-limited working group with subject matter experts, direct communications with members and sector partners, and the findings from ONPHA's Solutions Lab (see below for details).

### ONPHA's Solutions Lab

As you may know, ONPHA recently concluded 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. The recently launched [Culminating Report](#) includes an overview of the Solutions Lab approach, our collective vision for the future, and our steps to taking collective action, which we have further validated with the ONPHA membership.

While each stakeholder group retains distinct perspectives and priorities, we were extremely pleased to see that the Solutions Lab revealed many areas of alignment among the diverse group of stakeholders that participated in the process, including the collective vision for the future of community housing. We strongly encourage the government and Ministry staff to engage with the findings and outcomes from the Solutions Lab, and support the collective vision and innovative approaches through this regulatory development process.

### 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 years<sup>ii</sup>. 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; and
- 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 in Ontario living off-reserve<sup>iii</sup> in the absence of a dedicated 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.



### Dedicated support for Indigenous-led housing solutions

Indigenous housing providers require greater control, autonomy, and direction over Indigenous housing to ensure successful outcomes for Indigenous communities. This rights-based approach is supported by countless reports, including the Truth and Reconciliation Commission's Calls to Action<sup>iv</sup>, the National Inquiry into Missing and Murdered Indigenous Women and Girls' Calls for Justice<sup>v</sup>, and the United Nations Declaration on the Rights of Indigenous Peoples<sup>vi</sup>; it is also being explored at the federal level as part of a national body to lead and implement an Urban, Rural and Northern Indigenous Housing Strategy<sup>vii</sup>.

Beyond providing adequate, affordable housing for Indigenous people, Indigenous-owned and operated housing also provides culturally-supportive, wrap-around services and supports that recognize and reflect the diversity of community needs. Ensuring cultural continuum in housing is critical to help address the lasting impacts of racism, colonialism, and intergenerational trauma, while also helping move Indigenous people along the housing continuum, improving health, education, and employment outcomes, and reducing overrepresentation in the health, justice, and social services systems. As such, it is critical that Indigenous people have ongoing and increased access to dedicated Indigenous housing services and supports.

Considering the depth of need facing Indigenous communities, nearly all (if not the entirety) of Indigenous housing providers' portfolios are RGI units. While this composition is important to support community needs, it also puts these providers in deeply precarious positions, with extremely limited reserve funds and flexibility for long-term planning. This lack of stability puts Indigenous housing providers and their tenants at great risk, especially considering relationships between Indigenous housing providers and Service Managers are inconsistent across the province, resulting in some providers not having access to and/or awareness of available funding.

In addition to the recommendations below, Indigenous housing providers require:

- A unique funding approach to ensure the sustainability of the units in the system and provide opportunities for growth, including dedicated funding for capital and operating expenses;
- Protection to ensure Indigenous housing units are not at risk of being absorbed/taken over by mainstream housing providers and/or Service Managers; and
- Ongoing control over tenant selection processes to ensure equitable housing access for Indigenous people.

ONPHA is currently finalizing an Implementation Plan for Indigenous-led solutions in Ontario to lay the roadmap for increasing Indigenous control over Indigenous housing and securing funding to build the required units, based directly on feedback from Indigenous housing providers. All levels of government must commit to sustainable investment in urban and rural Indigenous housing. With a commitment at the federal level to co-develop an urban, rural, and northern Indigenous housing strategy<sup>viii</sup>, Ontario should also call upon its federal counterparts to follow through on a national strategy, in addition to supporting Indigenous-led solutions in Ontario.



### A. Service agreements must:

1. Provide a **minimum** baseline of government support for:
  - a. RGI assistance (based on 30% of household income and funded up to a **minimum** of 80% of local average market rents); and
  - b. Property tax coverage (e.g., through exemptions, subsidies, etc.) proportionate to the number of RGI units per building

In 2018, ONPHA commissioned a study to examine the effects of the HSA funding formula on non-profit housing corporations in Ontario into the future. The study, undertaken by an independent auditor (CPA, CA), examined a representative sample (small, large, urban, and rural) of 12 housing providers. The analysis identified that many providers will have the resources to **either** maintain subsidized rents or cover needed capital repairs at the end of mortgage; they will not have the ability to do both, regardless of whether the total subsidy received from the Service Manager does not fall below zero (as set out in Social Housing Notification 19-01)<sup>ix</sup>.

ONPHA projects that the vast majority – if not all – of the provincial reform (Part VII under the HSA) housing projects will be unable to cover both RGI subsidy programs and necessary capital repairs within the current funding model structure when they reach end of mortgage. Further, due to negative or low cash flow, providers will have limited or no ability to service debt through private lending institutions or even through current National Housing Strategy initiatives. This will prevent them from leveraging assets to undertake vital capital repair work, let alone to expand their portfolios to increase affordable housing options for Ontarians. This will also impact decisions around potential mergers and amalgamations, as viable organizations will be hesitant to take on projects that are locked into a legislative funding model that is resulting in negative cash flow and an inability to leverage assets.

Beyond these challenges, the current HSA funding model also relies on outdated, complex indexed benchmark calculations that do not reflect today's realities. Many of our members have reported that the funding formula has never been sufficient to meet their operational and capital needs, with benchmarks failing to keep up with inflation and reflect real costs over time, including:

- Significant energy cost increases in recent years (see ONPHA's [submission](#) to the Ministry of Energy on the need for a dedicated bulk utility rate for the community housing sector);
- High costs for bedbug treatments, which have become much more frequent in recent years and were never contemplated in the initial subsidies;
- Increased service level standards, resulting in 75%+ RGI projects without adequate subsidies to meet the new targets;
- High costs for repairs (e.g., for concrete balconies and parking garages, window and roof replacements, etc.);
- High costs for interest rates (e.g., for loans under National Housing Strategy programs); and
- Significant, unanticipated cost increases and revenue loss due to COVID-19, including unintended consequences of the 2021 rent increase freeze, cumulative rental arrears, increased costs from unit vacancies, personal protective equipment, increased staffing, cleaning, and security, backlogs of maintenance and repair work, increased insurance premiums, and office retrofits.



On the other hand, average market rent (AMR) rates provide a standard, up-to-date metric that is used across other housing programs and reflect the real costs of providing housing within each local context<sup>x</sup>.

In a follow up to the 2018 study, the auditor identified that many housing providers at end of mortgage receiving solely RGI subsidies from Service Managers at 80% of AMR would still encounter negative cash flow, and thus be unable to fund a sustainable capital repair program. However, some agreements currently in place across the province (e.g., the City of Toronto's Community Housing Partnership Renewal program) provide RGI assistance at 80% of AMR with corresponding property tax rebates proportionate to the number of RGI units in the building. This model has proven to be sustainable for many housing providers, especially for those with a high proportion of RGI units in their portfolio (see recommendation #2 below for providers with different portfolio compositions who may require different levels of support).

Non-profit housing providers across the province do not currently have consistent access to property tax coverage. Some providers are fully or partially exempt, while others are being assessed and taxed far beyond their revenues. This is because non-profit providers are assessed and taxed at the same rate as multi-residential income producing ("for-profit") properties, despite the fact that their organizational mandates (and legislative requirements) keep rents well below private sector rates. Since property assessments are based on wider market trends, this issue becomes particularly problematic in situations where property values and rents are inflated due to high demand/low vacancy. For this reason, many housing providers have recently seen a dramatic spike in their property assessments. This situation will only worsen as property values and market rents continue to escalate, raising grave concerns about the long-term viability of non-profit providers.

As such, ONPHA strongly recommends that the current HSA funding formula be abolished and that forthcoming regulations ensure a ***minimum*** baseline of Service Manager support for RGI assistance, based on 30% of household income and funded up to a ***minimum*** of 80% of local AMR, along with property tax coverage (e.g., through exemptions, subsidies, or otherwise) proportionate to the number of RGI units in the building. For the majority of community housing providers, this simple and data-driven funding formula will ensure that tenants are supported sustainably and providers are able to fund needed capital repairs and responsibly plan for the long-term.

ONPHA and our members strongly believe that RGI assistance – as an income support program – must remain the responsibility of government, not housing providers. To ensure a resilient community housing system for the future, it is important to clearly define the roles of each of the major stakeholder groups. We believe that each stakeholder should:

- **Ministry of Municipal Affairs and Housing (MMAH)**: protect tenants and ensure the viability of the community housing system by setting province-wide parameters (and ultimately increase funding levels in the system in partnership with the federal government)
- **Service Managers**: fund RGI assistance, cover property tax, and ensure local systems-level coordination
- **Housing providers**: fulfill mandates to build and operate affordable housing and operate in a business-like fashion



## 2. Offer flexible, responsive options for housing providers

ONPHA's previous modelling and member consultation activities suggest that the minimum baseline requirements identified above (i.e., guaranteed RGI assistance and property tax coverage) will set the majority of non-profit housing providers – and their tenants – up for success and long-term stability. However, we recognize that there are other housing providers who will require deeper levels of support once their mortgages and agreements end. This may include:

- Smaller housing providers, who lack economies of scale to fully fund needed capital repairs (even if RGI assistance and property tax coverage are provided);
- Acquisition-rehab projects, many of which were built 50 or more years ago and are in need of significant capital investment; and
- Indigenous housing providers, whose portfolios are typically composed entirely of RGI units to meet deep community needs (see additional recommendation above on the need for dedicated support for Indigenous-led housing solutions).

For these providers, additional options should be available for negotiation with their Service Manager(s) to provide greater levels of support as needed beyond the baseline provisions set out in regulation. This could include provisions to:

- Fund greater proportions of AMR (e.g., up to 90% or 100%);
- Cover greater proportions of property tax (e.g., for the full portfolio, not proportionate to RGI units);
- Provide ongoing access to operating subsidies; and/or
- Provide access to capital funding and grants (see recommendation #3 for more information on access to capital funding).

On the other hand, some providers may currently receive Service Manager funding for RGI assistance at a rate greater than 80% of AMR. In these cases, options should be available through service agreements to ensure that housing providers do not receive an interruption in funding for RGI assistance. This could include:

- Setting Service Manager funding for RGI assistance at the greater of the current level of funding or 80% of AMR;
- Maintaining Service Manager funding for RGI assistance at the current rate until it reaches 80% of AMR; and/or
- Allowing for a time-identified phase-in period.

As such, in addition to setting minimum baseline funding requirements guaranteeing RGI assistance and property tax coverage, forthcoming regulations must also offer flexible, responsive options for housing providers and not require a one-size-fits-all-approach, in recognition of the diversity of providers across the province operating in different contexts, under different programs, and with different depths of need. To ensure this flexible negotiation environment produces equitable outcomes for all stakeholders involved – including Service Managers, housing providers, and tenants – the Province must also define mechanisms to dispute, arbitrate, mediate, or terminate service agreements if needed (see more under recommendation #5 below).



### **3. Facilitate housing providers' ability to operate in a business-like fashion**

Most of Ontario's existing stock of 260,000 community housing units was built between the 1960s and 1990s. These homes are an essential part of Ontario's housing supply and overall social and economic infrastructure, but are in need of new investment to serve future generations. The sector as a whole has accumulated significant capital reserves, but these funds are not sufficient to cover the deep level of repairs needed, and are not available to all providers.

Unlike private operators, community housing providers cannot raise rents to fund repairs and still fulfill their mandates as affordable housing providers. 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 of \$65 billion<sup>xi</sup>. 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.

As noted above, if the funding formula remains the same, many housing providers will not see the benefits of being mortgage-free and will instead experience low or negative cash flow. In this case, providers would be unable to service debt and thus unable to seek loans or pursue other opportunities to leverage their assets for renewal and development, ultimately making them more reliant on public funding and unable to plan for the long-term maintenance of their assets.

This scenario is contrary to the intent of the CHRS, which identifies the need to improve housing provider capacity to operate in a business-like manner and grow their assets. Despite operating on razor-thin margins under the current funding model, community housing providers continue to be nimble and innovative, operating with a business mindset, while providing essential services for marginalized communities. To ensure housing providers can protect their extremely valuable public assets and continue providing affordable housing for generations to come, forthcoming regulations must create the appropriate conditions (as reflected through this series of recommendations) for the sector to leverage its capacity of \$30 billion in built assets and more effectively spend money, make sound business decisions, and ultimately reduce the community housing sector's reliance on public investments.

End of mortgage will free up a significant amount of money in the community housing system, which must be dedicated towards urgently needed capital repairs and the construction of more affordable housing. However, we also recognize that these "mortgage savings" will not be realized equally across the community housing sector, nor are capital needs uniform across providers. To date, our members have identified that the current surplus-sharing model with Service Managers has been detrimental to undertaking capital repairs and planning for long-term growth. As such, we strongly recommend that forthcoming regulations:

- Ensure an equitable approach for providers to invest surplus funds in capital reserves that supports long-term planning for growth;
- Provide access to sufficient capital funding to address the significant backlog of capital repairs; and
- Guarantee that funding in the housing system is never at risk of being diverted to other competing priorities (see recommendation #8 on the need to keep housing dollars in the housing system).





Housing providers should also be encouraged and supported to pursue creative options to ensure their long-term sustainability, including:

- Implementing mixed-rent/income models;
- Exploring mergers, amalgamations, or consolidations with other organizations; and/or
- Joining community land trusts.

To facilitate these innovative approaches, community housing providers should be prioritized in the design and implementation of affordable housing supply programs and incentives. This could include land contributions, preferential financing rates, tax exemptions, development charge waivers, and community-based acquisition strategies for residential and commercial buildings in distress (see more about the need to prioritize and invest in community housing development in ONPHA's [submission](#) to Ontario's housing affordability consultation). In line with the recommendations from the recently released [report](#) of the Ontario Housing Affordability Task Force, community housing providers are also seeking a streamlined development approval process to expedite the construction of new affordable housing.

#### **4. Protect GST/HST tax rebates for housing providers**

Community housing providers reaching the end of their mortgage or operating agreement may face an additional financial impact: loss of goods and services tax (GST)/harmonized sales tax (HST) rebates. Certain kinds of non-profit housing providers are designated a "municipality" for the purposes of GST/HST. Housing providers with this designation are able to claim the public services body rebate for GST/HST paid on expenses related to their RGI units. To access the rebate, a housing provider must:

- Operate as a non-profit organization as outlined in the *Income Tax Act*;
- Provide long term residential accommodation to low- and moderate-income households; and
- Receive "government funding" to provide RGI housing.

Non-profit housing providers left without government funding at the end of their operating agreements or mortgages will lose their municipal designation. For providers that still receive some government funding, a thorough financial and tax review will be necessary. Depending on the number of RGI units in a housing provider's portfolio, the savings from the rebate are large and the financial impact of losing the designation could be significant.

As such, we strongly recommend that the Province engage with their federal counterparts to ensure that forthcoming regulations protect access to GST/HST tax rebates for community housing providers, in recognition of their ongoing commitment to provide deeply affordable housing, and to ensure their ongoing stability and long-term resilience.

#### **5. Align with principles of simplification, transparency, and consistency**

As the government has rightly identified, the current rules for community housing are complex and may discourage housing providers from continuing to participate and provide much-needed safe, affordable housing. Nevertheless, the vast majority of community housing providers have a strong desire to continue providing and expanding affordable housing for their communities: in line with their



socially-driven mandates and articles of incorporation, community housing providers have been on the frontlines providing essential services and supports to marginalized communities for the past 30 to 50 years, and intend to continue into the future.

To ensure a sustainable, resilient community housing sector for the future, all sector stakeholders are looking for a new framework that addresses the inefficiencies and instabilities built into the current, fragmented model. Service Managers and housing providers are seeking simple, easy to understand service agreements that can help create a coherent approach across the province. By incorporating the recommendations above for minimum baseline funding requirements (with flexibility as needed), forthcoming regulations will align with the CHRS key principles of simplification, consistency, and transparency.

Beyond the baseline requirements, it is critical that forthcoming regulations also guard against additional, unnecessary administration by streamlining reporting requirements. Community housing provider staff already face significant administrative burdens, especially those operating in multiple Service Manager areas who are required to administer different local rules and are bound by different reporting requirements.

Many reporting requirements also require costly professional services (e.g., audits) that can strain housing providers' already limited resources and stifle innovation. To align with the streamlined, simplified funding approach outlined above, community housing providers are seeking an **oversight system that reflects their reduced reliance on public funds**, similar to that of private sector landlords operating rent supplement programs. This approach will help to ensure providers can operate in a business-like manner and pursue opportunities to innovate, renew, and grow.

## **6. Provide an equitable accountability framework and dispute resolution approach**

Both housing providers and Service Managers are looking for service agreements that span over a sustainable, predictable term and take into consideration the 30-40 year lifespan of building and development life cycles. Further, all sector stakeholders recognize the need to build on and continue to strengthen the partnerships in the community housing sector by ensuring that service agreement negotiations ensure shared accountability, responsibility, and mutual respect between housing providers and Service Managers.

However, in the absence of clarity around the terms of the service agreements and future funding model(s), housing providers are hesitant to prescribe an appropriate term length, as they are understandably looking to guard against being “locked into” a long-term agreement that would run counter to their sustainability and resilience. To ensure an equitable and respectful service agreement negotiation, ONPHA and our members strongly recommend that forthcoming regulations:

- Provide regular, time-identified opportunities to review and amend service agreements (e.g., an annual/biennial/triennial review process);
- Clearly define mechanisms to dispute, arbitrate, mediate, or terminate service agreements, if necessary; and
- Ensure access to an objective body to manage dispute resolutions processes (e.g., an Ombudsperson or a panel of peers, including housing providers and Service Managers).



In addition, for those housing providers who will (or have already) reach the end of mortgage ahead of service agreement regulations coming into effect, it is critical that the Province clearly articulate the default option after mortgages are fully paid and discharged. To mitigate inequitable outcomes and ensure housing providers are not further disadvantaged and rendered unsustainable at the end of mortgage, we strongly recommend that Service Managers be required to fully fund RGI subsidies until a service agreement can be struck to maintain that ongoing support.

### **7. Guarantee long-term tenant stability and support**

The resounding priority for the future of community housing shared by all stakeholders is the need to maintain tenant stability and ensure long-term access to support. At a **minimum**, forthcoming regulations must ensure that tenants retain their RGI subsidies for the natural length of their tenancies, regardless of whether they remain in the same unit (e.g., if the property is sold, transferred, etc.).

In addition, it has come to our attention that for some housing providers currently exempt from property tax payments, there have been unintentional, negative impacts on their low-income tenants. The Ontario Energy and Property Tax Component of the Ontario Trillium Benefit (OTB) (administered by the Canada Revenue Agency) seeks to help low-to moderate-income Ontarians pay for energy costs, sales, and property tax. The Ministry of Finance has stated that because individuals living in property-tax exempt housing do not pay property tax directly nor indirectly through rent, they generally do not qualify for either component of the Ontario Energy and Property Tax Credit. As a result, some subsidized tenants have been forced to repay the OTB (up to \$700-\$1000 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 Province engage with its federal counterparts to ensure that forthcoming regulations protect subsidized tenants against losing access to the OTB as a result of the housing provider having access to property tax coverage.

See service level requirement recommendations below for more on the need to facilitate tenants' transition along the housing continuum.

### **8. Ensure housing dollars remain in the housing system**

It is important to underscore that community housing providers own and operate their housing stock. Almost always, their portfolios include multiple funding partners who all bear responsibility in a funding model solution.

ONPHA and our members 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, it is important that funding decisions that will impact the long-term sustainability and growth of the community housing sector are not made in haste as a result of current challenges.

Recognizing the critical and competing priorities that municipalities are tasked with, 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. As noted above, forthcoming regulations must provide strong



safeguards for “mortgage savings” realized across the sector, and ensure that the public investment in community housing is protected for system renewal and growth.

Otherwise, Ontario’s housing system would be at tremendous risk in both times of crisis (as we have seen throughout the COVID-19 pandemic) and at the discretion of local councils balancing other competing priorities, ultimately deepening the disparities across regions and in communities, while undermining the long-term investment, commitment, and partnerships between community housing providers and partners at all levels.

Similarly, it is critical that community housing assets are managed in accordance with their articles of incorporation and that all possible avenues are explored to ensure they remain under the operation of the community housing provider. As noted above, providers are keenly interested in continuing their mandates to provide affordable housing, but require a sustainable, simplified approach that ensures baseline funding, flexibility as needed, and the opportunity to innovate and operate in a business-like manner. This approach will also help to ensure long-term municipal sustainability by preventing further downloading of community housing responsibilities onto Service Managers, while reinforcing the key roles for each community housing stakeholder as noted above (in addition to other housing-related ministries, including the Ministries of Health and Children, Community and Social Services).

#### **B. Service level requirements must:**

##### **1. At a minimum:**

- a. Maintain the current number of RGI units in the system; and**
- b. Create opportunities for expansion**

In line with the recommendation above to ensure tenant stability for the long-term, it is critical that forthcoming regulations protect the existing capacity and affordability in the community housing system. Both housing providers and Service Managers strongly support the need to sustain long-term, deeply affordable housing supply to meet the diverse, growing needs of Ontarians, especially in light of the compounding impacts of the COVID-19 and affordable housing crises. With the loss of 6,500 community housing units to date<sup>xii</sup>, forthcoming regulations must ensure that no further RGI units are at risk of loss in the system and that current tenants are protected for the natural length of their tenancies.

However, it is equally important for the Province to enable the expansion of service levels for RGI assistance. The current service levels are outdated; they have not been updated in over 20 years (i.e., since community housing was downloaded from the Province to Service Managers and District Social Services Administration Boards (DSSABs)). While we have heard from our members that the service levels for RGI assistance were never adequate to meet the deep affordability needs in their communities, since that time, housing affordability has worsened considerably, with low- and moderate-income households disproportionately affected:

- 33% of Ontario renters are in core housing need (compared to 8% of owners)<sup>xiii</sup>; and
- Despite an increase in recent rental construction in Ontario<sup>xiv</sup>, 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<sup>xv</sup>.

As such, ONPHA and our members strongly recommend that forthcoming regulations for service level requirements, at a minimum, maintain the current number of RGI units in the system and create opportunities for expansion, drawing on evidence-based data reflecting known and projected community needs (see more on the need for a comprehensive community housing database in the access section below).

## **2. Explore opportunities to offer additional types of housing assistance that could be counted towards service levels**

As long as the minimum baseline provisions for service levels identified above were in place (i.e., protecting and growing the number of RGI units in the system), ONPHA members highlighted that there would be considerable benefits to broadening the range of types of housing assistance within service level standards (beyond RGI assistance and income-tested portable housing benefits). In line with the intent of the CHRS to better connect people to responsive housing assistance and supports, this approach would:

- Help more households access varying levels of housing assistance that meet their individual needs;
- Leverage existing private sector stock for more affordable housing options; and
- Potentially alleviate some of the burden on current wait lists for RGI assistance (although our members highlighted that the greatest need for housing assistance remains for deeply affordable housing – see more in the access section below).

As such, additional types of housing assistance that could be counted towards service levels could include:

- Below market rent and/or maximum shelter subsidies for households requiring a shallower level of affordability (which are not currently available in the private market);
- Other portable housing benefits (e.g., Canada-Ontario Housing Benefit); and/or
- Rent subsidies funded internally by housing providers (some of which already meet RGI criteria), which could also encourage other providers to explore opportunities to provide internally-funded subsidies where possible.

However, if forthcoming regulations enable the inclusion of additional types of housing assistance within service levels, they must adhere to the principles of simplification, transparency, and consistency identified above. ONPHA members expressed concern around additional administrative burdens associated with expanding the types of housing assistance that could count toward service levels (e.g., related to funding management, reporting, and tracking). As such, forthcoming regulations for service levels must guard against additional, unnecessary red tape and ensure a streamlined process for all parties involved, including applicants, housing providers, and Service Managers.

Importantly, the inclusion of additional types of housing assistance within service levels must not be implemented at the expense of existing RGI units, nor in place of expanding RGI units to reflect



current community needs. As outlined further in the access section below, forthcoming regulations must also encourage choice-based decision making for wait list applicants through an easy to understand, streamlined, and equitable process.

In contemplating the inclusion of additional types of housing assistance within service levels, it is critical for all levels of government to ensure that any and all types of affordable housing (from RGI to below market rent) are protected for the long-term to both maintain tenant stability and safeguard public investment in affordable housing initiatives. 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<sup>xvi</sup>.

As noted above, community housing providers are committed to providing affordable housing in perpetuity; however, affordable housing initiatives have historically favoured private developers who can provide “shovel-ready” projects, but typically cap rents for 20 years. On the other hand, 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.

### **3. Provide flexibility to support tenants in moving along the housing continuum**

While the housing affordability crisis and COVID-19 have disproportionately impacted low/limited-income households, the effects have also rippled upward, posing financial challenges for moderate-income households in the home ownership market. With down payments and mortgage payments increasingly out of reach, more moderate-income individuals and families are looking toward options in the rental market, or delaying/abandoning homeownership altogether and prolonging their stay in the rental market. Despite a provincial vacancy rate of 3.2, the average unit cost of \$1,347/month<sup>xvii</sup> means few affordable housing options are available and those with higher incomes are more likely to secure housing, further threatening affordability and increasing precarity for low/limited-income households.

ONPHA and our members strongly support the CHRS intention to improve tenants’ economic self-sufficiency and support transitions out of community housing where appropriate. However, in light of the current affordable housing crisis illustrated above, the barrier for tenants to transition into the private market is extraordinarily steep and often unattainable. As a result, tenants who no longer require RGI assistance may ultimately end up occupying an RGI unit for a prolonged period of time, simply because the barrier to enter the private market is so high.

To support tenants in moving along the housing continuum, we strongly recommend that forthcoming regulations provide flexibility for tenants to transfer into suitable housing relative to their level of need within their Service Manager area and/or within the housing provider portfolio where applicable (e.g., in mixed-income portfolios). An expanded range of housing assistance within service levels should help to facilitate these transitions, while uplifting community housing as the housing of choice.



### C. The access system must:

#### **1. Provide comprehensive, standardized access to all forms of available housing assistance in each Service Manager area**

Recognizing the current length of wait lists for RGI assistance across Service Manager areas, as well as the challenges many households face navigating multiple wait lists across the province, there is a critical need to provide comprehensive, standardized access for applicants to all forms of available housing assistance. Our members have reported that some applicants with “shallower” housing needs may apply for RGI assistance through the centralized waiting list (as no other affordable options are available to them), while others with deep housing needs do not even apply at all, assuming that they will never be able to secure a unit due to the lengthy timelines and significant supply gaps.

To create a more responsive, efficient system for applicants, housing providers, and Service Managers, ONPHA and our members strongly recommend that forthcoming regulations support the transformation of the access system into a “one-stop shop” for housing access in each Service Manager area, which could potentially alleviate some of the burden on current wait lists for RGI assistance. In addition to RGI assistance, each system could provide access to:

- Below market rent assistance;
- Maximum shelter assistance;
- Portable housing benefits (including the Canada Ontario Housing Benefit);
- Supportive housing; and/or
- Any additional types of housing assistance either currently provided or planned.

To promote choice-based decision making for applicants, each type of housing assistance available should include clear descriptions and a simple application process to ensure that applicants are able to easily navigate the system and find appropriate housing solutions that meet their individual needs. As an example, members have reported positive experiences with the Social Housing Registry in Ottawa, an independent, non-profit organization that maintains the central waiting list for RGI assistance, in addition to facilitating access to below market rent and supportive housing units<sup>xviii</sup>.

Over the longer term, ONPHA and our members strongly recommend that the Ministry of Municipal Affairs and Housing explore opportunities to further streamline housing access with other related supports and services in collaboration with other relevant ministries and sectors, such as health care, long-term care, developmental services, social assistance, and homelessness. This would help to better coordinate access for applicants with increasingly complex needs requiring a range of supports, while improving system efficiencies and ultimately saving money in other more costly public sectors (see more in ONPHA’s [submission](#) to Ontario’s consultation on Improving Supportive Housing).

Importantly, as noted above, Indigenous housing providers must retain control over their own wait lists and tenant selection processes to ensure ongoing, equitable access to affordable, culturally-supportive housing for Indigenous households.

Moreover, we wish to stress that changes to the access system alone will not have a substantial impact on decreasing wait times or increasing access to affordable housing options without accompanying and increased investment in the growth and renewal of community housing.



## **2. Allow simultaneous access to Special Priority Policy (SPP) applicants and other wait list applicants within service level standards**

ONPHA recognizes that access to housing is essential to breaking the cycle of abuse, but we do not believe that addressing this complex issue through the already overburdened and under-resourced community housing system helps to improve this situation. We believe the current approach – which mixes the policy intent to provide long-term affordable housing in stable communities with the quite separate policy intent of helping victims of violence or human trafficking with their urgent housing needs – actually reduces the ability of the housing system to achieve either of these complex goals effectively.

ONPHA has previously [advocated](#) for a unique housing program to provide households eligible for SPP designation with housing and other supports outside of the current access system. We have long-believed that SPP households would be better served through financial assistance that would allow for immediate access to a range of housing options, and that this approach would have the dual effect of relieving community housing waiting list pressures overall. We were pleased when the government introduced the provincially-funded Survivors of Domestic Violence Portable Housing Benefit Pilot and extended this to include continued funding under the Portable Housing Benefit-Special Priority Policy program.

We believe this is a critical part of the solution and strongly recommend that forthcoming regulations give Service Managers flexibility to offer housing to SPP and other waiting list applicants simultaneously within service level standards. We believe this would contribute to increasing access to housing assistance for all applicant categories, and give Service Managers the flexibility to develop responsive programs to meet local needs.

In line with our [recommendations](#) to the previous consultation on eligibility rules for income and asset limits, forthcoming regulations must also provide flexibility to guard against unintended impacts of asset limits on SPP applicants and other families undergoing separation (e.g., following the disposition of a matrimonial home).

## **3. Promote expansion of local priorities for SPP access**

In addition to survivors of domestic violence and human trafficking (currently prioritized for access to RGI assistance through the SPP program), many other marginalized groups have been disproportionately impacted by the compounding COVID-19 and affordable housing crises, including but not limited to, Indigenous, Black, and other racialized communities, 2SLGBTQQIA+ people, low/limited-income people, people experiencing homelessness, people with disabilities, women, and seniors.

To meet the diverse housing needs across the province, we strongly recommend that forthcoming regulations support and encourage Service Managers to expand their own local priority categories for SPP access. We have seen the success of such approaches in providing more equitable access by prioritizing applicants with terminal illness, applicants experiencing homelessness, newcomers, youth, and vulnerable families. ONPHA members repeatedly stressed the need to prioritize people experiencing or at risk of homelessness for access to RGI assistance.





As noted above, it is critical that Indigenous applicants can retain equitable access to affordable, culturally-relevant housing and are not at risk of being disproportionately impacted by the long wait times through centralized access systems.

To improve access over the long term, there is significant need for a comprehensive database that accurately represents the community housing system across Ontario. ONPHA and our members were glad to see the government expand its COVID-19 data collection efforts to include information on race, income, language, and household size to better understand and respond to the pandemic's impact on marginalized communities, many of whom face barriers to accessing health (including mental health) services and experience higher rates of homelessness, poverty, and social isolation.

Currently we do not have fulsome data on:

- The number of units, buildings, tenants, and staff in the system;
- The current state of repair of assets;
- The value of assets; and
- The gaps in the system, including for racialized and other marginalized groups.

With accurate and reliable data, the sector could more effectively measure and assess current service levels and access systems, leading to improved outcomes and efficiencies across the system. Building a comprehensive data system for the community housing sector is a key goal for ONPHA, and we look forward to opportunities to partner with the government to begin this critical process.

However, we continue to stress that in the absence of significant investment to renew and grow the stock of deeply affordable community housing (which could be partially facilitated through the recommendations in the service agreement section above), changes to service level and access requirements will not have a substantial impact on decreasing wait times or increasing access to affordable housing options that meet individual needs (including those on priority access lists).

Thank you for taking the time to review our submission. ONPHA and our members greatly appreciate the opportunity to share input from the housing provider perspective and look forward to ongoing engagement with the government to develop a sustainable, efficient, and resilient community housing system that better meets the needs of Ontarians.

Please do not hesitate to reach out if you would like more information about any of our recommendations.

Sincerely,

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



- 
- <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> 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](https://www.auditor.on.ca/en/content/annualreports/arreports/en21/AR_Homelessness_en21.pdf)
- <sup>iii</sup> Statistics Canada. 2018. Ontario [Province] (table). Aboriginal Population Profile. 2016 Census. Statistics Canada Catalogue no. 98-510-X2016001. Ottawa. Released July 18, 2018. Available at: <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/abpopprof/index.cfm?Lang=E>
- <sup>iv</sup> See Truth and Reconciliation Commission of Canada: Calls to Action #43, 44. Available at: <https://nctr.ca/records/reports/>
- <sup>v</sup> See Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls: Calls for Justice #1.1, 4.1, 4.6. Available at: <https://www.mmiwg-ffada.ca/final-report/>
- <sup>vi</sup> See United Nations Declaration on the Rights of Indigenous Peoples: Article #21, 23. Available at: <https://www.un.org/development/desa/indigenouspeoples/declaration-on-the-rights-of-indigenous-peoples.html>
- <sup>vii</sup> National Housing Council Working Group on Urban, Rural, and Northern Indigenous Housing. (July 2021). National Urban, Rural, and Northern Indigenous Housing & Homelessness: A Case for Support and Conceptual Model. Available at: <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/urban-rural-northern-housing-report-en.pdf?rev=af1aa8b3-2b07-403e-9ae8-b646ab5526ca>
- <sup>viii</sup> Prime Minister of Canada. (December 2021). Minister of Housing and Diversity and Inclusion Mandate Letter. Available at: <https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-housing-and-diversity-and-inclusion-mandate-letter>
- <sup>ix</sup> Find more in ONPHA's HSA funding formula issue briefing note. Available at: [http://onpha.on.ca/Content/PolicyAndResearch/COMMUNICATION\\_WITH\\_GOVERNMENT/2019/Housing\\_Services\\_Act\\_Funding\\_Formula\\_Issue\\_-\\_Briefing\\_Note\\_2019.aspx](http://onpha.on.ca/Content/PolicyAndResearch/COMMUNICATION_WITH_GOVERNMENT/2019/Housing_Services_Act_Funding_Formula_Issue_-_Briefing_Note_2019.aspx)
- <sup>x</sup> AMR rates are published annually by the Canada Mortgage and Housing Corporation (CMHC) in the Rental Market Report. However, it is important to note that AMR rates are not currently available for all regions across Ontario, as CMHC only collects data on market rent levels in areas with populations of 10,000 or more.
- <sup>xi</sup> Re/Fact Consulting. (2012). Social housing end dates in Ontario: Assessing impacts and promoting good practices. Housing Services Corporation.
- <sup>xii</sup> Ministry of Municipal Affairs and Housing. (January 2022). Community housing renewal strategy. Available at: <https://www.ontario.ca/page/community-housing-renewal-strategy>
- <sup>xiii</sup> Canada Mortgage and Housing Corporation. (2016). Core Housing Need (Census-based and NHS-based housing indicators and data). Available at: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/35/2/Ontario>
- <sup>xiv</sup> 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>
- <sup>xv</sup> 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>
- <sup>xvi</sup> Pomeroy, S. (May 2020). Why Canada needs a non-market rental acquisition strategy. Available at: [https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/#\\_ftn1](https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/#_ftn1)
- <sup>xvii</sup> Canada Mortgage and Housing Corporation. (October 2020). Ontario — Rental Market Statistics Summary by Metropolitan Areas, Census Agglomerations and Cities. Available at: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypeId=2&DisplayAs=Table&GeographyName=Ontario>
- <sup>xviii</sup> The Social Housing Registry of Ottawa. Available at: <http://www.housingregistry.ca/>