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

July 22, 2020

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 comments and recommendations related the *Economic and Fiscal Update Act, 2020* and the impacts of COVID-19 on the community housing and related sectors. We look forward to continuing to work with all levels of government, non-profit and private sector partners to kick-start economic recovery.

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 billion[i].

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 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 the voice of the community housing sector, we know that access to suitable housing is a key determinant of community health and well-being. Investing in housing is an opportunity to make life better for individuals and families across the province. To improve access to housing that meets the diverse needs of Ontarians, action must be taken across the entire spectrum, from emergency shelter services to community housing to private rental housing to home ownership.

It is imperative that we have strong housing mix that provides options for all Ontario households. Without sustainable action and investment in housing, the disparities in our communities will only

400-489 College Street | Toronto, ON | M6G 1A5 | 416-927-9144 | 1-800-297-6660 | marlene.coffey@onpha.org | www.onpha.on.ca

serve to deepen, especially as temporary eviction bans are lifted and emergency support funding ceases. Housing provides permanent frontline support to individuals and families, ensuring emergency systems (especially healthcare) are not overburdened.

Housing is critical to kick-starting economic recovery and renewal because of the widespread gains and savings it spurs across private, public and non-profit sectors, including construction and infrastructure, as well as health, social services and justice. By stimulating economic growth, creating jobs and increasing household incomes, investment in housing mix, supply and renewal will guard against the potentially devastating aftermath of this pandemic, while ensuring our communities are supported for the long-term.

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 across the continuum to support these communities. 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 approaches to housing along the continuum for the long-term. In response, it is paramount to implement policy responses based on community experience and expertise.

As such, we are calling on the government to prioritize investments in housing as a foundational pillar of Ontario's COVID-19 recovery plan. This can be done through the following policy changes:

1. **Direct immediate stabilization funding to community housing providers and municipalities to address the current crisis and ensure long-term sustainability and growth**
2. **Protect the existing supply of community housing to avoid further losses and protect affordability**
3. **Prioritize investment in the community housing sector to meet the growing housing needs across the province and provide affordability for future generations**
4. **Commit to an Urban and Rural Indigenous Housing Plan for Ontario to address the increasing housing needs of off-reserve Indigenous populations**
5. **Invest in an integrated approach to supportive housing in Ontario to meet the diverse housing needs of communities requiring supports**
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**

7. **Target rent relief supports for unemployed and low-earning tenants, prioritizing high-risk, marginalized communities, to mitigate cascading impacts of rental arrears**
8. **Gradually ease residential eviction moratoriums in consultation with the housing, homelessness, health and related sectors**

ONPHA and our members are eager to work 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 and municipalities 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 strengthen the community housing sector for the long-term. Cumulative rental arrears, in addition to 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 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 were extremely pleased with the government's commitment to supporting municipalities and community organizations through two rounds of dedicated funding through the Social Services Relief Fund. Moreover, we are looking forward to the roll-out of funding through the federal/provincial/territorial Safe Restart Agreement and commend the province on negotiating with the federal government to meet the needs of Ontario communities.

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 and municipalities to address the current crisis and ensure long-term sustainability and growth, with investment targeted for community-identified needs.

2. **Protect the existing supply of community housing to avoid further losses and protect affordability**

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 unit[ii]. This cost is significantly lower than estimated replacement costs of $65 billion[iii]. 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.

3. **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.

4. Commit to an Urban and Rural Indigenous Housing Plan for Ontario to address the increasing housing needs of off-reserve Indigenous populations

The COVID-19 crisis has illuminated the severe gaps in access to basic necessities for marginalized populations, particularly around healthcare, housing and justice. While Indigenous communities living on-reserve face mounting challenges related to safe drinking water, overcrowding, infrastructure and access to essential supplies and supports, Indigenous peoples living in urban areas are eight times more likely to experience homelessness than the general population[x], subjecting them to many of the same challenges as communities on-reserve.

In ONPHA's newly released Urban and Rural Indigenous Housing Plan for Ontario, we identify the need for at least 22,000 subsidized Indigenous-owned and operated units over the next 10 years to meet the growing housing needs of off-reserve Indigenous populations in Ontario (currently 85% of all Indigenous people in Ontario[xi]). The initial $7.3 billion investment can save Ontario $14.3 billion in provincial system efficiencies, through cost savings in social services, healthcare, shelter services, justice and foster care, while significantly boosting Indigenous personal incomes through improved employment and education outcomes. Moreover, the construction of these units will create 95,000 year-jobs in the construction sector and other industries, while adding $3.8 billion to the province's economy through construction multipliers.

An Urban and Rural Indigenous Housing Plan for Ontario is a critical step on the path toward reconciliation and must be undertaken in true partnership with Indigenous partners across the province, recognizing the diverse needs and perspectives in the sector. As ONPHA continues working closely with Indigenous, federal and sector partners in the resourcing and implementation of this crucial plan, we strongly encourage the Province to commit to sustainable investment in off-reserve Indigenous housing to help mitigate the disproportionate impacts of housing affordability, poverty and COVID-19 on Indigenous communities in Ontario.

5. Invest in an integrated approach to supportive housing in Ontario to meet the diverse housing needs of communities requiring supports

Throughout the COVID-19 crisis, we have witnessed the susceptibility of individuals in congregate living environments to communicable diseases and the extreme risks for people experiencing homelessness. We support leaders in the homelessness services sector in calling for the rapid rehousing of high-risk individuals experiencing homelessness in community housing units with adequate financial and social supports, including Black, Indigenous and other racialized communities, 2SLGBTQQIA+ people, low/limited-income people, people with disabilities and seniors.

Over the longer term, we encourage the Province to invest in a robust, integrated approach to supportive housing for Ontario. Currently, Ontario has less than half of the supportive housing units required for mental health and addictions alone, not including persons with other disabilities. Waitlists for units range up to seven years across the province and a minimum of 30,000 new supportive housing units are required in Ontario to meet this need[xii].

Beyond supporting individuals, consumer choice and social and community integration would help end chronic homelessness and achieve major provincial cost savings for Ontario's health, justice, social services and shelter systems. For example, for every dollar spent on mental health and addictions support, $10 is saved in costs related to health and the justice systems[xiii].

However, recent supportive housing investments have typically focused primarily 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.

For example, seniors are the fastest growing demographic in Ontario, with 3 million seniors anticipated in 2023, up from 2.3 million in 2017[xiv]. Additionally, an assessed 15,700 adults with developmental disabilities are currently waiting for residential services[xv]. As we see the extreme impact of COVID-19 on seniors, people with disabilities and other high-risk populations, it is imperative to proactively plan for long-term sustainability to avoid dire impacts in the short-term, while also alleviating costly responses in the future (i.e., increased reliance on costly healthcare services).

Over the next year ONPHA will be engaging broadly with key stakeholders from the supportive housing sector, as well as partners from the health, homelessness, social services and other related sectors, to develop an integrated supportive housing plan for Ontario. As such, we call on the Province to work closely with ONPHA and our sector partners on the plan's implementation and commit to adequate, sustainable funding to support the diverse housing needs across the province.

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[xvi], few options are available and those with higher incomes are more likely to secure housing, further threatening affordability and increasing precarity for low/limited-income households.

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 often struggle to maximize investments and build the diversity of housing needed to ensure affordability.

As such, we call on the government to build on the 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, to ensure Ontario has a balanced mix and adequate supply of housing 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, while also ensuring the community housing, homelessness, health and other related sectors are not overburdened by tenants squeezed out of the rental sector.

7. **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[xvii], in addition to 45% of tenant households spending 30% or more of their total income on shelter (the highest rate across the country)[xviii], 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.

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, 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 for the long-term.

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 at least 311,000 additional households are in need of income supports. However, this number has likely grown considerably since the onset of COVID-19.

ONPHA and our members were pleased to see the launch of the Canada-Ontario Housing Benefit (COHB) in April 2020 to support individuals and households in need. In particular, we are extremely supportive of the populations identified as first priority for COHB support, including survivors of domestic violence and human trafficking, persons experiencing or at-risk of homelessness, Indigenous persons, seniors and people with disabilities. We also support the alignment of COHB support with the Province's Portable Housing Benefit Framework, which specifies that social assistance recipients will have a separate benefit calculation to avoid a reduction in social assistance entitlements.

In addition to the priority populations identified in the COHB, COVID-19 has disproportionately impacted Black and other racialized communities, 2SLGBTQQIA+ people and low/limited-income people, predominantly as a result of barriers to accessing healthcare and mental health services and higher rates of homelessness, poverty and social isolation[xix]. To meet the growing housing needs of Ontario communities and end chronic homelessness, we strongly encourage the government to expand eligibility for the COHB and ensure the Ministries of Municipal Affairs and Housing (MMAH), Health (MOH), Long-Term Care (MLTC) and Children, Community and Social Services (MCCSS) work collaboratively with all relevant stakeholders on solutions that provide a diversity of supports for households in need.

8. Gradually ease residential eviction moratoriums in consultation with the housing, homelessness, health and related sectors

ONPHA was pleased with the government's swift action to impose a moratorium on residential evictions early in the onset of the pandemic. However, many of our members have shared concerns related to the inability to enforce evictions for tenants posing serious health and safety issues related to COVID-19, in addition to illegal activities and ongoing non-payment of rent (prior to the pandemic).

To meet the needs of our members while ensuring sufficient supports are available for tenants, we strongly recommend the government gradually ease the residential eviction moratorium in consultation with the housing, homelessness, health and related sectors, with considerations for the possibility of a second and third wave of COVID-19. As we remain in the midst of a global pandemic, it is critical that the housing, homelessness, health and related sectors have the opportunity to collaborate closely on solutions, including strong eviction prevention policies implemented through an equity lens to mitigate disproportionate impacts on high-risk, marginalized individuals and households.

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

---

[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.pd

[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).

400-489 College Street | Toronto, ON | M6G 1A5 | 416-927-9144 | 1-800-297-6660 | marlene.coffey@onpha.org | www.onpha.on.ca

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: Homeless Hub (2013). Homelessness, urban Aboriginal people, and the need for a national enumeration. Available at: https://journals.library.ualberta.ca/aps/index.php/aps/article/view/19006

[xi] Ontario Ministry of Finance (2017). 2016 Census highlights: Fact sheet 10 – Aboriginal peoples of Ontario. Available at: https://www.fin.gov.on.ca/en/economy/demographics/census/cenhi16-10.html

[xii] 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.

[xiii] See: Addictions and Mental Health Ontario (2017). Where change happens: Addictions and mental health 2018 priorities. Available at: https://amho.ca/wp-content/uploads/AMHO-Where-Change-Happens-2018-Priorities.pdf

[xiv] See: Government of Ontario (2019), 2019 Ontario budget: Protecting what matters most. Available at: https://budget.ontario.ca/pdf/2019/2019-ontario-budget-en.pdf

[xv] 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.

[xvi] 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&GeograghyName=Ontario

[xvii] 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

[xviii] See: Statistics Canada, 2016 Census of Population. Catalogue no. 98-400-X2016225

[xix] See: Homeless Hub (2020). Impact of COVID-19: Canada's LGBTQI2S community in focus. Available at: https://www.homelesshub.ca/resource/impact-covid-19-canada%E2%80%99s-lgbtqi2s-community-focus; Maytree (2020). Any post-pandemic recovery plan must include society's most vulnerable. Available at: https://maytree.com/publications/any-post-pandemic-recovery-plan-must-include-societys-most-vulnerable/?mc_cid=2c219c3a3c&mc_eid=b92ae8b659