



ACORN Canada

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**ACORN Canada submission to the 2019 Ontario Budget consultation
February 2019**

ACORN leaders welcome the opportunity to provide comments to the Ontario budget consultation.

ACORN Canada (Association of Community Organizations for Reform Now) is an independent national organization of low and moderate income families. We have over 130,000 members organized into twenty four neighbourhood chapters in nine cities across Canada. We believe that social and economic justice can best be achieved with a national active membership who are invested in their organization and focused on building power for change.

We encourage the Ministry of Finance to take this opportunity to consider the needs of almost 2 million low-income Ontarians. Poverty costs the province \$32-to-38-billion per year: it is a problem worth tackling.

We believe that Ontario can lead the way in Canada by tackling housing affordability, rising child care costs, energy poverty, an inequitable financial system, and benefits that do not meet the needs of our most vulnerable, to foster a fairer, more inclusive province.

Housing Justice

Research shows that every dollar invested in the construction or repair of affordable housing yields a \$1.40 increase to GDP¹. Creating affordable housing is good for the economy. It is also badly needed, as almost half of Ontario renters live in unaffordable housing². In December 2018, the government announced that 243 sites of surplus land are to be considered for the development of affordable housing. We welcome these efforts to boost affordable housing supply, and urge the government to ensure these developments include deeply affordable housing that stays affordable. ACORN encourages partnerships with non-profit housing providers who can invest in maintaining affordability in the long-term. Many low-income households needs' are not met by the private market, simply because they do not earn enough to afford the rents that the market offers. This leads to a situation where low-income tenants are forced to sacrifice basic necessities or risk homelessness.

The Province also has an opportunity to work with the federal government to boost affordable housing supply. Last year, the previous provincial government committed to cost-matching funding provided under the National Housing Strategy. Provided there is also municipal and provincial investment, Ontario is set to receive up to \$7.4 billion from the federal government over the next ten years. ACORN members urge the provincial government to uphold this commitment to increasing affordable housing supply.

ACORN members are concerned about the potential loss of affordable housing stock due to disrepair. We were deeply disappointed last year, when the Province decided to cut the cap and trade program, resulting in the loss of revenues totalling up to \$500 million for social housing retrofits and up to \$400 million in incentives for retrofits in other private apartment buildings. Beyond the environmental benefits, these investments would have gone along way towards helping maintain our limited affordable housing stock. In the absence of this revenue,

¹ Federation of Canadian Municipalities, 2012. [The Housing Market and Canada's Economic Recovery](#)

² Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. [98-400-X2016228](#).

the provincial government must take action to ensure existing affordable housing stock, including social housing, is repaired and maintained. Municipal service managers should be fully funded to provide repairs and maintenance.

In the recent *Increasing Housing Supply Consultation*, the government indicated that the speed of development is a concern, as there is an urgent need for action to address Ontario's housing crisis. We agree with that development should be streamlined to boost affordable housing as soon as possible. However, efforts to accelerate development must not come at the cost of tenant protections. Currently, landlords are being incentivized to evict tenants or apply for Above Guideline Increases so they can raise the rents about the annual guideline. The Province must tackle this issue -- at no cost in the budget -- by enacting vacancy control for full rent control to remove the incentive to evict tenants in order to raise the rent; requiring that successor landlords comply with Landlord Tenant Board orders placed on predecessor landlords; and by ending above guideline rent increases that circumvent rent control laws in Ontario.

The Province should also support municipalities to better regulate the short-term rental providers who are diverting housing away from the rental market. Increased regulation of Airbnb could return an estimated 6,500 rental units to the Toronto rental market³. Research has shown that a 10 percent increase in Airbnb listings within a given postal code can result in a 0.42% increase in rental prices, and a 0.76% increase in house prices⁴.

Summary of housing recommendations:

- ***Uphold the previous government's commitment to cost-match funding provided under the National Housing Strategy;***
- ***Ensure the surplus sites identified by the government are used to create deeply affordable housing through partnerships with non-profit housing providers;***
- ***Fund the maintenance and repair of affordable rental supply;***
- ***Vacancy control for full rent control;***
- ***Requiring that successor landlords comply with Landlord Tenant Board orders placed on predecessor landlords;***
- ***Support municipalities to regulate the short-term rental market;***
- ***End above guideline rent increases that circumvent rent control laws in Ontario.***

Fair Benefits

Low-income Ontarians were horrified when the Province announced cuts to social assistance rates last summer. Almost one million social assistance beneficiaries were impacted by the decision to slash the planned rate increase from 3 percent to 1.5 percent. These cuts force already low-income Ontarians further into poverty. The Income Security Advocacy Centre estimates that the 1.5% rate increase will boost Ontario's economy by nearly \$186 million, which would double if the planned 3 percent increase went ahead. ACORN members call upon the government to budget for the following changes to ODSP/OW:

³ Fairbnb.ca coalition, 2019. [Addressing Toronto's housing crisis?](#)

⁴ Barron, Kyle and Kung, Edward and Proserpio, Davide, 2018. [The Sharing Economy and Housing Affordability: Evidence from Airbnb](#)

- **Reinstate the full 3% rate increase;**
- **Increase social assistance rates by \$500/month across the board;**
- **Apply a 20% increase to the shelter allowance to match MPP's housing allowance increase;**
- **End all clawbacks.**

People who receive social assistance desperately need rates to increase. A single person with a disability who receives ODSP will receive \$1,169. However, average rent for a one-bedroom apartment in Ontario is \$1,105. Even a bachelor is \$959. Who can survive on such a limited income? Ontario Works recipients are in an even more desperate situation; they are only entitled to \$733 per month. This government must take action to prevent our most vulnerable Ontarians from being forced into poverty.

\$15/Hour Minimum Wage

Raising the minimum wage would help lift 1.7 million Ontarians out of poverty. Low-wage workers cannot afford to wait until 2025 to see their wages increased. ACORN members were disheartened by the government's decision to replace the minimum wage increase with the Low-income Individuals and Families Tax Credit. This decision puts less money in the pockets of low-wage workers, who already pay no or low taxes. Economists have calculated that workers would be over \$700 better off with \$15/hour minimum wage than with a tax credit⁵. This is money that workers would reinvest in the local economy.

We urge the government to reinstate the \$15/hour minimum wage, indexed to inflation, with immediate effect.

Child Care

Ontario parents pay the highest child care fees in Canada. Six of the top ten cities with the highest rates of child poverty are in Ontario. We urgently need child care that is affordable, accessible and fair. We are concerned about the planned changes to child care outlined in Bill 66. Rather than increasing the number of children allowed in home daycare as proposed in Bill 66, which raises safety concerns, the government must tackle the cost of child care. By capping child care fees, the Province would ensure that parents can choose a child care solution that works best for their family.

ACORN members recommend the follow investments in child care:

- **Base child care fees on a geared-to-income, sliding fee scale capped at \$10/day;**
- **Increase operational funding for public and non-profit child care centres,**
- **Increase number of child care centres and spaces in low-income/underserved communities;**
- **Expand programming for parents who perform shift work/overnight hours, etc;**
- **Simplify access to subsidy enrollment so that it does not require travel and/or internet access;**
- **Use existing community infrastructure for child care centers (i.e. community centers, apartment buildings, libraries);**

⁵ Sheila Block, 2018. [Tax cuts won't cut it: Low wage workers need a raise](#)

- ***Base funding programs on fair wages for early childhood educators and other child care workers.***

Public Power

While battling rising housing costs, one in five households in Ontario also experiences energy poverty. 60,000 Ontario homes had their power shut off for failing to pay their electrical bills in 2015 alone.

In the previous government's Climate Change Action Plan, tenants were promised up to \$500 million for social housing retrofits, plus up to \$400 million in incentives for retrofits in other private apartment buildings, funded through cap and trade revenues. The current government decided to end the cap and trade program. The diversion of this money away from retrofits represents a huge loss for hundreds of thousands of tenants across the province. We are concerned about the ripple effect that substandard housing will have on tenants, and anticipate an increase in socioeconomic and health inequality as a result of this funding cut. Research has shown that every \$1 million spent on social housing retrofits generates energy savings of \$1.3 million - \$3.9 million, as well as additional benefits to residents, such improved wellbeing. Without this money, the province's most vulnerable tenants will be forced to continue living in substandard units that are up to 25% less energy-efficient than houses.

We are also concerned about the removal of OEB's authority to set what USMPs can charge for their unit sub-metering service, in Bill 66. This leaves 325,000 tenants vulnerable to excessive rate increases. The cost of electricity has increased by over 100 per cent in the last ten years -- low-income tenants can't afford any more increases.

We recommend the following investments in energy for low-income Ontarians:

- ***Fund apartment building energy retrofits for low-income people;***
- ***Cap NSF fees, disconnection fees, reconnection fees, and late payment notice fees;***
- ***Increase OESP levels annually in line with hydro rate increases;***
- ***Cancel the repeal of OEB's authority to set what USMPs can charge for their unit sub-metering service so tenants are protected against excessive rate increases.***

Predatory Lending

Finally, the Province needs to tackle the predatory lenders that gouge our communities. Low-income people are disproportionately unbanked (8% vs. 3% of non-low income households) and underbanked (36% vs. 31% of non-low income households)⁶, therefore may be more likely to rely on the services of high cost lenders due to the fact they are underserved by mainstream banking.

It is cheaper to take a payday loan and pay \$15 for every \$100 borrowed than pay a \$48 NSF fee. Without access to basic credit or low-interest overdraft protection, low-income Ontarians are being pushed to fringe lenders who charge predatory rates. The Province must strengthen consumer protections, specifically:

⁶ Eloise Duncan, 2018. [Financial Health & Resilience of Canadians versus Financial Vulnerability](#)

- *Extending repayment, using a model similar to Alberta's repayment extension of 42 - 60 days;*
- *Enforcing the ban on rollover loans by creating a user realtime database to monitor and avoid rollovers from company to company;*
- *Creating protections for installment/rent-to-own/title loans;*
- *Supporting the creation of alternative, low-interest loan products;*
- *Working with the federal government to create a national, multi-jurisdictional, anti predatory lending strategy.*