

Attn: Amarjot Sandhu, MPP, Chair & Julia Douglas, Clerk
Standing Committee on Finance and Economic Affairs
Room B-304, Whitney Block
Queen's Park, Toronto, ON M7A 1A2
comm-financeaffairs@ola.org



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RE: ONPHA'S Recommendations for the 2020 Budget

Dear Mr. Sandhu & Ms. Douglas,

The Ontario Non-Profit Housing Association (ONPHA) represents over 700 community housing landlords. Our sector owns \$30 billion in built assetsⁱ, and provides affordable housing for over 400,000 Ontarians. Given this, we are uniquely positioned to drive efficient and effective housing solutions that will address affordability challenges while simultaneously saving the government money.

The government has committed to creating jobs, putting more money in peoples' pockets, restoring trust in government and reducing hospital wait times.

Strategic investment in the community housing sector can help achieve these goals by:

- **Creating employment:** Developing one affordable unit generates two to two-and-a-half jobs.ⁱⁱ Each \$1M invested in residential housing creates 12 local jobs.ⁱⁱⁱ
- **Increasing disposable incomes:** When people have affordable housing they have more money to spend on local goods/services.
- **Using public dollars more efficiently:** Investment in housing will reduce rising costs in other costly provincial program areas and sectors: healthcare, justice, shelter and social assistance.^{iv}
- **Improving health outcomes:** Investment in housing improves population-level health outcomes, reducing healthcare system burdens.^v

There is an affordable housing crisis in Ontario, and timely effective action is needed to address the challenges faced by families across the province who cannot afford the cost of housing. ONPHA estimates that a minimum of 99,000^{vi} new affordable rental homes and supportive housing units are required over ten years to address existing backlogs and projected population growth in core housing need. We are ready to work with our members, the Province, and other partners to propose bold solutions and work to make life more affordable for Ontarians.

Recent commitments through the Ontario government's Community Housing Renewal Strategy establish objectives around sustaining and expanding the supply and mix of quality housing, helping tenants live in housing that supports their participation in the community



and increasing system efficiencies by removing red-tape and supporting providers with coordination and sustainability. The Province of Ontario has equally made commitments through the Housing Supply Action Plan to facilitate the development of new housing through a streamlined approvals process, more predictable development costs, improved incentives for rental housing, a housing mix that meets the needs of Ontarians and support for innovation and creativity in the housing sector.

ONPHA's membership recognizes the need to modernize, renew and sustain the sector in order to support innovative solutions to housing challenges. The sector requires support to professionalize, enhance skillsets, improve data and establish common standards. Over the next three years, ONPHA will lead sector transformation through an integrated system's approach to community housing. This will include the development of a member-, sector-, and industry-driven Centre for Housing Excellence to solve complex housing problems for the sector's long-term success, sustainability and growth. Through this initiative, ONPHA will be looking for support and partnership from government in leading the sector to improve quality and save money that can be re-invested to sustain and expand Ontario's affordable housing sector.

Supporting ONPHA's Centre for Housing Excellence initiative to lead sector transformation and build capacity will lead to long-term growth and support the government's stated objectives to:

- **Sustain and expand housing supply:** Developing a performance-based, system-wide housing plan will lead to accelerated supply, repair and supports for the sector's overall performance and investment.
- **Ensure integrated and efficient system planning, innovation and collaboration:** Providing support to professionalize, enhance skillsets, improve data, and establish common standards across the community housing sector, as well as to develop new and enhance existing cross-sectoral partnerships will strengthen the sector's capacity to respond to diverse and emerging needs.
- **Create opportunities for successful tenancies:** Developing action plans, resources and capacity-building initiatives (such as integrated strategies for supportive housing and for Indigenous populations) will help address identified gaps.

With the implementation of a National Housing Strategy (NHS) underway at the federal level, a unique opportunity exists in Ontario to leverage new funds and pathways toward the creation of new housing and the preservation of existing community housing units. Recognizing the Province of Ontario's critical role as a provincial partner, ONPHA calls on the provincial government to continue its work with the Government of Canada to roll out as many NHS programs in Ontario as is feasible at the earliest possibility. With these shared



objectives in mind, ONPHA has six specific recommendations for the 2020 Provincial Budget:

1) Support sector sustainability and transformation

Ontario's devolved community housing sector has inconsistent resource and capacity levels and is increasingly complex to manage. Community housing providers must navigate changes to rent-geared-to-income (RGI) calculations, end of mortgages and operating agreements, complex tenant issues related to increased mental health and addiction challenges and an aging population, in addition to higher maintenance and renewal costs for aging infrastructure.

Challenges and uncertainties around the *Housing Services Act* funding model are a top priority for Ontario's provincial reform housing providers, with 55% of ONPHA's membership affected by the end of provincial mortgages in the next ten years. If no action is taken, we project that 1,200 non-profit housing projects currently operating tens of thousands of units could be at eventual risk of loss or falling into serious disrepair, resulting in an estimated loss of 60,000 subsidized units for the system.^{vii} Without certainty around ongoing funding models, providers reaching the end of mortgages cannot effectively and strategically plan for the future. ONPHA members have identified the need for support in navigating challenges and identifying new opportunities to maintain and expand affordability in their portfolios. Concerns are shared across the sector around the loss of any community housing stock and RGI units, which will only serve to worsen the current affordable housing crisis in Ontario.

Capital investment is also required to maintain current housing stock within the system. A shortfall of \$2.6 billion in capital repair needs is estimated across the Province, a sound investment in light of the contrast of replacement costs at today's prices, which are estimated at \$65 billion.^{viii} Capital renewal presents opportunities for providers to conduct accessibility and energy retrofits to manage their ongoing operating costs, although the scope of these costs and the complexity of many administrative requirements to meet accessibility and environmental standards represent an undue hardship for many smaller providers.

ONPHA commends the government on its forward-thinking approach to modernizing, renewing and sustaining the sector. We are grateful that ONPHA and many of our members had the opportunity to contribute to the Ministry's consultations on the new Community Housing Renewal Strategy and the Housing Supply Action Plan. ONPHA equally supports the new provincial and federal governments on their cost-matched investments through the National Housing Strategy.

With that said, we request that government facilitate further discussion with all community housing stakeholders, including providers and Service Managers, to identify strategies to manage the transition for providers at the end of mortgages and operating agreements.



Government should equally engage the sector in creating the appropriate conditions for the sector to leverage its capacity of \$30 billion in built assets^{ix} in order to more effectively spend money, make sound business decisions and ultimately reduce the community housing sector's reliance on public investments. ONPHA strongly believes it is in the public interest to maintain current amounts of investment in the community housing system to ensure the affordability of housing for Ontarians over time.

ONPHA is particularly well-positioned to support these conversations, with our members housing close to half a million people in 170,000 homes across 220 Ontario communities. We call for the Government of Ontario to work with ONPHA in coordinating engagement, leading the collection of critical data required for effective planning and to track the system performances and changes over time. We look forward to continuing to support the government in protecting and expanding affordable housing options over the long-term, incenting non-profit providers to stay in the system and improving the capacity of providers to operate in a business-like manner.

2) Commit to an Urban and Rural Indigenous Housing Plan for Ontario

Ontario has recognized its responsibility to reconciliation with Indigenous peoples. But true reconciliation cannot happen while Indigenous peoples continue to experience disproportionate levels of poverty, core housing need^x and homelessness^{xi}. Coupled with the disproportionate representation of Indigenous populations in core housing need, the growth and increasing urbanization of indigenous populations^{xii} have been major drivers for an urban and rural Indigenous housing strategy for Ontario.

Over the past several months, ONPHA has been working to develop an Urban and Rural Indigenous Housing Plan for Ontario. Through this research, we have determined that Ontario has a shortage of approximately 22,000 deeply affordable Indigenous community housing units.^{xiii} The cost of creating these units is estimated at \$730 million annually over 10 years (\$7.3 billion total). These costs would be recovered nearly twice over by the lifetime savings associated with providing housing to Indigenous households in core housing need.^{xiv} Moreover, building these units will create an estimated 9,529 jobs over 10 years and generate an estimated \$3.8 billion boost to the provincial economy.

Factors including low turnover in housing and limited availability of affordable alternatives results in backlogs and long waiting lists for Indigenous housing. Moreover, unless current levels of investment are sustained or increased, the sustainability of Indigenous housing providers, who manage vital culturally appropriate housing, is at risk as operating agreements come to an end.

ONPHA strongly believes government must leverage the skills, capacity and expertise of Indigenous communities to determine what is needed and co-design solutions, in addition to

providing adequate funding streams through an Indigenous Housing Strategy, with a strong focus on addressing the needs of Indigenous populations living in urban and rural settings. Indigenous housing leaders have already been working with government and are eager to continue this relationship. For example, we commend the work that the Province is doing through the new Rural and Urban Indigenous Housing program, which will invest \$8 million over five years to help create and maintain 1,500 Indigenous housing units in partnership with Ontario Aboriginal Housing Services.

ONPHA has been embarking on the development of a forthcoming Urban and Rural Indigenous Housing Plan for Ontario, under the direction of its Urban Aboriginal Housing Advisory Committee and partners. We hope to engage with government on our recommendations and to support the Province in developing tools and strategies to execute the plan's objectives. ONPHA equally calls on the provincial government to champion the federal government's commitment to develop a distinct national urban and rural Indigenous housing strategy, which will be critical in addressing the gaps in housing for Indigenous communities in Ontario and across Canada.

3) Invest in an integrated approach to supportive housing for Ontario

Currently Ontario has less than half of the supportive housing required for mental health and addictions, with waitlists for units ranging up to seven years across the province and an estimated minimum of 30,000 new supportive housing units required in Ontario to meet this need.^{xv} Moreover, recent supportive housing investments have typically focused on mental health and addictions. While vitally important and necessary, there is also a pressing need to look at the integrated provision of supports for seniors to age in place, and supports to individuals with physical, developmental and cognitive disabilities and/or acquired brain injury to maintain their housing. Seniors, for instance, are the fastest growing demographic in Ontario, with 3 million seniors anticipated in 2023, up from 2.3 million in 2017.^{xvi} An assessed 15,700 adults with developmental disabilities are currently waiting for residential services.^{xvii}

ONPHA applauds Ontario's \$3.8 billion commitment to mental health and addictions and recommends a significant portion be allocated towards the creation of supportive housing. Beyond supporting individuals, consumer choice and social and community integration this would help end chronic homelessness and achieve major provincial cost savings for Ontario's health, justice, human services and shelter systems. For every \$10 invested in housing and supports, estimated systems savings are between \$3.42-\$21.72, varying on support needs.^{xviii}

We commend the Government of Ontario's 2017 Supportive Housing Policy Framework and commitment to work on an integrated solution to supportive housing. We equally applaud the government's commitment to undertake a cross-ministerial review of housing services to consider the need for supportive housing units. This is critical, given the need for numerous



stakeholders, particularly the Ministry of Municipal Affairs and Housing, the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services, to work collaboratively on solutions that improve the quality of the housing system in Ontario. With the launch of the new Ontario Health Teams, ONPHA is looking to the Province to ensure ongoing engagement with the housing sector and to ensure local health service delivery includes strong linkages to critical community supports and services. One potential example of an innovative and cost-effective funding model for the Province would be the funding of partnerships between community housing providers and supportive housing providers in existing homes. As a component of the development of new supportive housing units, ONPHA strongly advocates the inclusion of an Indigenous Supportive Housing Program to be designed and implemented through an Indigenous-led approach.

Beyond critical investments in existing needs, an integrated strategy for supportive housing units that addresses all diagnoses is required, as well as critical investments to address gaps in funding across sectors for populations requiring housing with supports. Through our Centre for Housing Excellence, ONPHA is committed to working with government and sector partners to lead the development of an Ontario Supportive Housing Action Plan by seeking input from stakeholders across multiple sectors. We are exceptionally positioned to do so, with membership spanning the multiple sectors providing housing with supports across Ontario. We ask that the Province engage with ONPHA to work with its members to ensure appropriate engagement and representation in provincial consultations for the future of supportive housing.

4) Prioritize development in the community housing sector

ONPHA estimates that a minimum of 99,000 new affordable rental homes and supportive housing units are required over 10 years^{xix} to address existing backlogs and projected population growth in core housing need. With the community housing sector currently representing 5% of the overall housing market^{xx} in Ontario, this would represent 2% growth in the provincial housing supply and the expansion of the community housing sector by nearly 40%, which would be anticipated to have positive ripple effects on housing affordability for all Ontarians. Beyond the importance of growth in the sector in absolute number of units, ONPHA has heard from its membership that community housing providers have a strong appetite for innovation and alternative approaches to development, as well as the capacity to manage more complex needs.

ONPHA is pleased that the government is committed to increasing affordable housing supply in Ontario and welcomed commitments made through Ontario's Housing Supply Action Plan and Community Housing Renewal Strategy in 2019. We know that maintaining housing affordability is not the job of government alone. The community housing sector is a natural partner to help the provincial government meet and implement its objectives, and to

deliver both short and long-term gains for Ontario. Therefore, we urge the Province to prioritize non-profit developers in the design of programs and incentives, including supply-related initiatives within National Housing Strategy.

Historically, affordable housing development programs have favoured private developers who can quickly provide “shovel-ready” projects, but this does not always translate into lasting investment in community housing stock. 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. By investing in our sector today, the government can ensure that affordable housing will be protected and available to meet the needs of future generations.

ONPHA equally supports and encourages a provincial disposition of land strategy to make surplus provincial lands available and accessible to non-profit community housing providers to create much needed, mixed-income rental housing. Closely related to this, we also recommend that the Province encourage and support the community housing sector to build new housing through the provision of upfront project development funding, as well as support for innovation and capacity-building initiatives that would help get projects off the ground. ONPHA requests that the provincial government work closely with municipalities to review regulatory requirements to streamline the development approvals process for community housing in recognition of the critical demand for new deeply affordable units.

5) Address shortages at the Landlord and Tenant Board (LTB)

Adjudicator shortages and backlogs at the Landlord and Tenant Board (LTB) have created hearing backlogs and costly delays for landlords across the province. Delays for standard cases around non-payment of rent are reported to extend well beyond the LTB’s service standard of 25 to 30 business days.^{xxi} Bottlenecks at the LTB disproportionately impact community housing landlords in several ways. Community housing providers have limited budgets and incur loss due to the rent arrears incurred during delays at the tribunal.

Community housing providers also report increased challenges in dealing with extremely complex behavioural issues that impact entire communities. Of particular concern is that these shortages and backlogs are lessening the ability to take advantage of the new community safety regulations introduced by the Ministry of Municipal Affairs and Housing last year. ONPHA is pleased to see Ontario addressing LTB resource shortages within the Housing Supply Action Plan and issuing notices of ongoing recruitment for LTB adjudicators.

ONPHA encourages the Ministry of Municipal Affairs and Housing to work with the Ministry of the Attorney General to continue addressing the LTB shortages as soon as possible. Once in

place, we urge government to focus on training for new adjudicators. ONPHA is well-positioned to provide education around the purpose, contexts and challenges related to community housing and would welcome the opportunity to support the Province in offering this training.

6) Reinvest housing dollars back into housing affordability initiatives

Ontario generates significant revenues through housing related taxes and selling surplus properties for affordable housing development. Ontario's Land Transfer Tax alone was anticipated to generate nearly \$2.9 billion in 2019/2020.^{xxii} ONPHA recommends that all or some of these revenues be reallocated to the growth and preservation of the community housing sector. Retaining housing related tax revenues within the housing sector will be critically important in ensuring the system's sustainability and in managing the long-term affordability of housing for all Ontarians over time.

Thank you for the opportunity to provide input towards the development of Ontario's 2020 Budget. ONPHA and our members are eager and ready to continue working with government to achieve an Ontario where everyone has a safe and affordable place to call home.

Sincerely,

Chief Executive Officer, ONPHA

C.c. The Honourable Steve Clark, M.P.P., Minister of Municipal Affairs and Housing

Joshua Paul, Assistant Deputy Minister, Ministry of Municipal Affairs and Housing
(Housing Division)

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 results in a significantly higher real value for the sector. Increased capacity for the community housing sector around asset management and data collection will be instrumental in better information regarding community assets. See: Office of the Auditor General (2017). 2017 Annual Report, Chapter 3 (3.14). Accessed online January 17 2020 at: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf

ⁱⁱ 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.

ⁱⁱⁱ See: Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario, http://onpha.on.ca/Content/Advocacy_and_research/Advocacy/Affordable_housing_plan/An_Affordable_Housing_Plan_for_Ontario.aspx.

^{iv} Research has shown that every \$10 invested in housing and supports results in average savings in associated systems that range from \$3.42 to \$21.72 depending on individual support needs. See: Goering, P. et al. (2014). National Final Report: Cross-site At Home/Chez Soi Project. Calgary AB: Mental Health Commission of Canada.

^v See: Dutton, D.J. et al. (2018). Effect of provincial spending on social services and health care on health outcomes in Canada: an observational longitudinal study. *CMAJ Journal*, 190 (3), 66-71.

^{vi} Data modeling estimates that 69,000 new affordable rental homes in addition to 30,000 supportive housing units will be needed at minimum to meet demand in Ontario over the next decade. See: Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario, 17.

^{vii} In 2018, ONPHA commissioned a study to examine effects of the HSA funding formula on the 1200 non-profit housing corporations in Ontario into the future. Findings included that most end-of-mortgage (EOM) providers will see negative operating subsidy and that due to low or negative cash flow, many providers will have the resources to either maintain subsidized rents or cover needed capital repairs. They will not have the ability to do both without assistance. See: ONPHA (2019): Housing Services Act Funding Formula Issue: Negative Operating Subsidy at End of Mortgages. Briefing Note, 9.

^{viii} Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario, 17.

^{ix} See: Office of the Auditor General (2017). 2017 Annual Report, Chapter 3 (3.14). Accessed online January 17 2020 at: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf

^x CMHC estimates that 18.3% of Indigenous households in Canada are in core housing need, as compared to 12.4% of the non-Indigenous population.

^{xi} Data shows that 1 in 15 Indigenous people in urban settings will experience homelessness as compared to 1 in 128 of the general population. See: Patrick, C. (2014). Aboriginal Homelessness in Canada: A Literature Review. *Homeless Hub Paper*, 6. (Toronto: Homeless Hub).

^{xii} The Indigenous population is one of the youngest and fastest-growing demographics in Canada. The Indigenous population in Ontario increased by 54% from 2006 to 2016, with the annual population growth rate currently at 2.24%. In Ontario, over 85% of Indigenous people live off-reserve in urban and rural settings (ONPHA (forthcoming) Urban/Rural Indigenous Housing Plan for Ontario.)

^{xiii} Ibid.

^{xiv} ONPHA's modeling for an Urban and Rural Indigenous Housing Plan for Ontario estimates lifetime savings of \$14.3 billion across social and health services, correctional, education, and employment systems. See: Ibid.

^{xv} Ontario's Mental Health and Addictions Leadership Advisory Council has recommended that 30,000 supportive housing units be added over the next 10 years. This call has been supported and endorsed by many leading mental health organizations as the minimum requirement.

^{xvi} See: Government of Ontario. 2019 Budget: Protecting what matters most. 126. Retrieved online January 14 2020 from: <https://budget.ontario.ca/pdf/2019/2019-ontario-budget-en.pdf>

^{xvii} Data retrieved from the 2018 report by the Ontario Developmental Services Housing Task Force, Generating Ideas and Enabling Action: Addressing the Housing Crisis Confronting Ontario Adults with Developmental Disabilities.

^{xviii} Goering, P. et al. (2014). National Final Report: Cross-site At Home/Chez Soi Project. Calgary AB: Mental Health Commission of Canada.

^{xix} Data modeling estimates that 69,000 new affordable rental homes in addition to 30,000 supportive housing units will be needed at minimum to meet demand in Ontario over the next decade. See: Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario, 17.



^{xx} Data from Statistics Canada estimates Ontario's total community housing stock at approximately 260,000 units out of approximately 5.2 M (or 5%) of occupied dwellings.

^{xxi} Data on delays between eviction applications and hearing dates is not available from the LTB, however averages reported in 2019 by the Advocacy Centre for Tenants Ontario (ACTO) report for Community ranges between 29.6 and 80 days and other advocacy groups, such Affordable Housing Providers Ontario (AHPO) reports cases of delays for their membership between six and eight months. See: Turl, J. (2020, January 10). Landlords threatening class action lawsuit against government if reforms not made. Retrieved January 14 2020 from: <https://www.baytoday.ca/local-news/landlords-threatening-class-action-lawsuit-against-government-if-reforms-not-made-2012192>.

^{xxii} See: Government of Ontario. 2019 Budget: Protecting what matters most. 282. Retrieved online January 14 2020 from: <https://budget.ontario.ca/pdf/2019/2019-ontario-budget-en.pdf>