



February 9, 2023

Hon. Peter Bethlenfalvy
Minister of Finance
Government of Ontario
By email to: submissions@ontario.ca

Dear Minister Bethlenfalvy,

RE: Submission to 2023 Budget Consultations

Thank you for the opportunity to make this submission to Ontario's 2023 Budget Consultations.

The Toronto Alliance to End Homelessness (TAEH) is a collective impact initiative advocating for effective solutions to prevent and end homelessness in Toronto. TAEH comprises over 100 community organizations, including supportive housing providers in Toronto. We believe that the Government of Ontario can make decisions in 2023 that will set up a future where homelessness is rare, brief, and non-recurring, and we urge you to prioritize the allocation of resources towards that end.

Toronto has the second most expensive rental market in the country, and the cost of rent has increased 12.4 percent since November of 2021. Ontarians living in Toronto have been priced out of their homes and neighbourhoods at an alarming rate that shows no sign of slowing down. Night after night, shelters across Toronto are seeing 95-99% occupancy rates. On average over 900 people enter the shelter system every month, and less than 5% of people staying in shelters are able to achieve stable housing every month. As people are running out of options, the province must make housing outcomes for people at risk of, or experiencing, homelessness a priority in its budget decisions.

The 2023 Provincial Budget is an opportunity to address the affordability crisis that is facing Ontario's most marginalized community members. Beyond increased funding, we need your government to lead better coordination and planning between the Province, the Municipality, and the Government of Canada.

To meet the rising challenges facing Ontarians in Toronto, we urge you to include the following priorities in the 2023 Ontario Budget:

1. Deliver enough supportive housing to end chronic homelessness.

The TAEH represents all the supportive housing providers that are funded by the Government of Ontario, and has worked in collaboration with the City, as the Service Manager, to meet targets for Supportive Housing access and flow from homelessness into permanent supportive housing. Supportive housing is a foundation of a comprehensive approach to ending homelessness people currently experiencing homelessness, and for those living with mental health issues or other disabilities or addictions. This type of housing serves as an anchor for people to access health care and social supports that they need to stay in stable, long-term housing. Shelters are not the solution – housing is. The province should be committed to ending the need for long-term shelters across the province by providing enough adequate, affordable, and (where needed) supportive housing.

The Government of Ontario can contribute to the sustainability of existing Supportive Housing stock in 2023 by:

- Increasing rent supplement funding to address financial pressures of existing Supportive Housing providers that have resulted in a widening gap between market rents and the limited Ministry of Health rent supplement funding.
- Introducing a new market-based annual rent supplement indexing formula. This will provide longer-term stability through more consistent rent costs over longer periods of time by having rent supplements tied to inflation

TAEH has taken carriage of the implementation of the Toronto Supportive Housing Growth Plan (TSHGP), developed in collaboration with other organizations. This is an evidence-informed ten-year strategy to expand the supportive housing system in Toronto, to meet serious mental health needs and end chronic homelessness. We have been in contact with officials in provincial ministries about the Supportive Housing Growth Plan, and we look forward to continuing discussions with your government on your critical role in ensuring its success.

The Government of Ontario can contribute to the success of the Supportive Housing Growth Plan in 2023 by:

- Establishing a capital fund for non-profit developers and expand and expedite access to capital through the Infrastructure Ontario loans program, or other loan funds.
- Supporting non-profit development by creating policies that protect public land for non-profit development projects, releasing surplus land to non-profits.
- Leveraging tax revenues from housing-related taxes such as the Non-Resident Speculation Tax or the Land Transfer Tax to further the goal increasing the supportive housing stock in Toronto. All funds raised from taxes on Toronto properties should be re-invested in provincial strategies to address homelessness.
- Working with the Federal Government to waive HST on non-profit rental projects.
- Committing \$48M in 2023, and ongoing, to the City of Toronto for support services for the 2000+ new units secured in 2021 and 2022.

2. Increasing targeted investment to expand the supply of available supportive housing for individuals living with developmental disabilities

Phase 2 of the National Housing Strategy Canada-Ontario Bilateral Agreement will begin in 2023, and it is crucial that sustainable investments in housing for people living with developmental disabilities is prioritized in this next phase. 10% of those on the Ontario affordable housing waitlist are individuals living with developmental disabilities.

TAEH recommends that the Government of Ontario respond to inequities in housing outcomes for people living with developmental disabilities by:

- Committing 10% of National Housing Strategy funding towards supportive housing for people living with developmental disabilities. This level of investment will support building more than 2,400 new units of housing and will help to maintain the 12,691 units currently housing adults with developmental disabilities.

3. Direct more government support towards housing outcomes for people with mental health issues and/or substance use challenges who are experiencing chronic or episodic homelessness.

Most Ontarians that struggle with mental health issues and/or substance use challenges do not have access to adequate and affordable housing, including supportive housing. The Government of Ontario has stated that supportive housing is a vital form of support for people with serious mental health issues and/or substance use challenges who are experiencing chronic or episodic homelessness. Research overwhelmingly demonstrates that when people are housed, their physical and mental health is better and they have less police or justice system involvement and rely less on costly hospital and emergency services.

The Government of Ontario can reduce the number of people experiencing homelessness who struggle with mental health and/or substance use challenges by:

- Increasing mental health rent supplements from the Ministry of Health.
- Add additional funding dedicated to operationalizing supportive housing projects in Toronto. Many existing projects that are in development have thin margins to provide on-site support, and rising costs of construction combined with pressures resulting from Bill 23 have drained resources that would have been committed to providing supports in newly constructed supportive housing units. The Government of Ontario should commit resources to filling that gap.
- Increasing targeted funds for mental health supports by 30% over three years, and ensure those are coordinated with housing access outcomes in the province.
- Setting aside 15% of the CHF for mental health services.

4. Increase funds dedicated towards portable rent supplements in Ontario.

The funding for rent supplements has fallen far behind continuously escalating rents, especially in Toronto. The Government of Ontario must assume more responsibility for supplements and housing allowances by extending Ontario programs that Toronto, and other municipalities, use for housing allowances. This cost should not be born from limited municipal taxes, and as a senior level of Government, the Province of Ontario must fulfil its obligations to residents of Toronto by increasing this funding stream, including:

- Expanding the Canada-Ontario Housing Benefit, adding a minimum of 1,000 benefits to Toronto.
- Adjusting funding formulas for existing supportive housing rent supplements to today's average market rent.
- Delivering portable rent subsidies dedicated for people leaving project-based supportive housing, to create increased flow in the system and increased access to supportive housing units for others.

5. Offset the impacts of Bill 23 on the City of Toronto

As the Government of Ontario prepares its budget for 2023, there are still unanswered questions as to how the passing of Bill 23 will impact affordable and deeply affordable housing availability in Toronto. Minister of Municipal Affairs, Steve Clark, has promised to make Toronto "whole," replacing funding losses due to the impacts of Bill 23 and we are eager to see how the plan for action laid out clearly in the 2023 Provincial Budget. Of particular concern are the impacts of these changes:

- The loss of a projected \$130 million, year over year, of revenue for the City of Toronto due to changes to the Development Charges that municipalities in Ontario can collect and removing "housing services" from eligible uses of the development charges, which will dramatically decrease access to deeply affordable housing for people at risk of, or experiencing, homelessness in Toronto.
- Inclusionary Zoning changes that reduce the period of affordability from 99 years to 25 years, and that reduce the cap to the number of Inclusionary Zoning units per development to 5%.
- The definition of affordability as 80% of market rent instead of utilizing an income-based definition, standardized by the City of Toronto and the Canada Mortgage and Housing Corporation as 30% of median income in a defined neighbourhood or area.
- Overriding municipal decisions made to maintain affordable and deeply affordable rental housing stock through Official Plan provisions and rental replacement by-laws.

6. Increase income assistance rates, and index them against the Market Basket Measure (MBM)

A key part of the solution to ending homelessness is increasing income. The Toronto Street Needs Assessment from 2021 indicated that 19% of people experiencing homelessness had listed not having enough income for housing as the key reason for their experience of homelessness. In Toronto, 30% of people experiencing homelessness identified their main source of income to be Ontario Works, and 28% identified the Ontario Disability Support Program. With 58% of people accessing shelter services being in receipt of income assistance programs, it is clear that income assistance rates are not enough.

We commend recent changes to allow people living on ODSP to keep up to \$1000 of income before being subject to clawbacks. However this change still leaves out those Ontarians who are unable to work at all. We also support the decision of the Ontario Government to increase ODSP core allowance rates, and to tie income assistance rates to rising inflation.

A 5% increase only amounts to approximately \$58 per month, and tying rate increases to inflation would only result in successful housing outcomes if the rates were high enough in the first place. The amount of income assistance available to Ontarians is simply not enough to support the unprecedented inflation rate averaging 6.5% over the past year, nor is it adequate to offset the food, housing price, and disability cost increases across the province. Further to this, Ontario Works clients have not received any increases or improvements to their amounts and benefits. Even with the ODSP increase, Ontarians relying on income assistance will be able to afford even less than they could in previous years and will have incomes that are far below the poverty line.

The Government of Ontario can better support people living on income assistance by:

- Ensuring that parallel rate indexation and earning exemption increases are applied to Ontario Works.
- Raising both ODSP and OW rates to match Ontario living wage rates in 2023
- Explore indexing income assistance rates to Market Basket Measure (MBM), plus an additional 10% to address unexpected expenses, over the next three years. By indexing social assistance rates to the Market Basket Measure (MBM) of the municipalities that people reside in, the Province will ensure that every Ontarian can have a decent quality of life regardless of where in the province they live.

7. Sustain mental health services, emergency shelters, VAW shelters, supportive housing, and housing services through competitive salaries and provide permanent cost-of-living salary increases to front-line public sector employees.

Community-based service providers struggle with staff retention and recruitment. Front-line workers are paid much less than government employees, or than health and education workers

and for several years, organizations that employ these workers have not received funding to provide cost-of-living increases to their staff. They are now faced with further constraints after pressures from the Protecting a Sustainable Public Sector for Future Generations Act (Bill 124). We know that Bill 124 has been struck down in late 2022, and we urge the Government of Ontario not to appeal this decision, and to ensure that front-line supportive housing and shelter workers are exempt from any future legislation to limit wage increases.

TAEH recommends that the Government of Ontario address the income gap to provide competitive salaries to front-line public sector employees by:

- Funding services at a level that will enable providers to treat employees more equitable and be competitive in the labour market by providing cost-of-living increase funding to community-based service providers.
- Phasing in wage parity through annual installments for frontline workers to achieve equal pay in four years.

8. Maximize all provincial investments through increased engagement, collaboration, and coordination across all levels of government.

Beyond increased funding we need better coordination and longer-term planning between all levels of government, and better streamlining between the ministries that fund programs dedicated to reducing homelessness, and the City, as the service manager that administers them.

The TAEH had the opportunity to table this recommendation alongside many of the largest supportive housing providers in late 2022 at Associate Minister Michael Parsa's roundtable on Supportive Housing in Toronto, and we continue to pressure all orders of government to commit to coordinated efforts towards ending homelessness in Toronto.

Coordination and planning can be achieved through an Ontario commitment to creating a strategy to end homelessness in Ontario with clear and measurable targets and timelines for each municipality and collaborating with the service managers to allocate and match investments to a plan to end homelessness in Toronto.

Conclusion

The Government of Ontario must use the 2023 Budget as an opportunity to move towards closing the affordability gap for Ontario's most vulnerable community members – those individuals, families, and communities who most need access to deeply affordable housing. Provisions to close the affordability gap for those at risk of, or experiencing, homelessness must be introduced, including new and deep enough income support tools, housing benefits, and rent supplements, as well as initiatives to support progress on addressing accessibility goals in

keeping with the AODA, and prioritizing housing for those with developmental disabilities like the National Housing Strategy targets.

Housing affordability is key to a thriving economy and an Ontario that lives up to its moral obligations by ensuring that everyone has access to a safe, comfortable, and affordable place to live. Toronto needs a more active partnership with the Government of Ontario and a more robust effort to address rising costs of living in Toronto. TAEH urges a substantial and multi-year resource commitment from Ontario, along with dedication to ensuring that non-profit housing and support services sector needs are met with adequate resources to combat the ongoing challenges that the affordability crisis in Ontario is presenting.

All levels of government must act with urgency to end homelessness in Ontario. The number of people who are unhoused continues to rise across the province, and the Government of Ontario must make a firm commitment to doing whatever it takes to ensure that all residents in Ontario have access to safe, stable, and affordable housing that meets their needs. We can no longer afford to point fingers and place blame – the Government of Ontario can, and must, fulfill its moral obligation and present a public plan to end chronic homelessness.

Sincerely,

Kira Heineck
Executive Director
Toronto Alliance to End Homelessness

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