

**Ontario Non-Profit Housing Association (ONPHA)**

Written Submission to the Standing Committee on Finance for the 2025 Pre-Budget Consultations

August 2<sup>nd</sup>, 2024



## List of Recommendations

**Recommendation 1:** That the Government of Canada expedite the implementation of the Urban, Rural, and Northern Indigenous Housing Strategy.

**Recommendation 2:** That the Government of Canada expand the eligibility of the Canada Rental Protection Fund to allow non-profit housing providers to acquire existing rental properties, individual units within existing rental properties, and/or within condominium buildings to bring new affordable housing stock into the system as quickly as possible.

**Recommendation 3:** That the Government of Canada provide tax exemptions and preferred rates to non-profit housing providers to lower operating costs and position the sector for future growth.

**Recommendation 4:** That the Government of Canada scale funding for non-profit housing providers in accordance with population growth.

**Recommendation 5:** 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.



Dear Members of the Standing Committee on Finance,

Thank you for the opportunity to provide recommendations to the pre-budget consultations in advance of the 2025 Budget. We look forward to continuing to work with all levels of government, non-profit, and private sector partners to address the ongoing housing crisis.

The 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. ONPHA provides safe, affordable, and stable housing for half a million Ontarians along the housing continuum.

Canada is in a housing crisis. Skyrocketing prices, limited supply, and an ever-widening affordability gap have left countless Canadians forgoing the dream of homeownership. Homelessness too has increased, and downtown streets have become full of encampments, deterring foot traffic and hindering local businesses. Community housing is the only solution to this crisis.

Community housing is the bridge between homelessness and homeownership, and without the appropriate supply of housing along the housing continuum, a true solution to the housing crisis cannot be accomplished. Adequate funding and removal of red tape and operating barriers are essential to unlock the community housing sector and increase the supply of non-profit housing that is desperately needed across Canada.

To address the homelessness and housing crisis, and upcycle the economy towards the future, more policy support and investments are needed. Investments in affordable housing along the continuum and coinciding community supports will release the economic pressure 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.

We appreciate that the Government of Canada has made substantial investments in housing in recent years. However, we recommend the government target its investments towards non-profit housing providers to level the playing field with private developers and instill long-term sustainability for community housing in Canada. We are eager to work alongside the Government of Canada to prioritize investments in community and non-profit housing through the recommendations introduced below. These have been developed based on our network and experience working in Ontario's and Canada's housing sectors.

Sincerely,

Marlene Coffey, MA, MAES, MCIP, RPP

Chief Executive Officer, ONPHA



## **1. Expedite the implementation of the Urban, Rural, and Northern Indigenous Housing Strategy**

ONPHA was pleased to see the Government of Canada's \$4 billion commitment to develop and implement an Urban, Rural, and Northern Indigenous Housing Strategy and the establishment of a new National Indigenous Housing Centre. Although the commitment marks a significant stride in the right direction, implementation of the program has been slow which has only exacerbated the housing crisis for Indigenous peoples across Canada. As a result, urgent action is needed to ensure Indigenous people can find and access stable and affordable housing.

It is also evident that additional investments are needed to fully support the construction and delivery of housing for Indigenous communities both on and off-reserve and commence the vital task of addressing the significant housing gap that currently exists between Indigenous and non-Indigenous Canadians. ONPHA's Urban and Rural Indigenous Housing Implementation Plan noted that in Ontario, 85% of Indigenous people lived off-reserve, of which nearly 20% were in core housing need. Despite this, we know that adequate community housing is critical in addressing many of the socio-economic issues disproportionately impacting Indigenous peoples.

In the current system, Indigenous housing providers face barriers to success, including limited access to funding and navigating administrative red tape. This has led to tremendous backlogs as the demand for Indigenous housing options continues to increase well beyond the available supply. ONPHA is calling on the federal government to continue working with Indigenous housing leaders to co-design programming and increase funding in Budget 2025, beyond the initially committed funding.

## **2. Expand the eligibility of the Canada Rental Protection Fund to allow non-profit housing providers to acquire existing rental properties, individual units within existing rental properties, and/or within condominium buildings to bring new affordable housing stock into the system as quickly as possible.**

ONPHA is encouraged by the federal government's interest in launching a fund to help non-profit housing providers access capital to acquire rental units and preserve stable rents. Since 2020, our organization has advocated to both the federal and Ontario governments for a sector-specific fund to sustain and grow the community housing sector, and we are eagerly anticipating the launch of this important initiative.

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.



The upcoming Canada Rental Protection Fund will help provide the means for non-profit housing providers to compete in the market and acquire rental stock where affordability will be preserved.

ONPHA is therefore calling on the federal government to quickly implement the Canada Rental Protection Fund and ensure its design is informed by the advice and expertise of the community housing sector.

In addition to launching the new Rental Protection Fund, ONPHA has also advocated for certain flexibilities in the program design that would ensure success in higher-demand urban areas where affordable rental stock is quickly disappearing. This includes the ability for non-profit housing providers to use funding to acquire individual units or a group of units within apartment or condominium buildings (i.e., acquire an entire floor within a larger apartment building with the remainder of units being owned separately).

Flexibility will provide many benefits. It would allow non-profit providers to acquire available units more quickly rather than waiting for an entire rental building to be listed for sale. Acquiring full buildings can be challenging given competing market forces, with available inventory of full buildings for acquisition likely comprising those with smaller unit counts and in poorer overall condition. This flexibility could also be used to acquire a portion of the growing number of vacant condominium units from builders that are currently sitting on the market in major urban areas like the Greater Toronto Area.

### **3. Provide tax exemptions and preferred rates to non-profit housing providers to lower operating costs and position the sector for future growth**

The community housing sector is hindered in its ability to expand and serve the needs of new households due to ever-increasing operational costs. The combined pressures of taxes and the high price of insurance has made expansion of non-profit housing portfolios nearly impossible, while operations of current portfolios have become increasingly challenging to maintain. As non-profit housing providers serve some of Canada's most vulnerable populations, they work with very tight margins and high operational costs due to the complex needs of some tenants and the required wrap-around supports for successful tenancies. Any external increase in operating costs has a tremendous impact. Taxes, red tape, and rising insurance costs can have a significant impact on a housing provider's bottom line and impede their ability to adequately house Canadians.

ONPHA is therefore calling on the federal government to exempt the community housing sector from the carbon tax to provide some operational relief.



Community housing providers cannot afford to pay increased energy costs to operate their portfolios. The carbon tax increases costs for non-profit housing providers. The money going towards the carbon tax would be better spent expanding their non-profit housing portfolio and housing more of the country's most marginalized Canadians amidst a growing housing crisis.

ONPHA is also calling on the federal government to eliminate the capital gains tax on housing units and buildings sold into the community housing sector.

Eliminating the capital gains tax on properties that are sold into the sector will help incentivize the sale of market housing into the non-profit housing sector and provide a discounted purchasing price for community housing providers due to the tax savings for the seller. We know that the community housing sector in Ontario is struggling to compete with large developers and investors in buying land and buildings that are for sale. By eliminating the capital gains tax for individuals, entities, and organizations selling their land or housing assets into the community housing sector, the federal government can help level the playing field and provide an opportunity for non-profit housing providers to compete with the access to capital of the private sector.

Last, ONPHA also calls on the federal government to take action and lower insurance costs for the community housing sector.

There is currently a lack of competition and choice of insurance for non-profit housing providers in the marketplace. As such, non-profit housing providers pay exorbitant amounts of money on insurance, resulting in providers absorbing operating deficits and requiring further government funding to remain afloat. By taking action in the form of breaking up the insurance oligopolies or providing the non-profit housing sector with a viable alternative for preferred rates, the federal government can save community housing providers money that will be reinvested in housing more Canadians.

Through both tax exemptions and preferred rates for insurance, the federal government can help provide much needed relief to community housing providers, who can then reinvest these savings to serve more Canadians and improve their operations.

#### **4. Scale funding for non-profit housing providers in accordance with population growth.**

As the population of Canada continues to grow at a rapid pace, it is important that consideration be paid to funding the community housing sector properly to account for this growth. Over the past year, Ontario's population has grown by over 500,000, representing a 3.4% increase in the province's population. Despite a 3.4% increase in Ontario's population, and a significant increase in the costs of construction due to inflation, federal housing funding to the province has remained stagnant. It is



essential that housing funding and housing supply (particularly rental) increase at a faster pace to mitigate against a worsening housing crisis.

In addition to broad population growth, Canada is also experiencing a significant demographic change with the population continuing to age, placing increased pressure on services for seniors including housing supports. As a result, the community housing sector is burdened with greater demand for services, while also struggling with increased operational costs and costs of construction. Without an increase in funding from the federal government to satisfy the increased demand for housing, the housing crisis in Ontario will only continue to grow and persist.

ONPHA is therefore calling on the federal government to review its current allocation of affordable housing funding to the provinces and increase these amounts to account for changes in Canada's population, particularly for high-growth regions like Ontario.

**5. Establish an advisory table for the community housing sector to engage with the federal government in priority setting and aid in decision-making.**

ONPHA recommends the federal government establish a housing advisory table between government officials and the community housing sector to provide a platform for collaboration, informed decision-making, and a more inclusive strategy to tackle affordable housing challenges across the country.

Consistent and ongoing dialogue between stakeholders from the community housing sector, development community, urban planners, and the federal government is essential to staying on top of the sector's evolving landscape and needs. These environments promote innovative solutions, through the unique expertise and operating realities of each member. An open forum for dialogue ensures that the government remains responsive to the current needs and challenges faced by the sector while also understanding the unique operating realities and best practices of each jurisdiction within Canada.

At an advisory table, the federal government could 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.