



Date October 28, 2023

RE: Changes to the Definition of an “Affordable Residential Unit” in the Development Charges Act, 1997 for the Purpose of Municipal Development-Related Charge Discounts and Exemptions.

To the Ministry of Municipal Affairs and Housing,

Thank you for the opportunity to comment on [the proposed changes to the definition of an “affordable residential unit” in the Development Charges Act](#).

We are the independent network for the 58,000 nonprofits in Ontario, focused on [policy](#), [advocacy](#), and [services](#) to strengthen Ontario’s nonprofit sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofit to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.

Summary

We support the Government’s recognition of the need to address the affordable housing crisis. The unaffordable cost of housing and cost of living in general is directly related to the spikes we have seen in recent years in the demand for certain nonprofits’ services, such as food banks.¹ This is an untenable economic situation.

We propose that development fees not be cut. However, if the Government deems it necessary to cut development fees for for-profit developers to incentivize development of affordable housing, we recommend a much lower income threshold. Regardless of whether the Government chooses to lower the income threshold necessary for housing to be considered affordable, we reiterate that it is impossible to deliver on the Government’s objectives to rebuild Ontario’s economy and bring the cost of living down for workers, without a significant commitment to funding non-market housing.

Detailed recommendations

We are concerned by the loss of revenue to municipalities

Nonprofit organizations of all kinds, from housing providers to local sports leagues and older adult centres, depend on funding from municipal governments to deliver essential services. Our 2023 survey of the nonprofit sector shows that nonprofits have not recovered from the pandemic

¹ See e.g. Feed Ontario (2022). Hunger Report 2022: Deepening Cracks in Ontario’s Economic Foundation. Feed Ontario, at p.9. Available at: <https://feedontario.ca/wp-content/uploads/2022/11/Hunger-Report-2022-Final.pdf>

and continue to face a precarious funding situation. Over the four year period of ONN's surveying, only half the sector has reported marginal increases in revenue, while 90% this year have reported an increase in expenditures.² At the same time, municipalities across Ontario are already facing significant financial challenges in maintaining their current level of service to communities without raising property taxes. By choosing to encourage housing not through direct targeted funding but by preventing municipal governments from levying development charges the Ontario Government is directly contributing to worsening this fiscal crisis with all the knock-on effects for Ontarians and their families the crisis inevitably has.

If the Ontario Government is going to exempt development charges for developers, a serious measure that fiscally undermines municipalities at this crucial time (albeit for a vital public policy objective), then the province should demand the highest level of affordability possible from developers. The current definition does not do this.

The definition in no way incentivizes the market to meet the housing needs of the bottom 60 per cent of households.

According to the consultation proposal summary, the proposed definition of affordability is meant to track the definition of affordable in the [Provincial Policy Statement, 2020](#) (p.42). It defines "affordable" as follows:

- a) in the case of ownership housing, the least expensive of:
 - i) housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for **low and moderate income households**; or
 - ii) housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area;

- b) in the case of rental housing, the least expensive of:
 - i) 1. a unit for which the rent does not exceed 30 percent of gross annual household income for **low and moderate income households**; or
 - ii) 2. a unit for which the rent is at or below the average market rent of a unit in the regional market area. (emphasis added)

The proposed definition, however, does not include affordability for most low and moderate income households and instead fixes the definition of affordability at:

"the 60th percentile of gross annual incomes for renter households in the applicable local municipality" (emphasis added)

² Ontario Nonprofit Network. (October 16, 2023). "2023 realities for Ontario Nonprofits. ONN. Available at: <https://theonn.ca/topics/advocacy/nonprofit-sector-surveys/>

This definition is further weakened by the fact that there is no requirement that the units created be more than single bedroom units. The result of this is that a unit may be affordable for a 60th percentile household of all sizes, but may not be affordable for an individual.

Given the impact on the municipal fiscal crisis removing yet another financial tool is likely to have, we assume that the Ontario Government selected the 60th percentile out of a belief that even without paying development charges, for-profit developers would not be incentivized to build at rents and prices affordable for households below the 60th percentile. If this is the case, then it means that the market is likely incapable of providing affordable housing for 59 per cent of Ontario households, and therefore more and better resourced non-market housing is needed.

Supports for Non-Market Housing for 59% of Ontario households

The OECD classifies Canada as having low social housing stock, meaning between two and nine per cent at any given time is non-market housing.³ Other countries, such as Austria and Denmark, have as much as 20 per cent of their housing sector as non-market. In Ontario we have an acute housing crisis and it's clear that even if we don't achieve the astounding proportion that is apparently needed of 59 per cent, there is still enormous room for growth for non-market housing.

In April 2022, the Ministry of Infrastructure consulted the public on how it could better give nonprofit housing providers access to financing. We still eagerly await the Government's action in response to those recommendations. We take this opportunity to reiterate what we see as the most crucial immediate actions the Government can take to scale up non-market housing to provide affordable housing for the 59% of households left behind by the Government's proposed definition.

- 1) Infrastructure Ontario to make financing available to nonprofit housing developers, current housing providers, and all other nonprofits building community infrastructure (e.g. co-located community facilities such as childcare) with key characteristics described below;
- 2) Infrastructure Ontario and the Housing Programs Branch partner with Canadian Mortgage Housing Corporation (CMHC), academics, such as the Infrastructure Institute of the University of Toronto, and the nonprofit sector to create a risk assessment framework specific to lending to nonprofit housing and other inclusive community facility development;
- 3) Ministry of Municipal Affairs and Housing and Infrastructure Ontario create a pooled fund to backstop loan guarantees by municipalities for nonprofit development;

³ OECD (2020), "Social housing: A key part of past and future housing policy", Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/social-housing-2020> at p.6.



- 4) An inter-ministerial committee be created to eliminate barriers between Government departments to streamline the support of mixed use developments that further multiple policy objectives (e.g. housing, childcare, long-term care, etc.);
- 5) The Government of Ontario shift its surplus land sale policies to slow the sale of land and allow for sales below market rates to nonprofit purchasers, in particular leveraging school board assets;
- 6) The Government of Ontario distinguish throughout its housing policies supports for permanently deep affordability outside of the market and supports for housing for those underserved by the market. This would include coordinating across governments providing funds to operate the housing and to provide rental supplements for tenants to ensure affordability.

We still firmly believe that given the right financial tools and a supportive policy environment, nonprofits can lead the way to making Ontario the most affordable place to live in North America. As the Government considers how to move forward on these recommendations, ONN would be pleased to convene the nonprofit sector to continue these discussions.

Thank you for your serious consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Cathy Taylor", written in a cursive style.

Cathy Taylor, Executive Director
Ontario Nonprofit Network