



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

Ontario Non-Profit Housing Association (ONPHA)

Department of Finance

February 9th, 2024



List of Recommendations

Recommendation 1: That the Government of Canada develops a Community Housing Acquisition Fund.

Recommendation 2: That the Government of Canada introduces tax policies, incentives, and programs that enable the necessary growth of the community housing sector in Canada.

Recommendation 3: That the Government of Canada creates a mechanism such as an advisory table for the community housing sector to engage with the federal government in priority setting and decision making.

Recommendation 4: That the Government of Canada maintains sufficient financial support for federally funded community housing providers and ensure continued financial support beyond the 2028 timeline for the Federal Community Housing Initiative.

Recommendation 5: That the Government of Canada expand rental assistance and income supports such as the Canada-Ontario Housing Benefit (COHB), and the Community-Based Tenant Initiative through partnership with provincial and municipal governments to enable broad access to those most in need.

Recommendation 6: That the Government of Canada continues with funding mechanisms like the Rapid Housing Initiative (RHI), to maintain investments in programs that – in partnership with provincial governments, municipal government, and industry – enable providers to build more housing for the people who need it in their communities.

Recommendation 7: That the Government of Canada continues investments into the National, Urban, Rural and Northern Indigenous Housing Strategy to ensure sustained success.

Recommendation 8: That the Government of Canada invests in community housing to achieve cost savings in other government expenditures and prevent Canadians from entering cycles of homelessness.



February 9, 2024

Dear Minister Freeland and the Department of Finance,

Thank you for the opportunity to provide recommendations to the pre-budget consultations in advance of the 2024 Budget.

Ontario Non-Profit Housing Association (ONPHA) is the voice of non-profit housing in Ontario. Founded over 30 years ago, ONPHA is a member-funded and directed association that represents over 700 non-profit landlords and local housing corporations throughout the province. Community housing is part of the solution to Canada's housing crisis. All forms of community housing provide safe, stable, and deeply affordable housing – and already do for half a million Ontarians, mostly newcomers to Canada, Indigenous people, single parent families, seniors.

ONPHA was pleased to see the Government of Canada's commitment to an additional \$1 billion for the Affordable Housing Fund that will support the construction of new affordable housing units. ONPHA members have the expertise and ambition to deliver more affordable housing supply in their communities. We are pleased that our federal partners deliver more buying power to match those ambitions.

Ontario's housing crisis stands out as one of the most severe in Canada. Skyrocketing prices, limited supply, and an ever-widening affordability gap have left countless Ontarians struggling to achieve the dream of homeownership. We know that community housing is a fundamental part of the solution to this crisis. We see the community housing Sector as a critical piece in the government's solution to achieve long-term sustainability and housing affordability. While the government's additional funding in the affordable housing fund was a step in the right direction, further investments, policies, and programs are needed to truly put forward the solutions needed to solve the housing crisis.

Scotiabank called for a doubling of community housing in Canada, noting that we have significantly underinvested compared to other countries, resulting in a per-capita community housing stock of approximately half the OECD and G7 average, and less per-capita stock than the United States. Furthermore, the Canadian Housing and Renewal Association's (CHRA) economic impact study, it was determined that there is a causal connection between the proportion of community housing within the overall housing stock and gains in economic productivity.

Bringing Canada's community housing stock to the OECD average by 2030 would boost economic productivity by a staggering 5.7% to 9.3%. The economic benefit would increase GDP by an estimated \$67 billion to \$136 billion, without adding to inflation since gains in productivity boost our economy's ability to grow.

Tackling Ontario's housing crisis is crucial in addressing Canada's broader housing crisis, given the province's economic significance and population density. Implementing effective strategies in Ontario, by providing community housing programs with the policies and resources they need is essential for fostering nationwide stability and accessibility in housing markets. Building community housing remains a priority, however we must remember to protect existing affordable housing stock from falling into disrepair and continue supporting the operations of those providing deeply affordable homes to Canadians. Without which we run the risk of losing more community housing than we can build. ONPHA will act as a leading partner with the government in your efforts to address the affordable housing crisis, so that all your actions can be comprehensive and address



needs across the entire housing spectrum. Together, we can make a difference and ensure that everyone has access to safe, secure, and affordable housing.

Thank you for considering opportunities to heighten implementation in our shared vision and collaborative approach to building bridges.

Community Housing Acquisition Fund

Recommendation 1: Develop an Acquisition Fund that provides financial support, tools, and expertise to empower community housing providers to increase the supply of affordable housing options.

Developing the capacity of the community housing sector is a key component to addressing Canada's housing crisis, and growing the sector is essential to increasing the supply of affordable housing options. To do so, the sector requires the resources to oversee new developments and manage ongoing operations effectively. We are calling on the government to create a federal funding mechanism that will support the non-profit and supportive housing sector to acquire land and/or existing stock to increase their supply.

Although we support improving the market conditions to incentivize private development, it is understood that the shelter costs of new market housing will not be accessible to the majority of Canadians and will take years to impact affordability. While the private market delivers the majority of affordable housing today, this portion of the affordable housing stock is quickly eroding. It is crucially important to actively protect this affordable housing stock.

The distinction between "affordable to market" and "affordable to income" housing lies in their target demographics and pricing structures. "Affordable to market" housing typically caters to the general market at affordable price points, while "affordable to income" housing specifically aims to meet the needs of lower-income individuals or families by offering housing options priced below the market rate to ensure accessibility and affordability. It is important to build for Canadian demographic trends and projects.

Acquisition Fund – Strong Economic Development for Canada

As the affordable housing stock in the private sector is rapidly diminishing, Canada also has a shortage in community housing. Governments across the country are acknowledging that acquisition of existing properties is a cost-effective and efficient approach to addressing both of these critical issues. This is evidenced by BC's provincially funded \$500M acquisition fund and the City of Toronto's new commitment of an additional \$100 million for their Multi-Unit Residential Acquisition Program. This model preserves affordable housing and is cheaper and faster than building new affordable units.

Canadian Housing and Renewal Association's Acquisition Fund Proposal

ONPHA endorses the Canadian Housing Renewal Association's Canadian Housing Acquisition Fund. The CHRA is calling for an Initial Federal Investment in the Canadian Housing Acquisition Fund over two years, this includes: \$2.5 Billion in low-interest loans, to be administered through the Fund and \$500 Million of Government contributions, delivered as grants through the Fund. This is to be leveraged with \$400-600 million private social impact investment and provincial, territorial, and municipal support.



A national acquisition fund will protect at least 10,000 affordable homes within 2 years, with the opportunity to scale to 100,000 homes by 2034, stabilize rents and protect tenancies for over 20,000 Canadians within two years and recapitalize \$1 billion in new market housing supply across Canada. Buying existing stock at reduced rates compared to building new, protects long-term affordability.

Policies, Incentives and Programs for the Growth of the Community Housing Sector

Recommendation 2: That the Government of Canada introduces tax policies, incentives, and programs that enable the necessary growth of the community housing sector in Canada. This includes favorable low-cost loans for construction and reducing the capital gains tax and sales tax during sale of a property to a community housing provider. In addition, preferred insurance rates and carbon tax rates should be accessible to providers who meet affordability targets.

As the housing crisis continues to intensify in Canada, and the dream of home ownership drifts further away from reality, ONPHA has been exploring innovative ways to address the housing affordability challenge. Given the magnitude of the housing crisis in Canada it will take a collective approach between the private and non-profit sector to work towards creating meaningful solutions.

To tackle this challenge head-on, we are advocating for the government to implement new policies, incentives and programs that support the much-needed growth in community housing. In addition to the property acquisition model, the community housing sector must also contribute to the development of new housing. An efficient and cost-effective approach to this is incentivizing the private sector to make newly developed properties available to the community and non-profit housing sectors. By doing so, we can ensure that this new housing stock remains affordable in the long run and is expertly managed and owned by entities deeply committed to assisting marginalized and vulnerable individuals.

The Case for Ontario

Ontario alone has over 700 non-profit housing providers who have ambitions and interest in delivering more in their local communities. However, due to economic conditions they have a lack of capacity to finance the construction of new affordable housing. Removing land costs by developing on land already owned by community housing providers, as well as improving funding options, the community housing sector can also deliver on the construction of tens of thousands of cost-reduced units.

The community housing sector is ready to tackle the housing crisis alongside the Government of Canada. Through ONPHA's recent sector survey: *Unlocking Opportunity and Activating Growth in the Community Housing Sector*, our members have overwhelmingly indicated that there is a strong willingness and capacity to build more deeply affordable housing units on community housing land if capital funding is made available. More specifically, 76% of community housing providers surveyed reported they had capacity to build on their own land.

Utilizing existing land and infrastructure for building new housing stock not only reduces development timelines but will also lead to further collaboration between different orders of government, the private sector, and the non-profit sector. This approach enables governments to reach their targets efficiently,



provides the private sector with opportunities to generate capital to build more housing, empowers the non-profit sector to protect housing stock, and allows increased affordability for the public.

The country acknowledges that Canada needs to expand its supply of community housing. To accommodate this, reducing operational expenses would enable community housing providers to invest in growth and achieve capacity to manage more housing. Community housing providers have shared with ONPHA that taxes such as the Carbon Tax strain their capacity to manage their existing portfolio. We recommend community housing providers who meet affordability targets receive exemptions or rebates on the Carbon Tax and preferred insurance rates.

Advisory Table for The Community Housing Sector

Recommendation 3: Create a mechanism such as an advisory table for the Community Housing Sector to engage with the federal government in priority setting and decision making.

It is critical that the federal government facilitates an environment for industry experts and policy leaders of the community housing sector to collaborate and work together on advancing affordable housing in Canada. The establishment of an advisory table provides a platform for collaboration, informed decision-making, and a more inclusive strategy to tackle affordable housing challenges.

Consistent and ongoing dialogues between stakeholders from the community housing sector, development community, urban planners, and the federal government are essential to staying on-top of the sector's evolving landscape. These environments promote innovative solutions, through the unique expertise of each stakeholder. The dynamic nature of the community housing sector requires adaptable policies and programs that can efficiently build on previous initiatives and introduce new ones as needed. An open forum for dialogue ensures that the government remains responsive to the current needs and challenges faced by the community housing sector while tapping into the expertise of each key housing player.

Adopting a "Team Canada" approach emphasizes the need for a unified effort from all stakeholders, including the federal government, to develop effective solutions for the housing crisis. Recognizing Ontario's critical role in this context emphasizes the importance of regional perspectives and cooperation in addressing the diverse challenges within the country.

At the advisory table, the Government of Canada can enhance housing solutions through collaborative endeavors, accelerating development by tapping into the land assets owned and managed by the non-profit sector and leveraging private sector capital to add within the housing continuum. This proactive approach will significantly broaden housing options, particularly for those most in need.

Federal Community Housing Initiative

Recommendation 4: Maintain sufficient financial support for federally funded community housing providers and ensure continued financial support beyond the 2028 timeline for the Federal Community Housing Initiative.



ONPHA was encouraged to see the introduction of the Federal Community Housing Initiative within the National Housing Strategy (NHS) to maintain stable support through to 2028. We encourage the federal government to continue with this support either through new operating agreements, or continued financial supports through other assistance programs beyond the current timeline of 2028 so that providers are working with some certainty about their long-term financial futures and the operating conditions they must maintain.

Expand Personal Support Programs

Recommendation 5: That the Government of Canada expand rental assistance and income supports such as the Canada-Ontario Housing Benefit (COHB), and the Community-Based Tenant Initiative through partnership with provincial and municipal governments to enable broad access to those most in need.

While new affordable and supportive housing options are critical to meet the diverse, growing needs across the country, urgent support is required for people experiencing homelessness or who are increasingly at risk of homelessness. In Ontario, 45% of tenant households spend more than 30% of their total income on shelter (the highest rate across the country). On any given night, at least 9,600 Ontarians experience “visible homelessness” (e.g., using the shelter system), with an estimated 90,000 Ontarians experiencing this type of homelessness throughout the course of a year.

Our sector collectively serves many of Canada’s most vulnerable people, as our system provides a productive alternative to other tax-supported systems like healthcare and justice. With this in mind, we encourage the federal government to introduce mechanisms and policies that provide vulnerable people with a sense of security and stability in their access to affordable housing. ONPHA was delighted to see the government introduce several accessible emergency income supports at the onset of the pandemic including financial supports like the Canada-Ontario Housing Benefit (COHB), and other complementary programs such as the Community-Based Tenant Initiative.

ONPHA was pleased to see the Government of Canada’s recent commitment to an additional \$99 million into the Canada Housing Benefit. We encourage the continuation and expansion of these supports through partnership with provincial and municipal governments to enable broad access to those most in need.

Rapid Housing Initiative

Recommendation 6: Continue with funding mechanisms like the Rapid Housing Initiative (RHI), to maintain investments in programs that – in partnership with provincial governments, municipal government, and industry – enable providers to build more housing for the people who need it in their communities.

The Rapid Housing Initiative has been successful in creating new, permanent affordable housing for people and populations who are vulnerable. With over 2,800 units approved and opened to-date in Ontario, we call on government to maintain investments in programs that – in partnership with provincial governments, municipal government, and industry – enable community housing providers to build more housing for the people who need it in their communities. Acquisition and growth funds will help the Government of Canada reach their housing targets quicker.



Indigenous Housing

Recommendation 7: Continue investments into the National, Urban, Rural and Northern Indigenous Housing Strategy to ensure sustained success.

ONPHA was pleased to see the Government of Canada's \$4 billion commitment into the development and implementation of a National, Urban, Rural and Northern Indigenous Housing Strategy. Although the commitment marks a significant stride in the right direction, it is evident that additional investments are imperative to fully support the construction and delivery of housing for Indigenous communities and commence the vital task of bridging the inequity gap.

According to the Cost Analysis of Current Housing Gaps and Future Housing Needs in First Nations report by the Assembly of First Nations (AFN), there is a requirement of \$60 billion by 2040 to address housing disparities (\$44 billion for current deficiencies and \$16 billion for future needs) and to achieve housing standards comparable to those of the majority of Canadians. We are calling on the government to increase funding in the 2024 budget beyond the committed funding, to meaningfully address the Indigenous housing gap. Indigenous housing leaders have already been working closely with government on solutions. They are the experts. We recommend that the government continue to work with them to co-design solutions and ensure appropriate, easy-to-access funding.

We know that adequate community housing addresses many of the socio-economic issues disproportionately impacting Indigenous people. 85% of Indigenous people in Ontario live off-reserve, of which 18% are in core housing need. In the current system, Indigenous housing providers face significant barriers to success, including limited access to funding, and administrative and legislative red tape. This has led to tremendous backlogs as the demand for Indigenous housing options continues to increase.

ONPHA's Urban and Rural Indigenous Housing Plan for Ontario identifies gaps, opportunities and benefits to building subsidized off-reserve Indigenous housing. The Plan was developed by an Indigenous-led team and follows a For-Indigenous, By-Indigenous (FIBI) approach. Indigenous housing providers from across Ontario participated in the development of the Plan.

The plan presents six of the following recommendations:

- Set out a 10-year housing program to build 22,000 subsidized Indigenous-owned and operated units to address core housing need,
- Provide a support plan to encourage Indigenous people to move along the housing continuum.
- Develop support programs and ensure cultural continuum.
- Engage the Indigenous community housing sector to leverage opportunities to increase Indigenous control, management, vision, and direction in the sector leading towards the implementation of the plan.
- Develop a comprehensive database of the Indigenous community housing sector.
- Leverage opportunities to engage the private sector through the use of subsidies and incentives.



Although the plan identifies the need, benefits, and savings of building affordable urban and rural Indigenous housing in Ontario, its success ultimately requires strong partnerships and continued engagement with Indigenous, federal, provincial, and municipal partners to determine how best to resource and implement the plan. ONPHA looks forward to bringing all partners together to ensure the plan's success.

Preventing Homelessness

Recommendation 8: Invest in community housing to achieve cost savings in other government expenditures and prevent Canadians from entering cycles of homelessness.

Marginalized and vulnerable communities continue to be the most impacted by the housing crisis, including Black, Indigenous, and other racialized communities, 2SLGBTQIA+ people, low/limited- income people, people experiencing homelessness, people with disabilities and seniors. The housing affordability and cost of living crisis we are facing across the country has put marginalized Canadians at further risk of homelessness.

Due to the inadequate stock of social housing, more Ontarians have little to no options along the housing continuum. Cities across Ontario are experiencing rapid increases in homelessness (e.g., the City of Toronto has seen more than a doubling in chronic homelessness since 2018 and there were 10,500 actively homeless in the last 3 months), meanwhile the rate of individuals transitioning out shelters.

With federal investments into community housing, the Government of Canada can save provinces millions of dollars a year in diversion from emergency rooms, temporary shelters, social services, and the justice system. In fact, every \$10 spent on community housing leads to \$20 of savings in other social expenditures.

By adequately investing in community housing, the federal government can alleviate the strain and costs placed on the stretched healthcare and justice systems in Canada. The upfront investments will not only lead to advanced economic outcomes but will also save the government in long term costs in social services.

The chart below demonstrates the strong return on investment:

<i>Sheltering Options for Homeless</i>	<i>Cost per Day in Ontario</i>	<i>Cost per Week in Ontario</i>	<i>Cost per Month in Ontario</i>	<i>Cost per Year in Ontario</i>
<i>Social housing (Household)</i>	\$20	\$153	\$613	\$7,356
<i>Shelter</i>	\$70	\$525	\$2,100	\$25,200
<i>Long-term care</i>	\$132	\$992	\$3,969	\$47,628
<i>Ontario provincial prisons</i>	\$388	\$2,906	\$11,625	\$139,500
<i>Hospital</i>	\$450	\$3,375	\$13,500	\$162,000

****This chart shows the total number, we recognize individuals are in and out of hospital/shelter systems and likely not there for 365 days a year.***



Conclusion

The Government of Canada plays a vital role in addressing Ontario's housing crisis by implementing strategic policies, allocating resources, and fostering collaboration with provincial and municipal partners. We see the community housing sector as a critical piece in the government's solution to achieve long-term sustainability and housing affordability. Given that the land and infrastructure is already in place, the community housing sector can mobilize quickly, with capital resources. Based on a recent ONPHA survey, there is enough land owned in the community housing sector to unlock our target of 99,000 over 10 years. With adequate capital and resources, the community housing sector has indicated it could meet the target faster and shorten the delivery to 48 months. ONPHA is eager to work alongside the Government of Canada as a leading partner in your efforts to address the affordable housing crisis in Ontario.