

Submission to the Standing Committee on Finance and Economic Affairs

*Re: Study of the recommendations relating to the Economic and Fiscal Update Act, 2020 and the
impacts of the COVID-19 crisis on certain sectors*

Submitted by:

Habitat for Humanity – Ontario Caucus

August 27, 2020

About Habitat for Humanity – Ontario Caucus

At Habitat for Humanity, our 25 local organizations in Ontario provide both homeownership and affordable housing solutions for families in need of housing with the vision of helping to create a world where everyone has a safe and decent place to live. Our Habitats across the province work closely with their municipal governments and actively support community agencies that provide much needed social services and supports.

Summary of Recommendations

Habitat urges the Government of Ontario to ensure affordable housing can continue to be built through a comprehensive set of actions that include, but are not limited to:

- Providing funding to help build more affordable housing across the entire housing spectrum.

Specifically, Habitat recommends that the Ontario Priorities Housing Program is maintained and enhanced, with incentives provided to ensure municipalities are able to fund the entire spectrum of affordable housing solutions, including homeownership.

- Increasing access to surplus land and/or land trusts with the private sector – with clear avenues and opportunities for partnership with non-profit affordable housing providers flagged as a priority.
- Reducing costs: eliminating or lowering taxes and fees, such as HST, development charges, permit costs and property taxes for non-profit affordable housing providers.

Regarding development charges, Habitat recommends that the Government (1) end the current policy of amortizing these fees over 20 years, and (2) implement a deferred payment policy that allows affordable housing developers to pay these fees after 20 years.

- Prioritizing affordable housing applications, permits and reviews with municipalities.
- Incentivizing rezoning, upzoning and inclusionary zoning relative to affordable housing where appropriate.

The Impact of COVID-19 on Habitat for Humanity local organizations:

Habitat for Humanity's 25 local organizations would like to thank the Government of Ontario for the support provided to communities and individuals since the COVID-19 pandemic began, including the recent announcement of \$4 billion in funding for municipal social services.

As the Standing Committee on Finance and Economic Affairs knows, our communities are facing increasing challenges. COVID-19 has exacerbated many of the social problems that existed prior to the pandemic, including the supply of affordable, appropriate housing for families. Habitat homeowners are among some of the most vulnerable populations impacted by COVID-19, and the need for affordable homeownership has only become more pronounced in recent months, as homes have become essential for shelter, health, security and stability and work.

Non-profit organizations like Habitat for Humanity have long provided support to the communities they serve, which have complemented government services and have helped to drive the economy through our ReStore social enterprises. However, COVID-19 has introduced new challenges and costs to building affordable homes. For example, lumber costs are now 50 to 75 percent higher than last year due to, in part, mills operating at lower than normal capacity. Insurance and development costs are also rising, especially as build sites must now operate in a radically different manner. Previously, corporate and community volunteers and families partnered with Habitat were engaged as a labour force to help build our Habitat homes, but these volunteer hours have been greatly

reduced for safety reasons. Our ReStores are also experiencing challenges with regards to fewer product donations and their ability to engage volunteers and customers.

Even with best efforts to adapt and use new technology, many non-profits – including our local Habitat organizations – continue to face a precarious future, especially with a marked decline in both donations and revenues. This new reality has had implications on government services relative to housing as well. For example, many Habitat families come from social housing. The more homes our local Habitat organizations can build, the more space we can open up in social housing for waitlisted families. Unfortunately, at the moment our ability to build affordable homes for low-income families has been reduced.

Despite these challenges, we know that investing in infrastructure boosts jobs and our economy. A 2009 study by the Federation of Canadian Municipalities (FCM) noted every \$1 billion invested in housing generates \$1.5 billion in economic growth. Further, according to a Boston Consulting Group study, for every dollar Habitat for Humanity receives, \$4 in social benefits are returned to the communities we serve. Community partners like Habitat can help implement facets of the Province's affordable housing strategy while also alleviating some of the severe financial pressure confronting communities and helping to rebuild and sustain local economies.

Investing in the full affordable housing spectrum: from shelters to homeownership

Housing must be tailored to the needs of both Ontario's communities and the families that live within them, which is why Habitat for Humanity is urging the Government of Ontario to invest in the full affordable housing spectrum from emergency shelters to homeownership.

The Ontario Priorities Housing Initiative was introduced in 2019, and under this program municipalities can choose to provide affordable homeownership projects with per-unit funding of up to \$50,000. However, many municipalities do not provide support for affordable homeownership initiatives, as limited funds are often directed to short-term housing.

Habitat recommends the Government of Ontario both maintain this program and enhance funding for affordable housing, while providing incentives to municipalities to ensure their funding allocations address the full spectrum of housing solutions, including homeownership.

Habitat also urges the Government to ensure affordable housing can continue to be built through a comprehensive set of actions that include, but are not limited to:

- Providing funding to help build more affordable housing across the entire housing spectrum;
- Increasing access to surplus land and/or land trusts with the private sector – with clear avenues and opportunities for partnership with non-profit affordable housing providers flagged as a priority;
- Reducing costs: eliminating or lowering taxes and fees, such as HST, development charges, permit costs and property taxes for non-profit affordable housing providers;
- Prioritizing affordable housing applications, permits and reviews with municipalities; and
- Incentivizing rezoning, upzoning and inclusionary zoning relative to affordable housing where appropriate

Regarding development charges, Habitat recommends that the Government reduce the administrative burden on municipalities and developers *and* enable more affordable housing to be

built by: (1) ending the current policy of amortizing these fees over 20 years, and (2) implementing a deferred payment policy that allows affordable housing developers to pay these fees after 20 years.

Thank you for your commitment to affordable housing and your consideration of the above issues.

Should the Standing Committee on Finance and Economic Affairs have further questions, please contact Amanda Thambirajah, Director of Government Relations, Habitat for Humanity – Ontario Caucus, at: amanda.thambirajah@habitatthm.ca

Sincerely,

On behalf of Habitat for Humanity's 25 local organizations, including our 22,000+ volunteers in Ontario:



Karen Coviello, CEO
Habitat for Humanity Waterloo Region
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Steven Roorda, Board Chair
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