



Submission to the House of Commons  
Standing Committee on Finance  
2023 Pre-Budget Consultation Process

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 providing a range of supports, services, and supportive housing options for people experiencing, or at risk of, homelessness. TAEH believes that the Federal Government must decide now to meaningfully advance Canada towards 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 almost 20 percent since 2022. Ontarians living in Toronto have been priced out of their homes and neighbourhoods at an alarming rate that shows no sign of slowing down. Affordable rentals are diminishing quickly, and many buildings are on the market listing almost 100% rental upside. Night after night, shelters across Toronto are seeing 95-99% occupancy rates, over 900 people enter the shelter system every month, and less than 5% of people staying in shelters are able to acquire housing each month. Toronto also has a large speculative market, and very few provincial investments towards affordable, deeply affordable, and supportive housing. Not only is our city faced with an inaccessible housing market, but we are also a landing spot for asylum seekers from across the world. People are running out of options in Toronto, and we look to the Federal Government to prioritize permanent housing outcomes for people at risk of, or experiencing, homelessness.

As a signatory to the United Nations Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, Canada must take action that demonstrates a true commitment to what is outlined in the National Housing strategy: "housing is essential to the inherent dignity and well-being of the person," and "the right to housing is a fundamental human right affirmed in international law."

With the 10-year National Housing Strategy now at its midway point, the Federal Government must urgently consider the emergent context that is facing Canadians in 2023 and significantly increase investments towards a plan to end homelessness in Canada. It must not only ensure it is able to meet the existing target of eliminating chronic homelessness by 2028, but also begin work on a next phase of the Strategy that addresses all types of homelessness in order to secure a future where homelessness across Canada is rare, brief, and non-recurring.

The Toronto Alliance to End Homelessness recommends the following priorities for the 2023 Federal Budget:

## **1. Invest dedicated and targeted resources towards increasing housing access for people currently experiencing homelessness, and towards preventing homelessness for those who are in core and severe housing need.**

The Federal Government must ensure that housing remains affordable for low-income people and must reflect the diverse needs of all people living in Canada. There is a destructive wave of homelessness being felt across the country, and Toronto is seeing more than 10,000 people in the shelter system every night.

As people are priced out of their communities, the Federal Government must act quickly and decisively in order to prevent further homelessness from decimating families and individuals by:

- Adopting and implement the Canadian Alliance to End Homelessness proposal for a new Homelessness and Prevention Housing Benefit.
- Increasing investment into the Canada Housing Benefit and work with the Province of Ontario to increase allocations to Toronto by at least 1,000 COH Benefits.
- Addressing gaps in income security by implementing a Canadian Basic Income for working age individuals and lowering the GIS eligibility for seniors.

## **2. Create an Urban, Rural, and Northern Indigenous Housing Strategy**

The Government of Canada continues to lack a clear and effective strategy to end homelessness in Indigenous communities. In Toronto, roughly 15% of people experiencing homelessness are Indigenous, despite making up only 0.5% of the population. 1 in 15 Indigenous People in urban centers experience homelessness compared to 1 in 128 for the general population.

While the 2022 budget began some of this work through a \$300 million investment over five years through Canada Mortgage and Housing Corporation, it is not accelerating quickly enough, nor are enough resources being committed. To address the housing outcomes gap between Indigenous and non-Indigenous people in Canada, the cost is estimated to be over \$6B.

The Canadian Government must address this by:

- Adopting and robustly funding an Urban, Rural, and Northern Indigenous Housing Strategy and setting clear and measurable goals, targets, and timelines for eliminating homelessness and core and severe housing need in Indigenous communities.
- Investing \$6.3B of initial funding to begin implementing an Urban Rural and Northern Indigenous Housing Strategy, as has been recommended by the Canadian Housing and Renewal Association.
- Responding to the recommendations in the Calls to Justice from The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls by accelerating funding for programs dedicated to adequate housing opportunities for Indigenous women, girls, and gender-diverse peoples.

- Prioritizing federal funding allocations to affordable and deeply affordable housing for low-income Indigenous families with children.

**3. Commit investments towards supportive housing, non-profit housing, and deeply affordable housing development by extending and enhancing the National Housing Co-Investment Fund, extending the Rapid Housing Initiative, and increasing the Housing Accelerator fund.**

Federal programs committed to increasing the housing stock across the country must be accelerated and increased and matched to the proportion of need in Toronto.

Approximately 40% of the National Housing Strategy funding is accounted for by low-interest loans under the Rental Construction Financing Initiative, 88% of which went to market rental housing and for-profit development. Only 9.2% went to non-profits, and only 2.4% was committed to Indigenous projects. 75% of the National Housing Co-Investment Fund is in the form of loans rather than grants, most of which went to repairs and renewals instead of new construction. The Federal Government must work with advocates and affected communities to guarantee the equitable distribution of funds to non-profits, Indigenous projects, and projects that will serve other equity-deserving groups.

Non-profit developers are crucial to the creation of affordable and deeply affordable housing and are being left behind in favour of for-profit projects that are inaccessible to the vast majority of Canadians.

TAEH continues to advocate to the province for increased investments to match the level of need in Toronto as well, and recommends that the Federal Government:

- Recapitalize and enhance the National Housing Co-Investment Fund (NHCF) for 2023 and beyond by dedicating \$4B per year to NHCF for the remaining years of the National Housing Strategy. In the Fall of 2022, the cap on grant dollars through NHCF was reduced from up to 40% of total project cost to only \$25,000 per unit, when paired with loans. Currently the program has delivered 3,400 new builds and renewed or repaired 18,600. If NHCF hopes to achieve its current target of 66,700 new affordable units, on top of the repair and renewal of 246,500, the grant stream of the NHCF must be funded back to the previous rate immediately.
- Set minimum funding allocations regionally to ensure that funding is matched with need and cost. While the NHCF has made some progress on a national scale, very few projects in Toronto have received this crucial funding and this must be countered with increased investments allocated to Toronto specifically. The Federal Government must respond to the gap in provincial funding allocations towards NHCI projects by increasing and targeting funds.
- Deliver the doubled allocation for the Co-Investment Fund, and ensure it prioritizes the construction and acquisition of co-op and non-profit housing by providing deep grants and streamlined application processes.
- Commit 40% of the RHI Phase 3 allocations to the City of Toronto, who's Investment Plan includes a 20% allocation to support Indigenous-led housing projects.

- Extend the Rapid Housing Initiative into a fourth phase, deploying these funds to projects that prioritize people experiencing homelessness. We commend the announcement in the 2022 budget of an additional \$1.5B over two years to the Rapid Housing Initiative and urge an extension of that commitment to \$2B for the remainder of the National Housing Strategy. The City of Toronto's priority is to aim most RHI units to persons experiencing chronic homelessness, and guaranteed RHI funding is crucial to ending homelessness across the country.
- Increase investment in the Housing Accelerator and target the increased investments exclusively towards affordable housing over the next three years. As an outcome of the Housing Accelerator Fund, ensure that the supply of deeply affordable non-market housing, including co-ops and non-profits, is part of the housing supply across the spectrum enabled by the Fund.
- Eliminate the HST on non-profit rental projects in order to move projects closer to viability. Under current co-investment underwriting, non-profit affordable rental projects pay more in HST than they receive in grant funding.

#### **4. Create a dedicated Refugee and Asylum Seeker Settlement Strategy**

The Toronto Shelter System is seeing a rapid increase of refugees and asylum seekers entering chronic homelessness month after month, and 55% of refugees and asylum seekers receive no income whatsoever. Many of these community members are also ineligible for benefits, income supports, and documentation that is required to support a housing outcome. Further, refugees and asylum seekers are faced with experiences of trauma, displacement, family separation, and many unique challenges and needs that remain unaddressed in unstable and precarious housing and shelter conditions.

To address the unique needs of Refugee and Asylum-Seeking populations in Toronto, the Federal Government should:

- Remove immigration status barriers and residency period requirements to the access of income supports and benefits, including Old Age Security, Guaranteed Income Supplement, Employment Insurance, and the Canada Child Benefit, and urge provinces to remove those barriers for provincial benefit eligibility.
- Work with the City of Toronto to fund planning, programs, and services related to refugee claimants and asylum seeker arrivals, including additional dedicated allocations as part of the Canada-Ontario Housing Benefit.
- Open access to all federally funded immigrant settlement services to anyone who needs them and exempt non-profit organizations and their employees from sanctions for providing free immigration services to clients.

#### **5. Increase Mental Health Funding and target it towards people at risk of, or experiencing, 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. Research internationally overwhelmingly demonstrates that when people are housed, their physical and mental health is better, they have less police or justice system involvement and rely less on costly hospital and emergency services.

The TAEH represents many of the supportive housing providers in Toronto. Alongside these providers and other community experts, TAEH has collaborated with the City in developing and meeting targets for access and flow from homelessness into permanent supportive housing. 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.

To support housing outcomes for people in Canada who have mental health challenges and addictions, the Federal Government must:

- Add a 15% increase to the province of Ontario above current Community Mental Health funding that is allocated and targeted directly for homelessness services via shelter and supportive housing and outreach programs.
- Create and adequately fund a Canada Mental Health Transfer that allocates permanent and ongoing federal funding to all provinces and territories for mental health services.

## **6. Combat financialization of the housing market and stabilize preservation of existing affordable and deeply affordable housing stock.**

A growing number of Canadians are unable to access the housing market in large part due to the problem of financialization. Market housing constitutes 95% of the housing stock in Canada, and the continued emphasis by the Government of Canada on low-interest loans to private developers building market housing has only contributed to this growing crisis. Financialization has contributed to the erosion of affordability across the country, and in a tight rental market like Toronto, this has led to an increase in the number of people at risk of, or experiencing, homelessness.

There is an urgent need for the Government of Canada to ensure that the existing affordable, deeply affordable, and supportive housing stock is preserved, while also committing resources to increase the number of housing available to those in most significant core housing need. To this end, TAEH recommends that the Federal Government:

- Increase funding across all grant streams to ensure the viability of non-profit acquisition and development. Loans-only options for organizations that are committed to supplying much-needed affordable and deeply affordable housing means that fewer organizations will have tenable housing development applications, and less affordable, deeply affordable, and supportive housing will be built over time.
- Increase funding to allow non-profit, co-op, and municipal development and acquisition of affordable market rental housing and introduce measures to ensure that these properties

remain affordable in perpetuity. The Rapid Housing Initiative has proven that it is an efficient and crucial way to ensure that affordable and deeply affordable housing stock is quickly and consistently built, and more is needed to meet the growing demand.

- Follow and build on recommendations from the Federal Housing Advocate report on the financialization of housing, make policy changes to eliminate CMHC-backed lending to financialized landlords, eliminate federal tax incentives for Real Estate Investment Trusts, and set up a non-profit acquisition fund to support non-profit and co-op housing organizations to purchase rental buildings when they become available for purchase.
- Recognizing Toronto's unique challenges by topping up and expanding the City of Toronto's Multi Unit Residential Acquisition program (MURA) to protect existing affordable rental homes.

**7. Begin preparations necessary for the next iteration of the National Housing Strategy and update the current National Housing Strategy to reflect significant changes in the economy as a result of the COVID-19 pandemic.**

The National Housing Strategy's commitment to cutting chronic homelessness in half by 2028 is quickly falling short of projected targets. Increasing household financial instability due to inflation, rising costs of living, and the impacts of the COVID-19 pandemic are still being felt across the country. All of this is contributing to greater housing instability, has thrust many households into core and severe housing need, and the number of people pushed into homelessness only continues to rise.

Federally, less than 10% of the new funding under the National Housing Strategy has been earmarked towards the goal of ending homelessness, despite the stated goal being "to eliminate chronic homelessness in Canada" (Progress on the National Housing Strategy, June 2022). The National Housing Strategy also does not offer enough provisions dedicated to supportive housing, a foundation to a comprehensive approach to preventing and ending homelessness for people currently experiencing homelessness, and for those living with mental health issues or other disabilities or addictions.

Further, the National Housing Strategy was designed with the 2017 economic context as a foundation and no longer adequately reflects the current situation in the country. An updated version of the National Housing Strategy is urgently needed, and should include:

- A strategy to eliminate all forms of homelessness as the foundation for the second iteration of the National Housing Strategy, with clear and measurable timelines and targets.
- An advisory committee of practical, on-the-ground expertise from the non-profit housing and development sector that informs planning in all programs related to housing development and housing affordability in Canada.
- Dedicated funding for the creation of supportive housing for people with complex needs who are at risk of, or experiencing, homelessness and ensure operational funding for wraparound supports in those units.

- Expansion of Reaching Home to ensure that designated communities are in receipt of the operational funding required to prevent and end homelessness locally.

## **Conclusion**

The Government of Canada must use the 2023 Budget as an opportunity to prepare the National Housing Strategy to meet its goals, and to set it up for beyond 2028. It must prioritize resources towards closing the affordability gap for the most vulnerable community members – those individuals, families, and communities who most need access to deeply affordable housing.

All levels of government must act with urgency to end homelessness across the country. The number of people who are unhoused continues to rise, and the Government of Canada must make a firm commitment to doing whatever it takes to ensure that everyone has access to safe, stable, and affordable housing that meets their needs. You must provide a plan that demonstrates clear targets of how many people will exit homelessness each year and must clearly lay out a strategy to ensuring that equity-deserving groups have adequate resources targeted to addressing the gaps in housing outcomes and overrepresentation in homelessness. The Government of Canada must take strong and firm leadership to ensure that all jurisdictions in Canada fulfill their moral obligations to do so.

Sincerely,

Kira Heineck  
Executive Director  
Toronto Alliance to End Homelessness

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## **TAEH Steering Committee**

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