



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

Julia Douglas, Clerk of the Standing Committee on Finance and Economic Affairs
99 Wellesley Street West
Room 1405, Whitney Block
Toronto, ON M7A 1A2

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Subject: Submission to the Standing Committee on Finance and Economic Affairs on the Study of the recommendations relating to the Economic and Fiscal Update Act, 2020 and the impacts of the COVID-19 crisis on certain sectors of the economy

Dear Members of the Standing Committee on Finance and Economic Affairs,

Thank you for the opportunity to provide additional comments and recommendations related to the *Economic and Fiscal Update Act, 2020* and the impacts of COVID-19 on small and medium enterprises, including the community housing sector. We look forward to continuing to work with all levels of government, non-profit and private sector partners to kick-start economic recovery and ensure long-term community sustainability.

Founded over 30 years ago, the Ontario Non-Profit Housing Association (ONPHA) is a member funded and directed association that represents over 730 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.

In the midst of a global health crisis and economic shift, we have witnessed increased pressure across the economy, from soaring unemployment levels to fragmented infrastructure supports. Understanding the need for broad investment in order to upcycle the economy toward a stable and sustainable future, investment in social infrastructure, including housing and direct community supports, will release the economic pressure valve in the short-term, allow for construction and job creation to kick-start the economy in the mid-term and protect public investment across the healthcare, justice and social systems for long-term savings.

As we have witnessed the disproportionate impacts of COVID-19 on marginalized communities, including Black, Indigenous and other racialized communities, 2SLGBTQQIA+ people, low/limited-income people, people experiencing homelessness, people with disabilities and seniors, we understand the critical importance of long-term, sustainable housing that meets community needs. The health of our communities and their residents is directly impacted by the accessibility and quality of housing. The impacts we see today will continue to be compounded if we do not act quickly with innovative, long-term approaches to housing.



As the lifeblood of our communities, small and medium enterprises in both the non-profit and private sectors must be at the centre of recovery planning. Building on ONPHA's previous [submission](#) to this committee related to the impacts of COVID-19 on municipalities, construction and building, we are calling on the government to prioritize investments and policies that ensure the sustainability of the community housing sector, including the ability for organizations to make strong business decisions. This can be done through the following policy changes:

- 1. Direct immediate stabilization funding to community housing providers to address the current crisis and ensure long-term sustainability and growth**
- 2. Immediately enact "Good Samaritan" legislative protection for non-profit organizations to protect the sector against COVID-19 related liability claims and ensure organizations can safely and sustainably resume operations**
- 3. Protect the existing supply of community housing to avoid further losses and preserve affordability**
- 4. Prioritize investment in the community housing sector to meet the growing housing needs across the province and provide affordability for future generations**
- 5. Target rent relief supports for unemployed and low-earning tenants, prioritizing high-risk, marginalized communities, to mitigate cascading impacts of rental arrears**
- 6. Incentivize the development of purpose-built rentals and affordable home ownership options in urban, rural and remote areas to ensure appropriate housing mix that meets local needs**

ONPHA and our members are eager to continue working with the government, key stakeholders and sector partners to develop and implement innovative solutions that ensure an equitable, sustainable housing system for all Ontarians. The following pages contain details of our recommendations related to economic recovery.

- 1. Direct immediate stabilization funding to community housing providers to address the current crisis and ensure long-term sustainability and growth**

The COVID-19 pandemic has magnified the need for immediate and ongoing investment to ensure the community housing sector can safely resume operations in the short-term and strengthen its business practices for the long-term. Without direct investment, cumulative rental arrears, increased costs related to unit vacancies, personal protective equipment (PPE), increased staffing, cleaning and security and backlogs of maintenance and repair work will continue destabilizing the community housing sector beyond the immediate crisis.

As a result, many providers are beginning to redirect funding from capital reserves to support immediate operational challenges, severely threatening the sustainability of the sector for the long-



term. Meanwhile, tenants continue to face uncertainty as income supports near their expiration and employment opportunities in many sectors remain scarce.

At the same time, municipalities are facing unprecedented costs, with some considering significant reductions to essential services, including childcare, transit and homelessness services. ONPHA and our members have been extremely pleased with the government's ongoing commitment to support municipalities and community organizations through three rounds of dedicated funding through the Social Services Relief Fund, in addition to negotiating with the federal government to distribute funding through the Safe Restart Agreement.

However, with growing and diverse needs across the province, direct investment in housing has never been more necessary as the first line of defense against COVID-19. Following a [joint letter](#) from ONPHA, the Cooperative Housing Federation of Canada (CHF) and the Federation of Rental-Housing Providers of Ontario (FRPO) on economic recovery planning, we call on the government to provide immediate and ongoing stabilization funding for the community housing sector to address the current crisis and ensure long-term sustainability and growth, with investment targeted for community-identified needs.

2. Immediately enact “Good Samaritan” legislative protection for non-profit organizations to protect the sector against COVID-19 related liability claims and ensure organizations can safely and sustainably resume operations

Organizations across the non-profit sector (including community housing providers) are currently facing significant operations and sustainability challenges as a result of skyrocketing insurance costs, the introduction of contagious disease exclusions (including for COVID-19) and/or insurance coverage being revoked altogether. As a result, excessive liability burdens (e.g., claims for damages in negligence and breach of fiduciary duty) are now falling on volunteer boards of directors, who have also been working closely with their organizations to determine the continuation of operations, employee and stakeholder health and safety, status of workers as essential/non-essential and the fulfillment of contractual obligations throughout the pandemic.

In addition to increased liability burdens, our members have shared instances of COVID-19 insurance exclusions that may limit the ability of organizations, directors and officers to claim coverage for the cost of legal fees, even when they have implemented the appropriate health and safety protocols to mitigate the spread of the virus. As a result, directors and officers may be exposed personally to liability claims related to COVID-19, including both the legal costs and damages if a claim is successful.

These are significant and undue burdens to fall on volunteer boards of directors. Early indicators signal that many non-profit organizations may be faced with the resignation of entire boards of



directors as awareness of the implications of COVID-19 insurance exclusions grows. This would leave organizations, their staff and their clients in extremely vulnerable positions.

Non-profit organizations that have followed public health guidelines in good faith and provided essential services for some of the most high-risk and marginalized communities throughout the pandemic should not be subject to excessive liability and drawn-out, expensive lawsuits. Without action, many non-profit organizations may be forced to delay reopening plans or even cease their operations altogether, further marginalizing and displacing the communities that rely on their services.

Following ONPHA's [letter](#) to the Attorney General in support of advocacy led by the [Ontario Nonprofit Network](#), we call on the government to immediately enact "Good Samaritan" legislative protection to ensure non-profit organizations and their directors, officers, employees and volunteers are not liable for COVID-19 related damages if they operate in accordance with all applicable emergency and public health guidance in good faith. With precedents here in Ontario (through the [Donation of Food Act](#) and [changes to the Health Protection and Promotion Act](#)), British Columbia (through the [Protection Against Liability \(COVID-19\) Order](#)) and now in the United States Senate (through the [SAFE TO WORK Act](#)), legislative protection would ensure the broad non-profit sector can continue to provide essential services for Ontario communities during the pandemic and beyond.

3. Protect the existing supply of community housing to avoid further losses and preserve affordability

As the voice of the community housing sector, we know that access to suitable housing is a key determinant of community health and well-being. Ontario needs to ensure that existing community housing is maintained in a state of good repair and remains affordable for individuals and families with low/limited incomes (and increasingly those with medium incomes, as well). According to data from ONPHA and CHF's [Affordable Housing Plan for Ontario](#), the sector's 260,000 community housing units will need to be repaired by 2028. As essential components of Ontario's housing supply and overall social and economic infrastructure, these homes (some of which were built in the 1960s) are in need of new investment to serve future generations.

Unlike private operators, community housing providers cannot raise rents to fund repairs and still fulfill their mandates to provide affordable housing. To bring Ontario's 260,000 community housing units to a state of good repair will require an average of \$10,000 per unitⁱⁱ. This cost is significantly lower than estimated replacement costs of \$65 billionⁱⁱⁱ. Moreover, these repairs would also 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 in 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^{iv}. 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.

This year, ONPHA will be launching a series of workshops designed to engage community housing providers, Service Managers, provincial partners and other relevant stakeholders in planning for the expiration of mortgages and operating agreements, including the development of alternative funding models. Following ONPHA's [submission](#) to the Standing Committee on Social Policy on Bill 184, we call on the Province to support the implementation of this work to ensure ongoing, sustainable support for providers.

4. Prioritize investment in the community housing sector to meet the growing housing needs across the province and provide affordability for future generations

Before the COVID-19 crisis, nearly 750,000 households across the province were in core housing need^v, with over 185,000 on waiting lists for subsidized housing^{vi}. In light of the disproportionate impacts of COVID-19 on low/limited-income households, these needs are expected to grow significantly.

ONPHA and CHF's [Affordable Housing Plan for Ontario](#) shows that a minimum of 99,000 new affordable rental and supportive housing units are required by 2028 to address existing backlogs and projected need. With the community housing sector currently representing 5% of the overall housing market in Ontario^{vii}, this would represent 2% growth in the provincial housing supply and the expansion of the community housing sector by nearly 40%, which would have positive ripple effects on housing affordability for all Ontarians.

By investing in the growth and sustainability of community housing, the government can deliver both short and long-term gains for Ontario as we plan for economic 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.

Moreover, every investment in community housing ensures public dollars are used more efficiently: every \$10 invested in housing and related supports can save up to \$20 in provincial systems like healthcare, criminal justice and social assistance^{viii}. What's more, building one affordable housing unit creates up to two-and-a-half new jobs^{ix}, putting money into the hands of small-business owners and creating local, skilled trades jobs.



In order to grow overall supply, we are calling on the Province to increase support for new community housing development through an expanded toolkit of programs and policy options designed to increase access to capital, increase funding and ensure greater amounts of surplus land are available to the community housing sector. We also recommend the government support efforts in the community housing sector to grow stock through community-based acquisitions strategies for distressed and/or vacant residential and commercial buildings.

Closely related to the above recommendations, ONPHA also strongly urges the Province to prioritize the community housing sector in the design and implementation of affordable housing supply programs and incentives. Historically, these programs have 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 the community housing sector goes directly toward keeping rents affordable and ensuring that public investment will be protected and leveraged to provide affordable housing options for future generations.

As such, we recommend that the Province support the community housing sector to build new housing through upfront project development funding, prioritize non-profit developers in the design and delivery of programs and funding and support innovation and capacity-building initiatives that would help get projects off the ground faster. The community housing sector has a strong appetite for innovation and alternative approaches to development, as well as the capacity and expertise to manage complex tenant and community needs.

5. Target rent relief supports for unemployed and low-earning tenants, prioritizing high-risk, marginalized communities, to mitigate cascading impacts of rental arrears

Considering nearly half of all Ontario renters had less than one month’s worth of savings prior to the pandemic^x, housing affordability must remain a top priority as recovery planning begins. While some tenants may find some relief as employment options slowly increase, many will continue to face uncertainty and precarity, especially those in high-risk, marginalized communities, in addition to 45% of tenant households spending 30% or more of their total income on shelter (the highest rate across the country)^{xi}. To ensure tenants are supported sustainably and the ripple effect of rental arrears are mitigated for housing providers across the continuum, we strongly recommend the government target rent relief supports for unemployed and low-earning tenants, prioritizing high-risk, marginalized communities.



A variety of rent relief models have already been implemented across the country in light of Covid-19, demonstrating early success reaching households in need quickly, preventing significant arrears and requiring minimal administration (e.g., [British Columbia's Temporary Rental Supplement program](#)). In addition, we recommend the government strongly consider FRPO's proposed [Ontario Rental Assistance Program](#), which would provide flexibility to support residents with a wide range of housing needs with the goal of preserving tenancies.

Over the longer term, we need to ensure that tenants have ongoing access to sustainable supports. In ONPHA and CHF's [Affordable Housing Plan for Ontario](#), we identify that Ontario needs to add at least 99,000 supportive and affordable housing units over the next 10 years to meet current backlogs and projected demand, and that at least 311,000 additional households are in need of income supports. These numbers have likely grown considerably since the onset of COVID-19.

Experience has shown that maintaining housing affordability can be managed through both demand and supply side options. On the supply side, construction of new mixed-income affordable rental housing can ensure long-term affordability for low- and moderate-income households for generations. On the demand-side, governments have relied on rent subsidies – often known as rent supplements, housing allowances or portable benefits – which can be delivered more quickly, but do not increase the supply of affordable housing, can put additional pressure on rental markets and are only effective in markets with high vacancy rates where affordable options exist.

Therefore, ONPHA believes that Ontario must focus on both demand and supply side options to achieve affordable housing, and that government should allow local communities to respond with the tools or measures that work best in their area. There is no single solution because circumstances across the province are unique, which means the responses must also be unique and tailored to local needs.

6. Incentivize the development of purpose-built rentals and affordable home ownership options in urban, rural and remote areas to ensure appropriate housing mix that meets local needs

While COVID-19 has disproportionately impacted low/limited-income households, the effects have also rippled upward, posing financial challenges for medium-income households in the home ownership market. With mortgage payments increasingly out of reach for households who have lost employment and/or income due to COVID-19, more medium-income individuals and families are looking toward options in the rental market. However, with a provincial vacancy rate of 2.0 and an average unit cost of \$1,277/month^{xii}, few options are available and those with higher incomes are more likely to secure housing, further threatening affordability and availability, while increasing precarity for low/limited-income households.



The financial stability of jurisdictions across the province are severely undermined without a balanced mix and adequate supply of housing options. Moreover, areas outside of urban centres are in urgent need of affordable housing. Without significant economies of scale, many rural and remote regions struggle to maximize investments and build the diversity of housing needed to ensure affordability.

As such, we call on the government to build on their current Housing Supply Action Plan and incentivize the development of purpose-built rentals and affordable home ownership options across the province, including targeted investment for rural and remote areas. This will help ensure Ontario has a balanced mix and adequate supply of options across the housing continuum to meet its diverse and growing housing needs. This will have the dual effect of stimulating economic growth across the province and encouraging collaboration between the public, private and non-profit sectors. It will also provide Ontarians more affordable options to move along the housing continuum as financial situations change, which will help ensure that community housing, homelessness, health and other related sectors are not overburdened by tenants squeezed out of private rental and homeownership opportunities.

Thank you for taking the time to review our submission. The community housing sector is a natural partner to support the provincial government to develop and implement economic recovery plans that create jobs, support communities and build up our social infrastructure. ONPHA, our members and sector partners look forward to engaging with the government further to develop long-term, sustainable solutions for the housing system and ensure communities are supported equitably as the centrepiece of economic recovery planning.

Sincerely,

Marlene Coffey
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 See: 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>
- ⁱⁱⁱ See: 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
- ^{iv} See: 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
- ^v See: Statistics Canada (2017). Core housing need, 2016 Census. Available at: <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>
- ^{vi} See: Auditor General of Ontario (2017). 2017 Annual Report. Available at: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf
- ^{vii} Data from Statistics Canada estimates Ontario's total community housing stock at approximately 260,000 units out of approximately 5.2 million (or 5%) of occupied dwellings.
- ^{viii} See: Gaetz et al (2014). The state of homelessness in Canada. Available at: <https://www.homelesshub.ca/SOHC2014>
- ^{ix} Per person-years of employment. These residential construction jobs are overwhelmingly local: most are in the area where the unit is built and the rest are usually within Ontario. See: CMHC (2000). Economic Impacts of Residential Construction Research Highlight, "Socio-Economic Series, Issue 69." (Ottawa: CMHC); Dunning, W (2012). Economic and Fiscal Impacts of Residential Construction – 2012, (Ottawa: CHBA); 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). Additionally, housing providers contract-out ongoing maintenance and capital work to the private sector which puts money into the hands of small business owners and creates jobs for the skilled trades.
- ^x See: Canadian Centre for Policy Alternatives (2020). The rent is due soon: Financial insecurity and COVID-19. Available at: <https://www.policyalternatives.ca/publications/reports/rent-due-soon>
- ^{xi} See: Statistics Canada, 2016 Census of Population. Catalogue no. 98-400-X2016225
- ^{xii} See: Canada Mortgage and Housing Corporation (2020). Ontario — Rental Market Statistics Summary by Metropolitan Areas, Census Agglomerations and Cities. Available at: <https://www03.cmhc-schl.gc.ca/hmippimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypeId=2&DisplayAs=Table&GeographyName=Ontario>