



**Submission to the Standing Committee
On Finance and Economic Affairs**

Legislative Assembly of Ontario

Pre-Budget Consultations, 2019

January 15, 2019

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Introduction

My name is Kenneth Hale and I am the legal director of the Advocacy Centre for Tenants Ontario (ACTO). My colleague Mary Todorow, ACTO's policy analyst, is here with me. ACTO is a community legal clinic funded by Legal Aid Ontario to provide legal services to low-income tenants across Ontario on the systemic issues that affect their ability to provide and maintain decent homes for themselves and their families. Your Committee's recommendations can have a crucial impact on those issues. When you make those recommendations, you must give serious consideration to their impact on our clients.

Our submissions address the need for provincial investment in housing that will be permanently affordable to low-income people. We believe that everyone in Canada has a right to housing and that there is a vital provincial role in realizing that right.

1. Support the right to housing by ensuring that funds are committed in the budget to cost-match federal funds available under the National Housing Strategy

The Government of Canada has committed to a human rights-based approach to housing in its new National Housing Strategy. In April 2018, Canada Mortgage and Housing Corporation (CMHC) and the Province of Ontario made an agreement under the National Housing Strategy. Over \$117 million has been committed to Ontario by CMHC for affordable housing in the 2019-20 fiscal year, provided that Ontario and its municipalities match this investment. Over the next 10 years, Ontario should receive up to \$7.4 billion in new federal contributions.

This agreement provides for shared investment toward goals that are vital to Ontario's future:

- to increase housing supply;
- to improve housing conditions and affordability;
- to lift households out of housing need and prioritize the most vulnerable;
- to improve economic stability through job creation; and
- to support the community housing sector.

The gravity of Ontario's housing crisis is recognized by everyone. The Ministry of Municipal Affairs and Housing is consulting on a Housing Supply Action Plan to facilitate private investors' participation in the resolution of that crisis. But there is no business case for a market-based solution for the vulnerable households in serious housing need. Their right to housing will not be realized by increased private investment. Their needs will only be

addressed by the measures provided for in the National Housing Strategy. It is imperative that Ontario live up to its commitment by allocating in this budget sufficient funds to derive the maximum benefit from the April 2018 agreement.

RECOMMENDATION: Include funding in the 2019 budget to fully match housing dollars available from CMHC under the National Housing Strategy in this fiscal year.

2. Direct these funds to a made-in-Ontario non-profit housing program and invest further provincial money in a comprehensive plan for affordable housing that is going to work for low-income people and for the Ontario taxpayer.

Across Canada over the next 10 years, the National Housing Strategy promises to create 100,000 new housing units and to repair up to 240,000 units of existing affordable and community housing. While this is a major undertaking and a welcome change from years of neglect by federal, provincial and territorial governments, it is not adequate to overcome Ontario's affordable housing crisis. Our province has the highest proportion of renter households in Canada paying over 30% of their income on housing – the point where the risk of homelessness rapidly escalates. In 2016, there were 185,179 Ontario households on the waiting lists for rent-geared-to-income social housing units. This need has not gone away just because we stopped counting.

Since 1990, at least 10,000 new rental units were needed annually in Ontario to meet the demands of a growing population with a broad range of household incomes. But less than half that number were built each year. Now it is estimated that we need over 16,000 new rental homes each year to meet this demand and to catch up with the backlog. That would be about 9,000 market units and 7,000 non-market units. No amount of tinkering with planning laws and development charges, without further financial support, is going to triple the number of rental units built. And low-income tenants – those who are homeless, on social housing waiting lists, or paying more than 30% of their income on rent - cannot pay the rents that are needed to support profitable private-market development. Low-income tenants need non-market solutions. Building on the opportunity that the National Housing Strategy provides, the government must review the design and the scope of affordable housing programs to ensure that they are meeting the needs of these people.

We believe that a viable model has been laid out by the Ontario Non-profit Housing Association and the Co-operative Housing Federation of Canada (Ontario Region) in their *Affordable Housing Plan for Ontario*. This Plan recognizes the need for rental housing for households with a wide range of incomes, but particularly for those least able to pay a market rate for that housing. It would benefit 643,000 Ontario households by building 69,000 new affordable rental homes, 30,000 supportive housing units, re-vitalizing 260,000 community housing units and providing housing allowances for 311,000 new households. The Plan also outlines the economic benefits for Ontario, through savings in the health and justice systems and the financial benefits of increased construction activity and increased consumer spending.

The design of an affordable housing construction program is crucial to its success – both to the households that directly benefit from it and to the taxpayers that contribute to it. In 2017, the Provincial Auditor’s report examined the social and affordable housing construction programs being supported by provincial expenditures. The Auditor concluded that giving tax dollars over to private developers to provide time-limited affordability in housing they built and owned was not providing good value and more should be done to encourage development by not-for-profit organizations. The Auditor highlighted the benefits of not-for-profit construction and ownership:

1. Not-for-profits’ objectives are to contribute to the community – by either not earning profits and gains, or re-investing profits and gains to building new units. The affordability benefits they provide can continue in perpetuity.
2. Not-for-profits can provide the affordable rentals in a more cost-effective manner than private developers because they do not have an incentive to mark up prices to make a profit.

These important observations must be kept in mind when allocating funds for affordable housing development.

RECOMMENDATIONS: Allocations of provincial dollars above and beyond those needed to cost-match National Housing Strategy commitments must be provided for in the 2019 budget to provide for a comprehensive affordable housing plan that addresses the needs of all Ontarians.

The Ontario government must ensure that all new affordable housing developed with public funds is owned and managed by the non-profit community housing sector so that the housing developed remains affordable over the long-term and provides value to the taxpayer.

3. Fund service managers to allow them to repair and maintain the existing social housing stock

Municipalities do not have enough money or adequate revenue tools to carry out the major repairs and upgrades needed in the aging social housing stock which they administer. Their situation was made significantly worse by the government’s decision to reverse the commitment to invest hundreds of millions of dollars from proceeds from the province’s carbon market. This money was earmarked to fund repairs and retrofits to the homes of social housing tenants over the next five years. Most of the social housing portfolio was built between 1945 and 1990 and its replacement cost is estimated at \$40 billion by the Provincial Auditor. The cost of the capital repairs needed has been estimated at well over \$2.6 billion.

Someone is paying for this and it is the tenants that live there. They bear the brunt of the disrepair of their homes through compromised health, safety and security. Broken

entry-doors and security systems, plumbing and roof leaks, pest infestations and out-of-service elevators diminish the quality of life of the people that live in community housing. These conditions create added pressures on health-care and social service spending. The 2019 Budget must include funds to address this ongoing public disgrace.

RECOMMENDATION: Put new funding into place in the 2019 Budget that ensures good repair and maintenance (including energy efficiency upgrades) of the valuable public asset that is our community housing portfolio.

- 4. Review the plans of the Ministry of Community and Social Services for changes to Ontario Works (OW) and Ontario Disability Support (ODSP) programs to ensure that recipient households have adequate funds each month to pay their rent.**

Even with the recent increase, shelter allowance rates for social assistance recipients do not begin to meet the cost of their housing and continue the failed policies of the last quarter-century. Almost all (96%) of OW recipients are tenants, yet only 13% of these renters live in subsidized housing. Similarly, a large majority of ODSP beneficiaries (68%) also live in the private rental market. Creating policies that will make private investment in rental housing more attractive sounds good, but low-income people face the harshest impacts when these policies include pushing rents up. It is irresponsible to allow rents to increase without making plans in the Budget for how those increases will be covered by the 613,000 Ontario households in receipt of social assistance.

RECOMMENDATION: Include in the 2019 Budget increased funding for social assistance rates so people receiving assistance do not lose their homes in an environment of rising rents and historically low vacancy rates in most Ontario communities.