

2023 Ontario Budget Consultations

Submission to the Ontario Ministry of Finance

Date February 10, 2022

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario
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Dear Minister Bethlenfalvy,

Re: 2023 Budget Consultations

The Canadian Centre for Housing Rights (CCHR) is Canada's leading non-profit organization working to advance the right to adequate housing. For 35 years, we have worked tirelessly at the intersection of human rights and housing, providing free services to renters facing evictions and human rights violations to remain housed, providing education and training about housing rights across Canada, and advancing rights-based housing policy through research, policy development, advocacy, and law reform.

For the upcoming budget, we recommend the province prioritize investments in housing and homelessness programs because of the deepening housing affordability crisis and the continued and increasing instances of housing insecurity experienced by many Ontarians. We recommend that the province:

- Enhance funds for municipalities so they have the capacity to carry out planning and development approval functions to expedite housing construction.
- Make adequate financial provisions for municipalities to make up for projected fiscal shortfalls arising from restrictions placed on development charges that may inhibit them from fulfilling their housing obligations.
- Increase funding for Canada-Ontario Community Housing Initiative, Ontario Priorities Housing Initiative and Canada-Ontario Housing Benefit in a way that ensures more affordable homes are preserved and made available quickly, in turn addressing core housing need more effectively.
- Continue and strengthen investments in supportive housing initiatives while retaining commitments to other homelessness initiatives to mitigate against housing precarity.

Ontario's Housing Crisis

Ontario is poised to begin the fiscal year in an uncertain economic environment. While inflation might be calming, the escalating cost of living over the last year will continue to make it difficult for Ontarians to make ends meet. Interest rates are also expected to remain high while the economy, in general, looks set to stagnate.

It is under such conditions that the role of government becomes particularly important to ensure our communities are protected, especially to help Ontario's lowest income households tide through what looks to be a difficult economic year. Such moments also present an opportunity to address long-standing systemic housing issues that have left communities vulnerable in the first place.

Ontario's housing market requires particular attention. The province has the second highest share of households living in core housing need, a portion that is expected to rise to 815,000 households according to the [province's Financial Accountability Office](#). Renters are struggling in particular – according to the [province's own calculations](#), about 56% of renters cannot afford to pay the average rent for a 2-bedroom household. Such pressures are likely to worsen without appropriate interventions given that the proportion of renter households is growing steadily. These figures are only a few of several examples that strengthen the case for a more proactive provincial role in addressing the housing crisis.

Supporting Municipalities to Create More Housing

Provincial Measures to Create More Housing – Strengths and Weaknesses

In 2022, the Provincial Government signaled a sense of urgency in responding to the growing housing affordability issues across Ontario, beginning with conducting a series of consultations and setting up a taskforce on housing affordability last year. A series of legislative measures were then introduced and passed primarily to help expedite market housing construction. Some provisions in the laws may hold some promise. For example, the introduction of a Community Infrastructure and Housing Accelerator may help municipalities fast-track approvals of developments they deem to be priorities, including affordable housing. Reducing the tax burden on purpose-built rentals may also help incentivize the construction of this much-needed type of housing especially at a time when a weakening economy may slow down its development.

At the same time, several provisions will likely make it more difficult for new homes to be built because they have weakened the ability of municipalities to support the process of creating new supply:

- In Bill 109, More Homes for Everyone Act, the province introduced tight deadlines for municipalities to complete development applications with penalties to return application fees if the review is not completed within the legislative timeline. Unfortunately, municipalities do not have enough capacity to meet such onerous requirements. Resources made available through the Streamline Development Approval Fund to help municipalities with enhancing their approvals processes amounted to a paltry sum that focusses more on finding efficiencies than addressing the fundamental capacity gap.
- Bill 23, More Homes Built Faster Act, 2022, went further in constraining municipal capacity, notably by restricting ways in which they could raise and spend development charges. This tool is no longer allowed to fund housing; with limits set on how much various developments can be charged, investments in infrastructure, which development charges help finance, may also fall short. Without the necessary infrastructure in place, new housing construction will also come to a halt.

Our Recommendations

The above two examples point more broadly to the need for more sustainable and predictable funding and legislative provisions to ensure municipalities have the resources and flexibility to effectively deliver on its broad suite of obligations, including delivering housing. As we have

stated [repeatedly](#) in past [submissions](#), the province must take a more collaborative approach with municipalities.

For this upcoming budget, a significant increase in allocations must be made to help municipalities find the staff to carry out their planning and development review functions.

Commitments should also be made this year to ensure any projected fiscal losses at the municipal level as a result of Bill 23 are also corrected. For a more sustainable arrangement, this year should also be used for the province to hold evidence-based discussions with municipalities to explore more revenue raising options that help empower them to deliver on housing and better withstand any shocks.

Enhance Funding to Create and Preserve Affordable Housing

This year's budget must signal a more serious commitment towards *affordable* housing for those who need it the most. The legislative measures have largely been premised on an assumption that the private market alone can fix the housing affordability and adequacy problems in Ontario. However, evidence from the past and other jurisdictions in Canada and globally suggest that this approach will not address the housing challenges of lower and moderate-income households, groups who are most impacted by our housing crisis.

The private market alone does not create affordable housing. The fiscal powers of government matter. Fortunately, programs exist already to achieve such an objective. However, they need to be better resourced and relied upon as effective solutions.

Provincial Affordable Housing Programs

The Canada-Ontario Community Housing Initiative (COCHI) is a necessary continuation of provincial partnerships with other orders of government to maintain and expand the supply of community housing projects in the province. The Ontario Priorities Housing Initiative (OPHI) is just as important a program, offering a much-needed funding stream for municipalities to implement priorities such as financing the construction of new affordable rental housing. Notably, OPHI holds a lot of potential to complement local initiatives to acquire private affordable housing that are at risk of loss through redevelopment; this is a quick way of retaining and potentially bringing more deeply affordable housing stock into the housing market. Along with a variety of rent supplements made available through the Canada-Ontario Housing Benefit (COHB), these three programs have many of the ingredients needed to tackle the housing affordability crisis in Ontario. But they only go so far.

The limitations of COCHI are illustrative. While investments over the last few years and regulatory changes governing social housing agreements have helped in keeping a share of the community housing stock operating and in a state of good repair, the future of thousands of units remains uncertain as operating agreements expire over the coming years and the cost of maintenance and repairs remain steep. Capital for new stock of affordable housing supply also remains limited.

Through such a program, the province's commitment to community housing amounts to only [11% of spending](#), an arrangement that is expected to remain the same. The burden for related affordable housing initiative tends to fall disproportionately on municipalities as well. However, if

the province intends for such arrangements to persist, it will fall well short of serving those in core housing need, a [projection that the province's own Financial Accountability Office](#) has made, and a metric that is a relatively conservative reference to judge the performance of governments.

Our Recommendations

The full potential of these programs must therefore be realized with adequate resources. A reasonable way to begin enhancing funding for such initiatives would be through allocating funds based on core housing need in the province. Initiatives within these programs that address affordability concerns relatively quickly ought to be prioritized – this includes financing local initiatives to acquire affordable housing, rent supplement programs, and maintaining existing affordable housing stock so people remain housed.

Funds for new affordable supply should also be complemented with other initiatives that can help reduce financial barriers for non-profit and local housing providers to create affordable housing. To this end, the province must aggressively leverage its wide portfolio of land to prioritize affordable housing construction. It must also explore whether other real estate can be converted into affordable housing while new tools such as an affordable housing bank could offer discounted loans to help facilitate more construction for affordable rental housing options.

Ongoing Commitments to Minimize Housing Insecurity

Finally, the province should continue to fund initiatives that it has traditionally committed to. This means taking on the lion's share of funding for supportive housing and homelessness programs. In fact, supportive housing programs ought to receive more financial support given that over the long-haul investments in these more permanent housing solutions [amount to significantly higher cost savings](#) than relying on emergency housing measures.

At the same time, we urge the province to keep funds available for homelessness initiatives and other measures, such as building capacity to resolve landlord and tenant disputes and prevent evictions at the Landlord and Tenant Board, all of which mitigates against the precarity and insecurity faced by many of Ontario's most vulnerable households. In fact, such interventions will remain imperative at a time of economic uncertainty. While there may be an impulse to restrain spending during such times, the cost of neglect would be higher.

A Rights-Based Approach

Funding programs that guarantee affordability and housing security is a way for the province to signal its commitment to progressively realize the right to adequate housing. We encourage the province to consider its financial commitments using a rights-based approach because it helps prioritize the needs of those most impacted by the affordable housing crisis and ensures people's freedoms, dignity and sense of security are also protected.

Thank you for your consideration. We welcome the opportunity to provide our housing expertise and look forward to further discussions with the province to ensure Ontarians can live in secure, adequate and affordable homes.

Sincerely,



Bahar Shadpour
Director of Policy and Communications
Canadian Centre for Housing Rights (CCHR)